

**Designing the Process of Public Management Policy Change:
Practical Implications of Case Studies on Brazil and Peru
(Executive Summary)**

by

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Introduction

This study analyzes how to bring about meaningful public management policy change, whose immediate impact is upon the administrative tools available to central decision-makers as well as the administrative context facing the operating parts of government. Compared with other research contributions to this Meeting, this study places more emphasis upon the *process dynamics* influencing whether efforts to improve public management policies become effective. The overall goal of this study is to provide insight about these process dynamics, so that governmental leaders wishing to improve public management policies can identify and respond to issues of process design in a timely and effective way.

Toward Usable Knowledge about Process Dynamics. A central contribution of this study is a body of propositions about three practical issues concerning the process of public management policy change. The first issue is, what factors undermine such change processes, making them prone to fail? This question is important because most governmental leaders who invest effort in improving public management wish to achieve success rather than suffer failure. The second issue is, what trade-offs should be thoughtfully investigated and resolved when designing a change effort? When government leaders are attuned to

trade-offs, they can identify and challenge recommendations concealing foreseeable difficulties. The third issue is, what design choices might significantly raise the odds of success across a wide range of circumstances? Governmental leaders may wish to direct attention to such generally effective designs, or “smart practices,” at an early stage.

This study offers tentative propositions about these three issues, which can be encapsulated in the terms of failure modes, trade-offs, and smart practices.¹ We use the term “tentative” because these propositions would ideally rest on the systematic comparison of *numerous* cases. While our propositions arise from systematic comparison, they remain open to challenge because they are underpinned by only two case studies within the Latin America region.² More opportunities to conduct research in the region would be desirable. Still, the propositions are more than serviceable for purposes of this Meeting.

¹ This approach is influenced by the work of Professor Eugene Bardach of the University of California, Berkeley. See, for instance, *Getting Agencies to Work Together* (Washington, D.C.: Brookings, 1998).

² The propositions also reflect other case study research, including, Michael Barzelay, *Breaking Through Bureaucracy: A New Vision for Managing in Government* (Berkeley: University of California Press, 1992), Barzelay, *The New Public Management: Improving Research and Policy Dialogue* (Berkeley: University of California Press, 2001), Barzelay and Natascha Fuechtner, “Explaining Public Management Policy Change: Germany in Comparative Perspective,” *Journal of Comparative Policy Analysis*, forthcoming. The first of this reference is published in Spanish as *Atrevesando la Burocracia: Una Nueva Perspectiva de la Administración Pública* (Mexico City: Fondo de Cultura Economica, 1998). The IaDB’s willingness to support the extension of this research program within the Latin America region as part of the Regional Dialogue is gratefully acknowledged.

The Analytic Focus on Public Management Policy. The scope of the study, and hence its propositions, is narrower than public management as a whole. It is specifically concerned with public management policies. This term refers to government-wide institutional rules and organizational routines, rather than to arrangements that are specific to individual governmental departments. These rules and routines are subdivided into the following groups: expenditure planning process and financial management, civil service and labor relations, procurement, organization and methods, and audit and evaluation. The concept of public management policies, while novel, has three great virtues. First, it affords greater precision compared with such terms as state reform, administrative modernization, reinventing government, and the like. Second, it focuses on public management rather than on other areas of public policy and administration, such as regulation of commercial activities and the delivery of public services. Third, the concept deals with management in government conceived holistically, from a functional standpoint, by including matters relating to money, people, organization, and administrative technology rather than treating them as nearly unrelated areas of interest.

As a restatement, the focus of the study is upon the dynamics of the public management policy-making process. The aim is to attain usable insights about this change process. Propositions about failure modes, trade-offs, and smart

practices therefore concern processes used by governments to change public management policies, with the aim of improvement.³

Introducing the Cases. The cases are drawn from recent experience in Brazil and Peru, as investigated by Francisco Gaetani⁴ and Juan Carlos Cortázar Velarde,⁵ respectively. The experience of Brazil includes two initially separated efforts to change public management policies during the administration of President Fernando Henrique Cardoso. The managerial reform of the state apparatus was concerned with public management policies in such areas as organization, civil service, and technological change in methods. Working along side this widely publicized effort, associated with the Ministry for Federal Administration and Reform of the State (MARE), was a second one, through which expenditure planning and financial management systems were revamped. This second reform effort was centered in the Ministry of Planning. While lines between the two reform efforts became blurred during President Cardoso's second term, with the disestablishment of MARE and the incorporation of some

³ A glossary of key terms borrowed from the academic literature on this subject appears as an appendix to this paper.

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of its component functions into a reorganized Ministry of Planning, Budgeting, and Management, we treat them analytically as distinct “policy cycles.”

The experience of Peru similarly includes two separated efforts at change, during the administration of President Alberto Fujimori. The first such effort was, to some degree, derivative from a directional change in economic and social policy. It involved major organizational transformations in agencies performing important public management responsibilities, such as the tax administration (SUNAT) and the Social Compensation Fund. The second such effort was an attempt to shake up the public administration *as a whole* through reorganization and related measures. This process gathered momentum in late 1995, as the governmental policy agenda took shape after elections and the formation of a new Cabinet under President Fujimori. The government received legislative authorization to reorganize government departments, with the caveat that these delegated powers would cease in a year’s time. The next several months witnessed a low profile policy development process within a special purpose unit operating under the prime minister’s auspices. This process was interrupted before mid-1996 due to fall-out from a Cabinet reshuffle, which included the appointment of a new prime minister. Under new leadership, the special purpose unit in charge of the modernization and reorganization project launched a mammoth effort, involving working groups in every ministry, to remake Peru’s

administration into a simpler structure, with fewer quasi-autonomous units. The whole effort collapsed as December 1996 approached, the time when the delegated legislative powers were to expire, unless the executive requested an extension -- which it did not. In subsequent years, the issue of modernizing and reorganizing the public administration remained off the governmental policy agenda.

Sources of Interest in the Selected Cases. Several reasons make the Brazil case of analytical interest. First, the reform process was continuously active for eight years, and it could conceivably continue after the current presidential transition. The extended duration of the process means that reform blueprints have actually been put into operation; moreover, each phase of reform effort involved iterative attempts to improve upon the blueprints themselves. Accordingly, the experience of Brazil provides case evidence about the dynamics of public management policy-making over a relatively long time-scale. Second, the Brazil reform touched upon a wide array of public management policies, including expenditure planning and financial management, civil service and labor relations, and organization and methods. Accordingly, this case provides an opportunity to explore the process of accomplishing broad-gauged public management policy change. Third, the case provides an opportunity to examine

the process by which successful reforms occur. We do not claim that the Brazil reforms have been demonstrably effective, since we have not researched their impact upon either the operation of government organizations or the coordination of the core public sector as a whole. However, what is clear is that potentially consequential, authoritative choices were made in the course of an energetic and doubtlessly thoughtful process of public management policy-making. To understand why such decisions came to be made is to understand “success” as we define it for purposes of this research report.

The Peru case is analytically interesting for the following reasons. First, it provides an opportunity to examine two contrasting approaches to producing change in public management. One approach was to seek to achieve organizational transformations in a limited number of operational units of central government. The contrasting approach was to reshape the core public sector as a whole, through reorganization, and to stimulate diverse modernization efforts throughout Peru’s public administration. Second, the reorganization effort in Peru was not successful, as it was terminated without making authoritative decisions. This aspect of the case is analytically interesting in light of our aim to identify “failure modes” of public management policy change. Third, this same aspect of the Peru case is comparable to Brazil’s

different experience with managerial reform of the apparatus of the state, because of its similar concern for organizational arrangements.

Structure of the Study. The Brazil and Peru case studies are included in the main body of this research report. Both case studies utilize similar methods to order the data in order to craft case studies about the process of public management policy change. The role of this executive summary is to provide a perspective on this research intended to be of particular use to participants in the Regional Dialogue meeting.⁶

Revealing Variety in the Public Management Policy-Making Process

A comparison of cases reveals enormous variety in the process of public management policy change. Sometimes the issues of public management policy acquired a high profile; sometimes they did not. Sometimes the time-scale of an effort to change public management policies was a presidential term; sometimes an effort lasted less than a year. Sometimes the process was an intramural activity residing at the center of the executive branch; sometimes the process was

⁶ In the case of Brazil, the text focuses almost exclusively on the managerial reform of the state apparatus, because the budgeting-related reform was initially beyond the scope of the study; its significance was only revealed in the course of conducting field research. As we have not had an opportunity to interpret the data systematically, it is not included in the case study. On the other hand, the executive summary takes advantage of what we have learned so far about these reforms of expenditure planning and financial management in Brazil.

also an extramural activity involving the legislature and sub-national governments. Sometimes foreign experience served as an important reference point; sometimes the country's own past experience at both national and sub-national levels dominated the process. Sometimes public management policy change was closely related to economic policy-making; sometimes the process received its impetus from long-standing professional agendas to overcome pervasive problems in public management, specifically. Sometimes the president was personally identified with a reform effort; sometimes the effort was perceived as a matter lacking presidential identification and commitment.

To make sense of this bewildering variety, we must engage in systematic case analysis and comparison. To do so, each country experience must be divided into similar types of events. For this purpose, we take it as axiomatic that policy change processes are characterized by three types of component events: agenda setting, alternative-specification, and decision-making. Agenda setting involves drawing public and official attention to a given policy issue, so that it comes to be included as an item on the governmental policy agenda. Alternative-specification involves efforts by individuals, bureaus, or ad hoc commissions to design measures that could be selected by governmental leaders as responses or solutions to the issues on the governmental policy agenda. Decision-making involves the resolution of ambiguity and conflict about whether

specific alternatives are satisfactory responses to issues on the policy agenda, as viewed from the perspective of governmental leaders. In this third type of policy-making event, policy alternatives are approved, vetoed, or set aside for consideration in the indefinite future. Using the Brazil experience as a basis for illustration, we shall now examine variety in each of these types of events.

Variety in Agenda-Setting. The profile of public management policy issues is substantially determined in the agenda-setting process. In Brazil, the issue of the “managerial reform of the state apparatus” attained a high profile during the first Cardoso administration. This visible status followed the establishment of a Ministry for Federal Administration and Reform of the State and the appointment of Luiz Carlos Bresser Pereira -- a well-known individual with strong political ties to the president -- as the minister. The state reform issue’s profile became accentuated when President Cardoso cleared a constitutional amendment prepared by MARE, allowing it to receive congressional consideration. The proposed amendment was designed to enable changes in civil service policies and organizational arrangements, which were thought to be impermissible under the 1988 Constitution. As it turned out, the proposed amendment did not advance quickly toward a resolution in Congress. Indeed, resolution was delayed for nearly three years, with passage coming near the end

of the first Cardoso administration. The fact that a proposed constitutional amendment was under discussion in Congress multiplied the impact of Bresser Pereira's articulate advocacy of the issue he had succeeded in placing on the governmental policy agenda. Indeed, it could be said that the *interplay* between Bresser's campaign in support of managerial reform of the state apparatus and the constitutional amendment process led to the issue's high profile.

Not all aspects of the managerial reform of the state apparatus attracted high-levels of attention throughout the governmental system. For instance, MARE decided to revive two career fields for permanent federal civil servants as part of its effort to provide the human talent and professional dedication needed to operate the "core of the state." The two career fields were public managers, on the one hand, and budgeting and planning analysts, on the other. Specifically, MARE chose to conduct public selections for these career fields for the first time in years, without fanfare. In some other areas of its responsibilities, MARE also operated without raising the profile of the specific issues. High-profile treatment of broad public management policy issues thus went hand-in-hand with low profile treatment of more specific issues.

This observation is no less apt when Brazil's other reform cycle is considered. Some aspects of the expenditure planning process and financial acquired a high-profile status, while others did not. The aspects that clearly

drew wide attention were legislation relating to fiscal responsibility and multi-year planning (the *Plan Pluri-Annual* or *PPA*). In addition, the pair of successive four year plans emanating from the Ministry of Planning, which identified two scores of strategic investment projects, became strongly identified with the presidential agenda of Fernando Henrique Cardoso.⁷ The issue of how the budgeting process ought to work and how budget execution should relate to organizational responsibilities, nonetheless, remained an intramural matter within the Ministry of Planning. The eventual result was a decision to replace the traditional input-oriented budget system with one based on principles of a program budgeting and project management. This whole matter was initially handled without Congressional involvement; neither did it become an important item on the general policy agenda of the presidential administration. The issue's career essentially operated through action channels involving the Ministry of Planning, Casa Civil (a presidential staff unit), and, at an opportune moment, the president himself.

Variety in Alternative-Specification. As earlier mentioned, alternative-specification is considered the locus of efforts to develop substantive measures for responding to policy issues, whereas agenda-setting is the locus of efforts to

⁷ The plans were named *Brasil em Ação* and *Avance Brasil*, respectively.

garner attention for policy issues, so that they are dealt with by actors within the relevant institutional venues. The Brazil case points to variety in how the alternative-specification process operated. The most obvious contrast is in the institutional location of the process. The alternative-specification process for the managerial reform of the state apparatus “policy cycle” was centered in MARE, the central coordinating agency whose jurisdiction included matters of personnel, organization, procurement, and administrative technology. The alternative-specification process for the planning and budgeting “policy cycle” was centered in the Ministry of Planning, the central coordinating agency whose jurisdiction related to public spending. Comparing these two policy cycles, substantive alternatives emerged from distinct central coordinating agencies with two different types of jurisdictions.

A second kind of variety in alternative-specification was the role of international policy transfer. Briefly, MARE engaged heavily in policy transfer efforts, while Planning did not. Specifically, MARE chose the United Kingdom’s experience under the Next Steps Initiative as a source of applicable ideas and transferable practices. As part of the transfer effort, the ministry utilized the consulting services of a former Whitehall official named Kate Jenkins, who had participated in the Next Steps process, through which single-purpose operating units, known as executive agencies, were set up within UK government

departments. This exercise in UK-Brazil policy transfer, which lasted for a number of years, was reflected in one of the main thrusts of the managerial reform of the state apparatus, namely establishing executive agencies as a permissible organizational form within Brazil's federal government. While policy transfer was not the only source of substantive alternatives that came to be specified during the managerial reform of the state apparatus, it was a visible and apparently significant aspect of this process.

By contrast, international policy transfer was inconspicuous in the reform of rules and routines governing the expenditure planning process and financial management. An initial round of interviews conducted for this study indicates that if policy transfer did occur, its principal source was a Brazilian state-owned enterprise, Petrobrás, rather than foreign governments. The principal individual agent of this exercise in *domestic* policy transfer was the Secretary of Planning and Strategic Investments, José Paulo Silveira, who had spent much of his career in the state-owned oil company, heading such functions as research and development and strategic planning. This domestic transfer process was strongly evident in the formulation of the first four-year strategic investment plan, *Brasil em Ação*.

International policy transfer was also inconspicuous in the budget process reform of the second Cardoso administration. While it is true that the idea of

program budgeting originated with foreign experience in the mid-20th century,⁸ the concept had been incubating within Brazil's central budgeting unit for nearly a generation. Program budgeting reemerged as a relevant, specialized issue once the scourge of hyperinflation was cured and, as a result, the funding received by government departments once again came to reflect formulated budgets (as opposed to cash disbursements by the finance ministry). The substantive content of the proposal to move toward program budgeting – including use of project management disciplines – also reflected lessons drawn from the experience of *Brasil em Ação*. In other words, domestic policy transfer and direct learning *within* the planning ministry were conspicuous aspects of the alternative-specification process in this policy cycle.

At the level of the Brazil case as a whole, we thus see substantial variety in the “lesson-drawing” aspects of alternative specification. Both international policy transfer and domestic learning were in evidence. An interesting distinction between domestic policy transfer and internal organizational learning is also brought to the fore in examining the planning and budgeting reform experience. Both kinds of learning from national experience were in evidence.

⁸ See Allen Schick, “The Stages of Budget Reform,” *Public Administration Review*, 1996.

Variety in Decision-Making. In theoretical terms, the decision-making process is seen as occurring after intersecting agenda setting and alternative-specification processes reach a culmination, with jurisdictionally competent authorities ready to consider and act upon the resulting “decisional agenda.” The Brazilian experience exhibits variety in decision-making, so defined, as illustrated by the fact that the Congress played the role of jurisdictionally competent authority in the Constitutional amendment process, whereas the executive played this same role with respect to numerous other decisions. Some variety *within* executive decision-making was also evident. For instance, the decision to revive the public manager and budget and planning analyst career fields by conducting open selections was made within the confines of what can be called the “public management policy subsystem.” Indeed, MARE enjoyed the prerogative to take this action, subject to concurrence by other central agencies. The planning and budgeting reform case was somewhat different in that the final decision rested with an official situated outside the public management policy subsystem but within the executive, namely the President.

Further evidence of variety comes from the unusual situation whereby the decision-making process in the Congress -- concerning the constitutional amendment -- endured for nearly three years. In this peculiar instance, the decision-making phase greatly exceeded the pre-decisional phase of the policy

cycle. The pacing of the planning and budgeting reform, by contrast, fits a stereotype of policy dynamics. According to this stereotype, policy ideas mature slowly and then reach the decisional agenda when a moment of opportunity seems to have arrived. In this planning and budgeting policy cycle, the moment of opportunity arrived when the Cardoso administration was facing the need to reduce discretionary federal expenditures by possibly as much as 30 percent in the wake of the Russian ruble's collapse. The argument that program budgeting could help the government "do more with (much) less" became compelling in this context, and it proved decisive. Apparently, the elapsed time between the issue's appearance on the presidential decisional agenda and its resolution was extremely brief, reportedly a matter of a few weeks. Thus, the Brazil experience contains a wide variety of policy-making dynamics corresponding to the duration, as well as institutional locus, of the decisional stage.

Process Design Issues for Public Management Policy-Making

This section of the executive summary seeks to identify process design issues that would sensibly be considered when initiating an effort to improve public management policies. The utility of this framework is simply that it helps government officials to perceive the significance of choices that might not otherwise have drawn their full attention. By identifying design issues related

to each of the various component process of public management policy-making, the framework has the benefit of distributing attention in an intelligent and practical way.

With respect to agenda setting, a key design issue is *whether attaining a high profile for public management policy issues is more sensible than trying to operate in a situation where the issue exhibits a low profile*. The resolution of this design question brings with it a myriad of other issues. For instance, if a high profile issue is desired, then officials would sensibly consider legislative reforms as contrasted with reforms debated and authorized exclusively within the executive. Whether or not the issue is handled as an intramural exercise for the executive, officials seeking to give it a high profile need to consider how to activate favorable constituency interest in the subject. On the other hand, if maintaining a low profile for the issue is deemed preferable, officials will need to consider how to awaken interest in a process of changing public management policies, while taking care to frame the matter in terms that are less likely to elicit generalized interest on the part of politicians and the media. This list of further issues can obviously be extended.

A second major agenda-setting design issue is *whether the scope of the issue appears to be comprehensive, mid-range, or narrow*. In Brazil, the initial planning reform under *Brasil em Ação* was narrowly focused on the expenditure planning

process. Later, the scope widened to include more aspects of expenditure planning process as well as financial management (i.e., the budget management or execution process). For its part, the scope of the managerial reform of the state apparatus was positioned midway between narrow and comprehensive, encompassing civil service and labor relations, organization, and administrative technology. No single policy cycle was so broad as to include all the component areas of public management policy: expenditure planning and financial management, civil service and labor relations, procurement, organization and methods, and audit and evaluation.

The choice of scope interacts with choice of profile. The wider the scope, the more likely the issue will attain a high profile, since the issue can be sold as a serious administrative or managerial reform. The narrower the scope, the more likely the issue will maintain a low profile, since it normally would appear more of a technical-administrative concern than a genuine public policy matter. In managing the scope of this issue, officials must be sensitive to the political salience of public and elite opinion concerning the overall operation of the public service as well as competition between various power centers for influence over public management policies. Agendas of narrow scope can suddenly acquire a high profile when swept up in the currents of the political stream of partisan

competition, shifts in public opinion, and political-institutional instability. Such can also occur if they happen to lie within contested jurisdictional terrain.

With respect to alternative-specification, a major design issue is *where this process will reside institutionally*. An option is to allow the process to reside within individual central agencies, like Planning or MARE, respectively. An alternative is to seek a coordinated or collaborative process of alternative generation, as has been evident in some countries outside the region (e.g. Australia and New Zealand). A third alternative is to convene ad hoc expert groups to do perform this function, as has been practice in Germany (e.g., the Lean State Expert Council) and to a degree in the USA (e.g., the initial National Performance Review). As these options are not mutually exclusive, officials could contemplate fashioning a hybrid design for alternative-specification.

A second major design issue regarding alternative-specification is *where to search for stimulating ideas and transferable practices*. One kind of design is to engage in international lesson drawing and policy transfer, as illustrated by MARE's attempt to transplant executive agencies from the UK. Another kind of design is to transfer practices from domestic experience, whether within the government or in the wider economy or society. This option is illustrated by the Ministry of Planning's alternative-specification process. Again, these options are not mutually exclusive. Nonetheless, choices of either pure types or hybrids

have consequences. International lesson drawing requires understanding the implications of differences between foreign and domestic institutional context factors and intangible sources of capacity. Domestic lesson drawing requires taking steps to avoid rushes to judgment on the basis of the reputation of the source organization and the persuasive testimony of the practice's pioneers.

A third major design issue under alternative specification is *pacing*. A quick pace is one option. If this option is seriously considered, then officials need to focus on optimizing the policy development process so that it succeeds in both bringing forward incubating policy ideas and subjecting them to serious prospective evaluation under the pressure of time. A slow pace is another type of option. Under this choice, thought must be given to generating sufficient excitement about the prospects for change so that would-be policy entrepreneurs put out the effort needed for their views to be heard.

With respect to decision-making, a key design issue is how to interact with (or prepare) the individuals who will eventually find that their decisional agenda includes public management policy issues and its associated choices. Frequent interaction of the right kind may engender positive attitudes toward the reform proposals – and indeed, the reformers themselves, whose credibility may be key to approval. On the other hand, such contacts could give rise to tactical efforts to derail the reform process – e.g., through publicly redefining the issue in

unattractive terms – when its prospective evolution is considered threatening.

These considerations come to mind particularly once one reflects on the tortured, if brief, history of modernization and reorganization reform in Peru during 1996.

Failure Mode Analysis

This case from Peru's recent experience with public management policy change provides an exceptional opportunity to understand the pathology of failed reform efforts. The analysis suggests that the reform was ill-fated in many ways. One reason was that the agenda-shift from a case-by-case reform of the public administration to a government-wide reform after 1995 was not entirely welcomed by the officials who had dedicated much effort to implementing the earlier enclave or islands approach. Indeed, the concerned officials were attuned to opportunities to resist the forward movement of a process in which vertical centralization within ministerial departments was the guiding principle. Such resistance contributed to the eventual political judgment that reorganization had become a third rail in Peruvian state politics. A second, related reason why the effort was ill-fated is that it coincided with a broader, more political issue concerning the power of the political executive, in particular the ruling president. This macropolitical issue was ignited by Fujimori's strategies and tactics for holding power, and it was fanned by his

partisan opponents as well as the media. The “taming the executive” issue happened to become red-hot in October 1996, just as proposed reorganizations – which amounted to plans for vertical centralization – entered the decision-making stage of the policy cycle. At that moment, Fujimori easily calculated that his own political needs would not be served by bringing his weight to bear in resolving already intense conflict over the reorganization proposals. Accordingly, he chose to allow the delegated reorganization authority to expire in December 1996, without its having been applied. When the prospect of this outcome became apparent, the whole process ground to a halt.

On the basis of Juan Carlos Cortázar’s well-rounded, historical account of this episode in aborted reform, we can identify multiple factors that severally define a failure mode for public management policy change.

The first aspect of a failure mode is making reorganization of government departments a central idea of the policy development process, especially when the president’s commitment to this direction is weak or easily reversible. In the Peru case, the president had not taken a strong public position on the issue when the policy development process started to operate. His commitments had been expressed only privately to the officials leading the process. Absent public commitment by the president, the incentives and opportunities for affected

parties to raise the level of conflict were substantial. Weak public presidential commitment is thus part of the failure mode.

The second aspect is to allow the public face of the issue to be defined by actors who are not concerned with improving public management policy as such. In the Peru case, the public face of the issue was defined in large part by the minister of economy and finance and by Fujimori's political opponents. The former defined the issue in terms of downsizing, rather than as modernization and reorganization. This framing was meant to ensure that the reform would contribute markedly to accomplishing spending reduction goals embraced by the Ministry of Economy and Finance. Its effect was to place the issue of reorganization and modernization in a negative light in the media and to foster opposition to the process even before concrete options had been formulated. Meanwhile, the task of creating momentum and commitment within the alternative specification process was made all the more difficult by the negative (and partial) framing. Later, Fujimori's political opponents defined the issue in terms of a power grab by an authoritarian political executive, making what could have been a bland issue about modernizing government into an explosive one.

A third, related aspect of the failure mode is to initiate a reform effort before the issue it is meant to address acquires a public face. When Congress gave the executive reorganization authority and the prime minister proceeded to

set up the institutional apparatus for using that authority, the issue had no public face. Indeed, the authority was established through what was essentially an obscure provision in the annual budget law. If the issue had a public face, it had to do with making governmental organizations more efficacious by application of the enclave or island approach. This inverted sequence – when the formal reform effort is launched before the issue is fully established on the governmental policy agenda – is part of the failure mode.

A fourth aspect of the failure mode is the identification of the reform effort with a short, closed-end reform process. In Peru, the modernization and reorganization effort was identified with using delegated legislative powers that would expire in a year. This situation placed officials leading the reform at the mercy of those who resisted it. The former needed to get their proposals on the decisional agenda by the closing months of 1996, whether they were mature or not. The latter knew that they needed to sustain strong opposition only for a brief period. The time-definite reform left the reforms bereft of methods for containing conflict and gave opponents every opportunity to short-circuit the reform.

A fifth aspect of the failure mode is to embark on a process for alternative specification (or policy development) that could easily require years to complete satisfactorily when the available time is a matter of months. The ministerial

working groups process that was launched in the second half of 1996 had to be brought to a close in fewer than three *months*. It is plausible to argue that this bottom-up, negotiated process required more than a year to complete. Indeed, it exhibited a faint resemblance to the Next Steps process in the UK, which unfolded over more than three *years*. A radical mismatch between task design and time available to complete it is an important aspect of the failure mode.

Finally, an unstable and highly permeable public management policy subsystem should be included among failure mode aspects. In the case of Peru, the effectiveness of the reform leaders depended heavily on the support and commitment of their principals, including the prime minister and, more removed, the president. The reform leaders did not enjoy a firm institutional base within the public management policy subsystem, by contrast to, for example, the case of Bresser Pereira in Brazil. The role responsibilities of the prime minister in the public management policy system were weakly defined. At the same time, the Ministry of Economy and Finance did not see itself as shouldered with responsibility for the institutional capacity and operation of the public management policy subsystem; indeed its leaders do not appear to have embraced the idea that public management is a recognized policy domain. Accordingly, it took actions in the name of implementing economic policy that undercut the capacity of the reformers to pursue their agenda effectively.

In sum, the 1996 Peru case died a death of multiple causes. For analytic purposes, we can associate the whole configuration of causes in this case with the failure mode of public management policy change, considered generically.

Trade-offs

In this section we shine the spotlight on a few suggestive trade-offs rather than attempt to analyze this question comprehensively. One illustrative trade-off is keyed to the agenda-setting choice of issue profile. Both high and low issue profiles pose advantages and disadvantages. For instance, high profile issues mobilize participation in the alternative-specification process. They also give political leaders an incentive to take a positive stand on the issue – indeed to become closely identified with it. For both reasons, a high profile can add to issue momentum. On the other hand, a high profile can mobilize prospective losers just as readily as it can bring forth supporters. When oppositional mobilization efforts are effective, the risks of the proposals being vetoed in the decision-making phase of the policy cycle naturally become elevated. Even presidents may decide that weighing in to resolve conflict in favor of the proposals is against their own political interests.

Defining the issue blandly in terms of modernization has many of the standard advantages associated with ambiguity. It may keep potential

opponents on their back heels, while encouraging support from within the bureaucracy. On the other hand, the issue definition can be overwhelmed by alternative framings, such as downsizing or power grabs, as we saw in the Peru case. In addition, the depth of positive commitment to the issue may be limited to those who happened to participate actively in the alternative-generation process or who otherwise became excited about ideas within the modernization “constellation .” Thus, modernization can have serious advantages and disadvantages for issue momentum.

A third illustrative trade-off is strongly suggested by the Brazil case. The issue is whether the reform is identified with an individual or with a more abstract entity, such as a central coordinating agency. In Brazil, the managerial reform of the state apparatus was more identified with Bresser Pereira than with MARE as an institution, whereas the planning and budgeting reforms were more identified with the Planning Ministry than with José Paulo Silveira. For ambiguously framed reforms involving a large number of issues that are relatively inert politically, an individually-identified reform has its advantages. The protagonist literally becomes the face of the issue, so that the issue appears significant as long as the individual is successful in drawing attention to it. The disadvantage is that the fate of the reform may rest with the political standing of that individual. In politics, that risk is intrinsically substantial. Once the

individual leaves the stage, the issue could be presumed closed. If so, it may be challenging to provide momentum even to the low profile issues, which is a burden for successors. A possible compensating move would be to give priority to building up institutional capacity.

Smart Practices

This term refers to configurations of process elements, or designs, that significantly raise the odds of success across a wide range of circumstances. Given the problematic history of best practice research, this type of generalization ought to require a stronger evidentiary basis. In the circumstances, we offer a couple of smart practice propositions as hypotheses that ought to be subjected to some skepticism and further investigation.

One proposition is that hybrid issue profiles are desirable. By hybrid, we mean that at least one aspect of the issue acquires a high profile, while at least one aspect maintains a low profile. In Brazil, the reviving of four year national development plans as a method of expenditure planning was a high profile issue, whereas the radical innovation in budgeting process was a low profile issue. The two aspects were linked, if for no other reason than the political value of the planning process for the president meant that advocates of the radical budget reform had already earned substantial credibility with the decision-maker. The

case of the managerial reform of the state apparatus is not altogether different. Arguably, the high profile constitutional amendment approval process provided a context that added to the momentum of numerous low profile issues in public management.

A second smart practice is to learn systematically from domestic experience. This practice was plainly in evidence in Brazil's Planning Ministry. The point is not that international policy learning is intrinsically a "dumb practice," (though unfortunate examples abound), but rather that serious domestic policy learning has advantages and has been given insufficient emphasis in many quarters.

A third smart practice is to develop the public management policy subsystem. This idea refers to abstract actions, such as facilitating recognition of functional interdependencies between expenditure planning processes, financial management, civil service and labor relations, procurement, organization, audit, evaluation, and the like. Beliefs in such functional interdependencies provide an intellectual basis for combining diverse bodies of expertise relevant to public administration. It also can provide an intellectual basis for ongoing collaboration among central coordinating agencies to achieve sustained improvement efforts in public management. Developing the public management policy subsystem also includes enlarging the repertoire of

structured processes for prospectively and retrospectively evaluating public management policy choices. This concept can also refer to straightforward investments in the operational capacity of central agencies, not to mention academic research about public management.

Conclusion

On the basis of the Brazil and Peru case studies, this executive summary has demonstrated that public management policy-making in the Latin America region is characterized by variety, and it has ordered that variety for purposes of constructing a map – even an agenda -- of process design issues of relevance to would-be leaders of efforts to improve management in government. As an aid to thinking carefully about the identified design issues, we have dissected the Peru case to gain insight into a failure mode for public management policy change processes. To the same end, we have hypothesized a set of illustrative trade-offs and smart practices. This systematic, comparative case analysis is meant to be of immediate interest and utility to participants in the Regional Dialogue on Management and Transparency. It is further hoped that the IaDB will be encouraged to sustain its support for original case-based research on questions of practical import, such as designing processes to change public management policies.

Apéndice: Glosario

Ciclo de políticas públicas

Proceso mediante el cual los elaboradores de política interactúan estableciendo un problema en la agenda gubernamental, elaboran y seleccionan alternativas de solución al mismo, toman decisiones autorizadas sobre él e implementan tales decisiones. La noción de ciclo de política reúne así dos elementos fundamentales para el análisis de las políticas: a) las fases que pueden distinguirse al interior del proceso de elaboración de las políticas (pre decisional, decisional e implementación), y b) los resultados del proceso en términos de las opciones de política asumidas mediante decisiones autorizadas.

Empresarios de políticas públicas

Los empresarios de políticas públicas son personas que participan en el proceso de elaboración de políticas desde muy diversas situaciones y desean invertir tiempo, energía, reputación y a veces dinero a lo largo de tiempo a cambio de obtener políticas que respondan a los problemas que les preocupan (definidos de la manera como les resulta relevante) y/o impliquen la aplicación de sus propuestas de solución favorecidas. Desarrollan tres actividades principales: a) impulsan sus preocupaciones acerca de ciertos problemas en la agenda presionando por una determinada forma de definirlos, b) ablandan el terreno para sus alternativas de solución favorecidas y c) promueven la articulación de sus propuestas con los procesos políticos (para obtener apoyo de los funcionarios electos) y los problemas vigentes en la agenda gubernamental. En la búsqueda de lograr sus propios objetivos, los empresarios de política desempeñan la función sistémica de enganchar soluciones con problemas, problemas con fuerzas políticas y eventos políticos con propuestas, haciendo así posible que las alternativas de solución seleccionadas pasen a la agenda de decisiones.

Establecimiento de agenda gubernamental de políticas públicas

Proceso mediante el cual se identifica, a través de formulación, aquellos problemas de política que se incluyen en la agenda gubernamental de políticas públicas y, como tal, reciben seria atención por parte de quienes pueden incidir en el “decision-making” respecto a la selección e autorización de políticas públicas. El establecimiento de agenda incluye tanto el proceso de definición de una situación dada como un problema que exige la acción pública para resolverlo, como el proceso mediante el cual dicha definición logra concitar la atención de los políticos y otros tomadores de decisiones.

Especificación (generación) de alternativas

Proceso mediante el cual se generan aquellas alternativas de solución a un problema presente en la agenda, o que podrían estar presente en un indefinido futuro, que merecen una seria consideración por parte de quienes pueden tomar decisiones autorizadas. Este proceso ocurre fundamentalmente al interior de comunidades de expertos en políticas (incluso los que ocupan cargos oficiales), donde las propuestas son presentadas, confrontadas y reelaboradas continuamente.

Marco explicativo

Conjunto de modelos teóricos que permiten analizar el proceso de elaboración de las políticas públicas, explicando las opciones de política (expresadas en decisiones autorizadas) que resultan del mismo. El marco explicativo debe ofrecer herramientas conceptuales adecuadas para elaborar respuestas satisfactorias a las preguntas que guían la investigación, especialmente las de naturaleza científica y explicativa.

Políticas de Gestión Pública

El conjunto de reglas institucionales que guían, limitan y motivan el servicio público como un todo. El concepto incluye los procedimientos informales (no jurídicos) o rutinas organizativas (de los órganos centrales de "staff") a través de las cuales se hacen operativas dichas reglas. Las políticas de gestión pública corresponden a categorías como las de planeamiento presupuestal y gestión financiera, servicio civil y relaciones laborales, adquisiciones, organización y métodos, y auditoría y evaluación. Tienen un carácter transversal pues no se refieren exclusivamente a un área de políticas o a un sector del aparato público en particular, sino que subyacen a todos generando incentivos y actuaciones desautorizadas (constraints) que orientan la toma de decisiones de índole administrativo por parte de los funcionarios y organizaciones públicas.

Proceso presupuestal y de gestión financiera

Conjunto de procesos, procedimientos y rutinas que regulan la asignación de recursos financieros mediante la elaboración del presupuesto público, así como la ejecución del gasto autorizado. Estas regulaciones forman parte de las políticas de gestión pública, afectando transversalmente a todas las áreas de política y sectores institucionales del aparato público.

Sub sistema de políticas de gestión pública

Conjunto de espacios institucionales responsables por la elaboración de las políticas de gestión pública en su totalidad. Este dispositivo institucional incluye arreglos formales (áreas de competencia, jerarquías, controles) y relaciones informales que influyen en la participación de los actores en los espacios donde se toman las decisiones. De esta manera, el sub sistema regula la participación de los actores y la evolución de las imágenes de política, manteniendo el conflicto (entre actores e imágenes) en un nivel soportable.