

**Crafting Management Systems to Implement Priority Projects:
The Case of “Brazil in Action” (C)**

A practical solution to the “inverted priorities” problem emerged during the subsequent six months, with close cooperation between the planning ministry and the treasury. From the start, part of the solution appeared to lay in modifying existing administrative procedures. As mentioned above, a routine task of the planning ministry’s budget and finance secretariat (*Secretaria de Orçamento e Finanças - SOF*) was to translate the annual budget into a program of monthly allotments to particular ministries. The idea was for SOF to program separate allotments for the Brazil in Action projects. To underscore the point, the treasury would execute this financial program by crediting sectoral ministries’ accounts with funds for Brazil in Action projects on a different day of the month than for other budget items. This method of ring-fencing money for priority projects was considered attractive, but largely symbolic, since sectoral ministries could still practice the policy of inverted priorities, if they wanted to do so.

In working out a fuller solution to this problem, Aluyisio Asti suggested that standard loan administration practices followed by BNDES and most commercial banks could serve as a model for the federal government. As he recalled the thought, “When I finance a company – for instance, one building a steel plant – I pace the release of resources in tune with the project’s execution. If the project is not going well, I stop the flow of credit.” Building on this idea, Asti suggested a further alteration in budget execution procedures. The treasury would not execute the financial program for Brazil in Action projects unless the planning ministry was satisfied with their progress. To obtain the monthly allotment associated with these projects, the sectoral ministries would have to provide a formal request to the planning ministry. As a matter of practice, the request would be considered by the secretariat of planning and strategic investments, which was following the projects closely as part of operating the management system for Brazil in Action. These procedural adjustments would make it much harder for sectoral ministries to follow a policy of inverted priorities and would similarly provide incentives to keep the president’s priority projects on track.

The idea easily gained the support of the top people in the planning ministry – and of Guimarães, as well. This modest procedural adjustment was formalized in the 1997 version of the standard decree that gave the government’s budget execution plan legal effect and official presidential backing. As the treasury secretary recalled, “We didn’t change much from our standpoint, we continued to pass the money to the sectoral ministry. The difference was just that the money we allotted was only what Silveira indicated.... This measure really gave a lot of influence to personnel at the planning ministry, because they would now determine when, if ever, the sectoral ministries would receive the money.” The significance was equally apparent within Silveira’s secretariat. In Asti’s words, “This was a gigantic alteration in the practice of administering projects in the federal public administration. This banality changed everything.”

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The Brazil in Action program enjoyed relatively smooth sailing for most of its first calendar year of operation. In the course of 1997, the president's travel schedule included monthly visits to Brazil in Action projects. The management information system became more sophisticated as the staff responded to user feedback. Many of the project managers began to perform their roles with considerable skill. Key projects moved forward, generating a stream of favorable news. The president was clearly pleased with the positive image that Brazil in Action was giving to his government, especially as he prepared to advocate a constitutional amendment permitting presidents to serve two consecutive terms. In this section, we examine briefly how the Brazil in Action program operated during its heyday.

The public face of Brazil in Action was managed cooperatively by the president's ministerial-level social communication unit, headed by a senior career diplomat, Sérgio Amaral. This operation organized all the president's travels in relation to Brazil in Action. The idea was clearly to enable the president to benefit politically from the whole effort, but also to keep up pressure on the ministerial bureaucracy. As Kandir put it, "all the time we worked with the symbolic presence of the president, emphasizing that this was his project of development, joined with the public, too." The president's own behavior helped in this regard. As recalled by Fernando Barros, the public relations executive, "the president was demonstratively positive and very active whenever there were media events related to the program."

The political management of Brazil in Action did involve some differences of opinion. An issue was whether the president should visit ongoing projects or only attend ceremonial ribbon-cutting events when projects were completed. The view taken by the media relations director within the planning ministry, Inacio Muzzi, was that the president should be seen visiting ongoing projects, just as Juscelino Kubitschek had done. However, he was overruled, because the president's own communications team did not want Cardoso associated with incomplete infrastructure projects.

Media communications represented an important ongoing activity. According to the director for strategic investments under Silveira, André Amaral, the president's media operation made nearly daily requests to the planning secretariat to provide written information about Brazil in Action projects. Working in concert with the media relations units in the sectoral ministries, the planning secretariat sought extensive coverage in newspapers, magazines, and television. The planning ministry's press office, headed by Inacio Muzzi, organized a workshop for the press officers of all the participating ministries and state-owned enterprises to brief them on the whole effort. Muzzi drew together trained journalists to edit a bulletin containing up-to-date information on projects, which was fed directly to national and regional media outlets. This media team also worked with the ministries and state-owned enterprises to leverage their own publicity efforts. Toward the end of 1997, the government organized a television broadcast to publicize the anniversary of Brazil in Action. Appearing on the program were the president and all of the ministers involved in the program, with 700 people in the audience. The program, filmed in the Information Center of the *Banco do Brasil*, was transmitted live to state-level TV channels in six regions of the country. Overall responsibility for planning this event fell to Silveira's director for strategic investments. André Amaral recalled, "I suffered a lot."

A lower-profile, but equally demanding activity was to build up Brazil in Action's management information system (MIS) – and to use this process as a vehicle to improve

project management in the sectoral ministries. In terms of information inputs, an important step was to clarify the goals and actions within the projects in the social area. This conceptual design work for projects was undertaken by Asti in conjunction with the sectoral ministries. A similarly important step was to gain the cooperation of project managers in providing up-to-date information through the formal MIS system. Mauricio Albuquerque, who was directly responsible for gathering and analyzing the management information, recalled that many project managers asked him whether they really had to “fill out another set of forms”. The planning secretariat responded by selling the advantages of doing so. The standard message was,

No, put in the information if you'd like, but we strongly believe that if you don't do so, you're going to have problems. You're going to have people who don't want your project to go ahead. If you don't put the correct information in the hands of those who want your project to move ahead, these interested parties won't be in a position to help deal with those who oppose the project. And, remember, the ministry of planning is able to stimulate other actors, who are not directly part of the project, to resolve the problems you face.

The inputs to the formal information system, combined with the knowledge gleaned from extensive face-to-face contact, was sufficient for the planning secretariat's immediate purposes. It helped to pinpoint steps that needed to be taken to move forward particular projects. These issues were discussed at Silveira's daily staff meetings, which began at 9:00 sharp and broke up promptly at 10:00.

As 1997 unfolded, the on-line information system became increasingly sophisticated. One additional feature was a series of windows reflecting the management philosophy of identifying and eliminating constraints. One window identified problems that could come up in the near-term; another identified what could be done to avert those problems. Access to the on-line MIS was limited to officials who needed to know, and the planning ministry counted the “hits”. Asti recalled that, “the president sometimes accessed the system once or twice a week.” Demand for access to the management information system grew rapidly as people became aware of it. For instance, international organizations, like the World Bank, started to see the system as a way to obtain information about the status of projects and programs. Suggestions for additional functionality were commonly received from these and other potential or actual users. The IT team in the planning ministry developed a new version of the on-line MIS every eight months.

As a supplement to the on-line system, the planning secretariat issued a full written report on the status of Brazil in Action projects on a bi-monthly rhythm. One section of each project's entry outlined all the constraints inhibiting the near-term progress of a project, together with measures that were to be taken in overcoming them. This full report was sent up the line to the planning minister, the presidential staff, and the president himself. A summary report, stripped of detail on problems, was made available to the public. In time, word came down that the president and minister wanted more detailed information about some projects, for instance, information on social area projects at the regional level. The president also requested a monthly page-length report on each project, which he was known to take with him on long flights across Brazil.

Training and socialization of project managers was a major order of business. At first, Brazilian and international consultants specializing in project management were invited to give lectures. Later, specialist courses were offered. Specific training was offered to operate the management information system. However, the planning secretariat performed much of the task of socialization by modeling the role of a project manager. This group of professionals was helped in this by how Silveira performed his own role as secretary. In the words of his director of strategic investments, “He was precisely the maximum representation of what we wanted to see in a manager.” In Silveira’s own words, “the key to this process is not technique, it is a new attitude and posture – that of entrepreneurship. That is the essence of managerial change.”

A core routine activity of the planning secretariat became solving problems with particular projects. For the most part, the secretariat managed to find satisfactory resolutions to issues without elevating them to higher levels. As Kandir recalled, “Silveira, with huge patience and much competence, did this heavy work. He brought me only those problems where I had to talk to talk with the ministers.” Some of the coordination was conducted within the planning ministry – in particular, between the planning and budgeting secretariats. When a project was running into difficulty, a common practice was to get the discordant parties together in the same room. An example was an electricity distribution project, which was unable to proceed in the absence of an environmental license. The planning secretariat arranged a meeting between the federal environmental agency (IBAMA), the ministry of mines and energy, the project manager, and the secretariat itself. They were able to adjust the plan for the project so that the environmental agency was willing to issue the license. The planning secretariat came to believe increasingly in the project management approach as they had come to practice it. “The problems became known because of the management methodology of Brazil in Action,” recalled Asti. “That’s not to say that things were perfectly marvelous – far from it.”

The planning staff felt they were on the right track for all sorts of reasons, including the president’s demonstrative interest and consistent signals from the presidential staff and ministerial leadership and measured progress with particular projects. Other kinds of feedback were also important. A guiding idea of the program was that the projects – including the commitment of federal budget funds – would be induce further investment, especially in the infrastructure areas. Partly due to political pressure, the state-owned enterprises, state pension funds, and BNDES increased their financial role in the projects. Seeing an opportunity, the Inter-American Development Bank doubled the number of Brazil in Action projects it had initially sponsored. Japan’s Export-Import Bank provided credits to eight projects, up from their original two. In September 1997, Kandir was willing to write that, “We can comfortably say now that total investment in Brazil in Action projects for the year will reach R\$ 31.7 billion, of which 13 percent are provided from the federal budget.”