

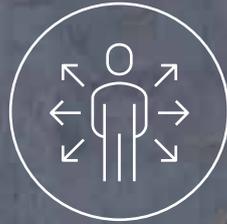
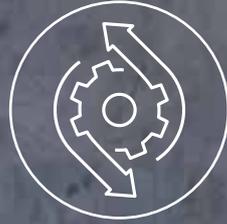
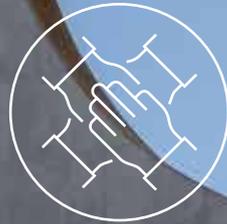


# Review of the innovation skills and leadership in Brazil's senior civil service

Preliminary Findings  
from the OECD



Review of the innovation  
skills and leadership in Brazil's  
senior civil service  
Preliminary Findings



## Contents

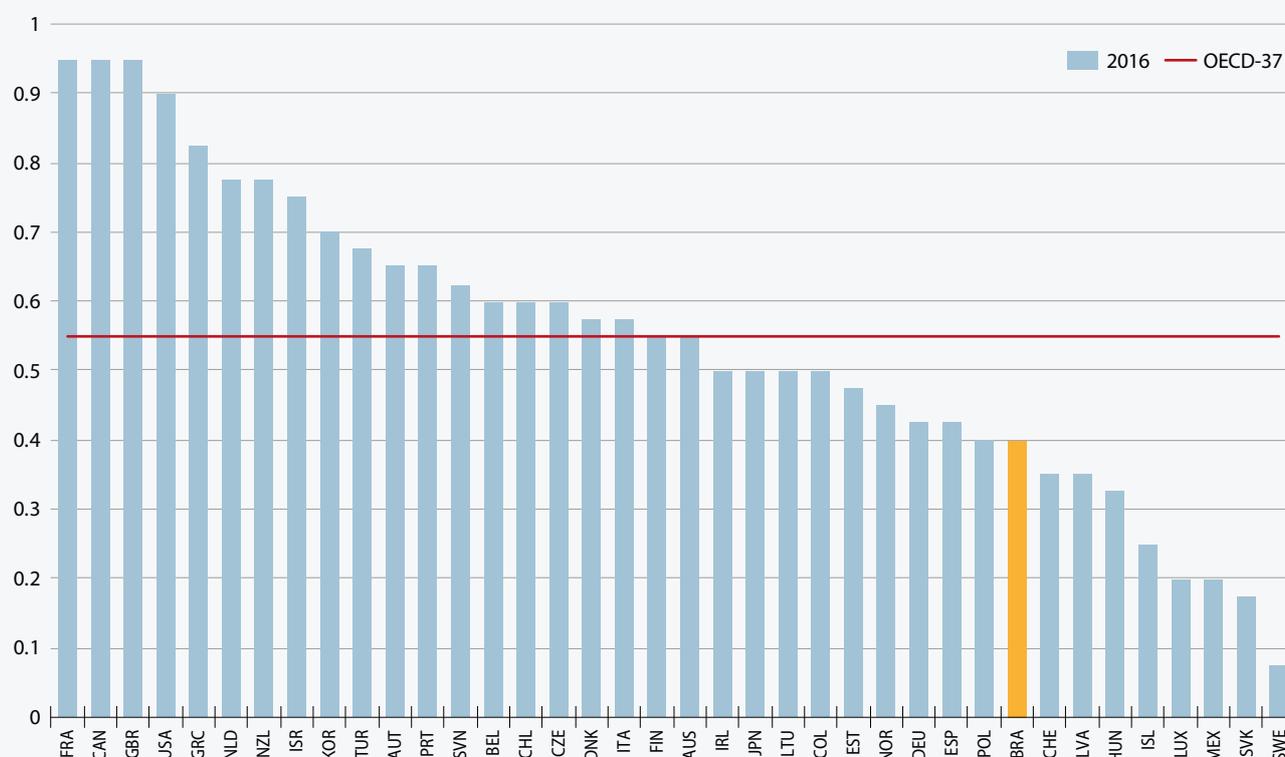
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## Review of the innovation skills and leadership in Brazil's senior civil service



The Government of Brazil is exploring options to improve civil service capacity, productivity and innovation. This is a core leadership challenge, one that requires reconsideration of the skills and competencies needed of senior officials in public administrations, the mechanisms that reinforce these skills and competencies and the incentives and opportunities available to Senior Leaders to innovate the services and activities they undertake. Most OECD countries have some kind of Senior Civil Service system (SCS), which serves to support and manage the most senior administrative leaders through separate merit-oriented policies in recognition of their pivotal role in public service performance. In Brazil, no such system exists, although elements are beginning to emerge.

Figure 1. **Extent of the use of separate human resources management practices for senior civil servants in central government, 2016 and 2018**



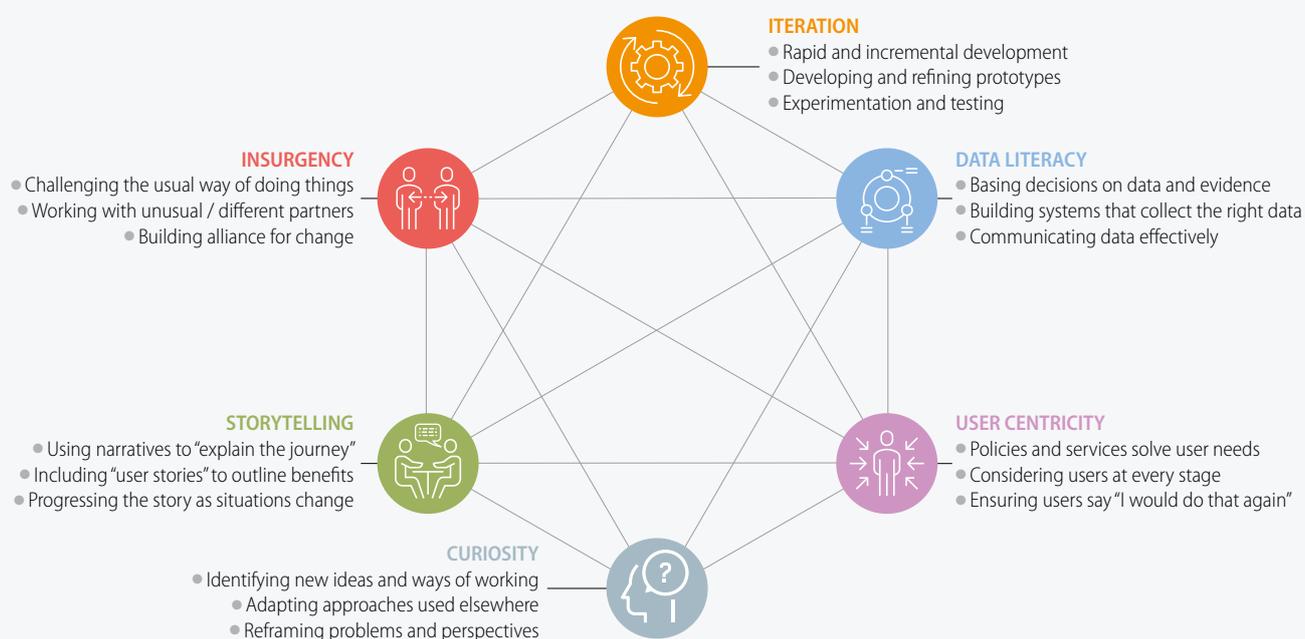
Note: The index on senior civil service is composed of the following variables: the existence of a separate group of SCS; the existence of policies for early identification of potential SCS; the use of centrally defined skills profiles for SCS; and the use of separate recruitment, performance management and performance-related-pay practices for SCS. The index ranges between 0 (HRM practices not differentiated for SCS) and 1 (HRM practices very differentiated for SCS). Missing data for countries were estimated by mean replacement. The index is not an indicator of how well SCS are managed or how they perform. Slovak Republic: a new Civil Service Law entered into force on 1st June 2017, introducing major changes in existing human resources management practices. For this reason, data may no longer reflect the current situation in the country. Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

Source: OECD SHRM survey 2016. Data for Brazil prepared by the authors based on information collected [during interviews] in May and September 2018.

The OECD has developed research on the skills needed in public services to drive innovation. This research has identified the six areas in the diagram below. In order for public organisations to support innovation, they should support and develop the following skills sets across their workforce as well as nurture a culture where these skills can thrive. Innovative organisations need employees who:

- Know how to build new products, services or policies in **iteration**, beginning small, experimenting with ideas, and learning as they go.
- Are able to leverage increasing amounts of **data**, in new shapes and forms, to spark insights and monitor progress.
- Can use multiple methods and techniques to develop a deep understanding of the **citizens** they serve, their needs, wants and actual behaviours, and bring them into the design process.
- Are **curious**, with the ability to ask the right questions of multiple sources, and find answers in new and novel places.
- Have **storytelling** skills, to multiple audiences through various channels to ensure the change they want is understood and resonates with those it will impact, and those who must decide.
- Have the skills needed to push against the status quo, to know how change is made in the public sector, by using the political process and building the right coalitions, knowing which battles to fight and persevere in the face of resistance. We call this **insurgency**.

Figure 2. Core skills areas for Public Sector Innovation



Source: OECD (2017b)

This report builds on this framework to pinpoint specific leadership skills and competencies needed to drive innovation and impact in Brazil, and the systems in place to support and reinforce them. The role of public leaders is not to be experts in all of these skill sets, but leaders play a substantial role in allowing innovation to thrive, and therefore, their relationship with new and emergent skills must be considered. The report will begin with a

contextualisation of the leadership challenges in Brazil's federal administration, followed by a discussion of the leadership skills highlighted as important by Brazilian innovators and civil servants. The report then looks at how the supply of, and demand for the skills in senior leaders can be reinforced through measures that could begin putting in place a more effective, consistent and coherent senior civil service system.

## 1. Contextualising leadership challenges in Brazil's federal administration

Brazil invests heavily in public employment, which suggests a need to ensure that this investment is carefully managed for optimum results. In 2014, 11.9% of workers in Brazil were employed in the public sector<sup>1</sup>, and the compensation of these public employees accounted for 28.9% of total government expenditures, and 12.9% of GDP.



While these numbers are close to average for countries in the LAC region, they contrast with OECD countries, which on average employ over 20% of workers in the public sector, but with compensation costs less than 10% of GDP (OECD 2016). To put these numbers in perspective, Brazil's investment in its public sector workforce is almost as much as the total level of expenditure in social benefits. An investment of this magnitude needs to be carefully managed to ensure its returns are maximized by developing efficient, effective and innovative policies and services that improve the lives and prosperity of its citizens. This is generally achieved through skilled and professional public sector leadership.

Brazil has been stepping up efforts to improve the capabilities of its public leaders as a means to support a more effective and accountable federal public service. The initial approach to competency management in the federal administration consisted in a "way of reorienting and strengthening training and development to upskill the public service and to instil a culture of ongoing development" (OECD 2010). Although most progress in implementing competency management took place in organisations such as state-owned enterprises (SOEs) and banks, a government decree of 2006<sup>2</sup> created a Policy for Civil Servant Development (*Política Nacional de Desenvolvimento de Pessoal*) and aligned competency-based management to organisational goals within Pluriannual Plans.

1. Public sector employment covers all employment of general government sector as defined in the System of National Accounts (SNA) plus employment of public corporations. The general government sector comprises all levels of government (central, state, local and social security funds) and includes core ministries, agencies, departments and non-profit institutions controlled by public authorities. Public corporations are legal units producing goods or services for the market and that are controlled and/or owned by government units.

2. Decree 5.707, 2 February 2006



More than ever, global complexity and disruption are changing the way the public sector operates and raises new challenges for its leaders. In Brazil and throughout the world, governments face complex, interconnected and crosscutting challenges such as growing economic inequalities, migration, and the global and disruptive effects of technology on the ways of living and working. These fast-changing environments affect the needs and expectations of citizens and businesses on the service provided by government. In such constantly changing and complex environments, public leaders are increasingly required to create flexible and adaptive organisations that have the capacity to be transformative and innovative.

In parallel, technology and digital transformation create new possibilities and challenges for leaders to improve the way their organisations conduct policymaking and deliver public services. Public sector leaders play a critical role of creating space to test, adopt, and deliver an increase in efficiency, effectiveness, and public value through new and emergent technologies. Brazil's digital government strategy aims to make "use of digital technologies, as an integrated part of governments' modernisation strategies, to create public value." (Ministério do Planejamento, Desenvolvimento e Gestão, 2016).

In line with the dynamics observed in many countries, Brazil's public leaders are increasingly looking for ways to innovate to tackle challenges effectively. Elements of a maturing and effective innovation system are already emerging sporadically in the federal government with initiatives such as Innovation Week, innovation prizes, or the innovation network. Many institutions have also set up innovation labs to co-create innovative solutions to the challenges that administrations face. These initiatives are valuable and encouraging, yet innovation is not happening at the level needed or expected (OECD 2019 forthcoming).

However, incorporating change into government functions is one of the most difficult topics facing innovators and public sector leaders in Brazil and elsewhere in the world (OECD 2018a). When there is a lack of political will to drive change at the system level or organisational level, individuals are left with the burden to drive change. Initial impressions of the innovation system in Brazil's federal government suggest this to be the case (OECD 2019, forthcoming). Research also suggests that capacity for innovation requires not only a system-wide approach and a co-ordinated effort across multiple institutions, as it also greatly depends on building a skilled workforce and effective leadership (OECD 2017a).

As leadership and management challenges also become increasingly complex, more expectations are placed on public leaders. Leading in an ever-changing environment with high uncertainty requires leaders to think, manage and approach challenges differently. A public leader has the potential to be "an active creator of public value, that is a leader with discretion, advancing, shaping, and directing – with conviction – a complex agenda of policy implementation." (Ospina 2015).

As such, innovation cannot be successful without support from public leaders with the right skills, mindsets and behaviours. Effective leaders mobilize and engage staff to promote desired outcomes, and ensure that employees have the right resources and opportunities to use their skills and drive positive change in their organisations. Leaders also influence the strategy, structure and functioning of their organisations, as well as interactions with other public and private institutions. Experience working with public sector innovators in Brazil and worldwide confirms that leaders' support and commitment to innovation appears fundamental to support teams and individuals initiatives (OECD 2017b).

### BOX 1. SENIOR LEADERS IN BRAZIL – SOME DEFINITIONS

Defining public sector leadership in Brazil, with a relatively fragmented public service, is a key challenge. The dominant system of senior managers – the DAS (Grupo Direção e Assessoramento Superiores) contains non-managerial positions (see for example Cavalcante and Carvalho, 2017) and as such should not be considered a career, in particular from a managerial perspective (Pinheiro 2017). At the same time, a number of senior management positions are handled outside this system, for example through the “Commissioned Functions” – FCPE (Funções comissionadas do poder executivo). There are about 22.000 DAS and FCPE positions in the federal government (data from March 2018).

With these challenges in mind, the definition of “senior leadership” used in this report corresponds to the highest levels of DAS (4, 5 and 6), and FCPE (4). This classification is used by the Informe do Pessoal of the Fundação Escola Nacional de administração pública (ENAP 2018) and corresponds to the “cargos de alta direção”. These positions

(especially DAS 5 and 6) have a relevant influence on the decision making process and on the implementation of public policies. These 4 categories of DAS and FCPE comprise about 5.000 people in the Executive (Federal Level of Government).

The Decree 5.497-2005 (modified by the Decree nº9.021-2017) established 50% of DAS 4 positions should be reserved to career civil servants. Although the transformation of DAS into FCPE positions in 2016 also introduced new criteria for appointment (being a civil servant), it did not change the real nature of appointments. The same decree set a minimum limit of 60% of DAS 5 and 6 to be filled by public servants, which increased the number of public servants in those positions.

Sources: Cavalcante and Carvalho, 2017, Freire et al, 2017, ENAP 2018, Lopez and Praça 2018, [http://www.planalto.gov.br/ccivil\\_03/\\_Ato2004-2006/2005/Decreto/D5497.htm](http://www.planalto.gov.br/ccivil_03/_Ato2004-2006/2005/Decreto/D5497.htm), [http://www.planalto.gov.br/ccivil\\_03/\\_Ato2015-2018/2017/Decreto/D9021.htm](http://www.planalto.gov.br/ccivil_03/_Ato2015-2018/2017/Decreto/D9021.htm)

Unlike most civil servants, appointments into DAS and FCPE positions are by definition made at the will of the government and can easily be terminated. According to the Brazilian Federal Constitution, any change to the appointment criteria or definitions for these positions should be approved by law. Political appointments exist in most systems and can be associated with a welcome degree of flexibility, in particular when they bring in highly qualified people from outside the public system (see for example OECD 2010, Pinheiro 2017). Such appointments can help bring a diversity of perspectives into the civil service, helping to round out skills gaps and spark innovation (Pinheiro 2017). However, to achieve these benefits, OECD governments generally implement mechanisms to encourage appointments of people who have the experience and skills required for the job.

With the exception of punctual experiences in some ministries, the lack of any qualification criteria or mechanisms to promote merit in the appointment of Brazil's SCS presents risks to the Federal government's capacity to innovate. In Brazil, appointments to a vast number of managerial positions are at complete discretion of those who have the power to appoint (Pinheiro 2017). Appointment criteria are neither

systematic nor comprehensive, nor based on technical or managerial standards; they are not transparent nor value predefined skills-sets or behaviours in a way that strengthens candidates' abilities to address the complex challenges facing the country (Cavalcante and Carvalho, 2017). In the context of the Brazilian “presidential coalition system” (“*presidencialismo de coalizão*”), using appointments as political bargaining chips means that there is a risk that politics trumps competence when choosing senior leaders. An overly politicised leadership cadre exposes the system to the problems of senior officials lacking the competence to carry out their functions (Matheson et al. 2007), with the subsequent negative impact on the quality of public policies, and public innovation (see for example Lopez and Praça 2018).

The creation of FCPE positions in 2016 and Decree 5.497-2005 ensure that a significant number of senior-level appointees will come from the ranks of the civil service, but thus far fails to ensure any minimal level of qualification. In addition, 60% of DAS 5 and 6 are also for tenured civil servants. While reserving a number of positions previously designated as DAS for civil servants may be a first step towards developing a structured career path into some



management positions, these positions are still politically appointed with no associated merit process. Additionally, being a civil servant is not, in and of itself, a “quality stamp” to become a senior manager (see for example Pinheiro 2017, Lopez and Praça 2018). First, although civil servants went through selective processes based on technical criteria in the beginning of their careers, few would agree that the skills needed for entry-level positions are the same as those needed for leadership position. Second, career progression within the civil service is generally automatic and disconnected from actual performance. Third, skills are dynamic and while there are minimum hours of development required every few years, there is not a strongly structured system in place to ensure the development is aligned with the skills and mindsets necessary to innovate and lead in today’s public service. Recent legislation (as provided by Law 13,346, of 2016) has determined that all agencies should include training programs in their capacity-building plans focusing on the preparation of civil servants to serve in relevant appointed positions based on professional profiles and on competencies compatible with the responsibility and complexity of the duties involved. However, the

implementation of this legislation has not been fully accomplished, thus not leading to the expected results so far. Brazil’s federal administration has no coherent management of senior leadership, no general competency framework, no systematic training and no concerted effort to promote cohesive values and attitudes among the public managers (see for example OECD 2010; Cavalcante and Carvalho 2017). However, in some cases there are systems, efforts, frameworks and trainings in place which can be built upon to improve coherence, cohesion and impact.

Despite the lack of a common SCS management system (OECD 2010), some emerging initiatives attempt to address the needs for a more skilled and professionalised SCS. This report is the result of an analysis of some of those initiatives across the Brazilian administration. Based on research, observation, interviews and discussion (see Box 2 below), this report aims to address the skills and leadership needs of Brazilian senior civil servants to promote innovation within their organisations and to achieve a more productive and accountable civil service.



## BOX 2. PURPOSE AND PROCESS OF THIS REVIEW

This is the first OECD review of this kind but it builds on previous work done by the OECD in this field, namely in Chile. This review combined interviews and workshops with multiple Brazilian public and civil society stakeholders involved in civil service reform, leadership and innovation.

The first purpose of the discussions was to understand the institutional mechanisms that guide recruitment, development and performance assessment for senior civil servants in Brazil's federal government, in a context of increasing interest for capacity to innovate. Findings confirm previous studies that describe a fragmented civil service, with impacts on its performance. The second purpose was to map initiatives to strengthen different aspects of leadership capabilities, within a system where improving recruitment, development and assessment of senior managers tends to be voluntary organisational endeavour. The process included:

1. A survey with open questions (based on a theoretical framework on the abilities, motivations and opportunities of civil servants to innovate), was completed by ENAP and other stakeholders in order to collect initial data and evidence that would give the OECD team a broad and basic understanding of civil service, public leadership and government innovation in Brazil's federal administration.
2. A first mission (May 2018) was held to get a contextual overview and deeper insights of the innovation and leadership landscape in Brazil's federal administration. This included interviews and focus group discussions with key public employees, senior leaders, academics, and members of civil society. This mission included a peer from the HM Revenue and Customs in the United Kingdom.
3. A second mission (September 2018) was held to conduct a series of workshops with Brazilian civil servants, members of civil society organisations and of academia. The workshops were designed around leadership skills for innovation and HR sub-systems that support the identification, recruitment, development and performance assessment of innovative leaders. The workshops helped identifying different scenarios that could work in Brazil's federal administration. In addition to the peer from the UK, this mission also included a representative from the US Chief Human Capital Officers Council, who have helped frame the discussions about leadership capabilities to innovate, and have provided insights on experiences which can be relevant for the Brazilian context.
4. The third mission takes place during the 4th innovation week in Brasilia. It will help test some hypothesis about identifying informal coalitions of institutions that wish to work towards improving SCS management.

The next chapter looks at the type of skills, mind-sets and behaviours that leaders need to support innovation. This is followed by a discussion of different initiatives that are aimed at developing current and future public leaders with these skills within the federal administration (Chapter 3). However,

building the supply of these skills will not be enough without also ensuring demand from those who make the final choices in the appointment process. Therefore the final chapter suggests paths to build the demand for a skilled SCS cadre within a fragmented federal administration such as Brazil's.



## 2. Identifying key skills for effective and innovative leaders

The OECD's Observatory for Public Sector Innovation (OPSI) is conducting an Innovation Systems Review concurrently with this study and finds a public service that has many of the skills necessary to innovate, yet, innovation is not happening at the level needed or expected. Part of the problem is that leaders in Brazil are not activating the full potential of innovative talent that resides within their organisations (OECD 2019 forthcoming). In OECD's discussions with Brazilian civil servants, leadership was one of the most cited reasons for both success and failure of innovation. The abilities of leadership to lead and drive innovation is therefore a strong determinant of successful innovation in Brazil. This chapter attempts to define innovative leadership by highlighting the characteristics of successful public sector leaders in a Brazilian context (see Box 3).

### EVOLUTION OF THE PUBLIC SECTOR LEADER

In the public sector, the practice of studying, defining, and attempting to replicate good leadership was formalised in the 1980s and 1990s through competency-based leadership. Over the past 20 years, there has been an evolution in the understanding and expectation of public sector leadership, reflected in the competency models of senior civil service systems of many OECD countries. While "tough-talking, take-charge, individualistic view of public leadership is alive and well through the world," (Crosby and Bryson 2018), there is growing evidence and academic rigor that identifies necessary alternatives to "heroic" models of public leadership. These alternatives recognise that public sector innovation cannot be successful if it is singularly driven or controlled by one leader from the top. Rather, these models focus on groups of leaders, both hierarchical and situational, that can successfully drive innovation together.

Sometimes called "adaptive", "pragmatic" or "distributed" leadership, these models emphasise an "Anti-Hero" form of leadership. An anti-hero adapts their leadership style according to circumstances. Anti-hero leaders are aware of the limitations of their own knowledge and skills and build expertise among their followers, which they can rely on to complement their own. The five pillars of anti-heroic leadership – Empathy, Humility, Flexibility, Acknowledgement of uncertainty, and Self-awareness – are helpful for thinking about the leadership styles

### BOX 3. WHAT IS A COMPETENCY AND WHY IS IT IMPORTANT?

Competencies are generally defined as the combination of knowledge, skills, and behaviours that result in good performance in a job (OECD 2010). Employers understand that behaviours, such as communication, teamwork, flexibility and interpersonal skills, play a crucial part in how people perform (Armstrong 2001; Chartered Institute of Personnel and Development 2008).

In order to use competencies in a strategic manner, they are typically organised into a framework. This framework can be utilised for the entire lifecycle of employment – recruitment, selection, training, and evaluation.

Organisations may also use their competency framework to reward management, although competency-based pay systems are relatively rare and remain quite controversial (Hondeghem 2002).

necessary to build and support innovation capabilities within public sector organisations (Wilson 2013).

A related strand of the public leadership discussion revolves around values-based and ethical leadership. Value-based leaders usually display a high degree of

self-awareness, and are able to draw on and leverage the values of their colleagues as a motivating factor for both themselves and their teams. These values are ideally articulated in a structured way and used to guide leaders’ decision-making. Ethical leadership relates to two interconnected elements – a leaders’ own values, which they understand and use to make ethical decisions – and a leaders’ ability to promote an ethical workplace and inspire ethical behaviour in amongst their followers.

**PUBLIC SECTOR LEADERSHIP COMPETENCY MODELS**

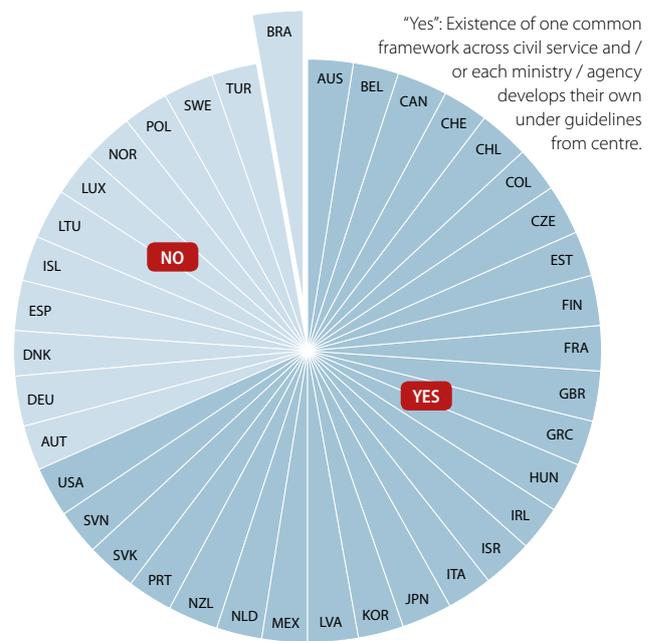
Leadership competencies are clear statements about the skills and behaviours that a government expects from its leadership cadre. When integrated into HR processes, they become powerful strategic tools to guide decisions about leadership appointments, development, performance and accountability. Canada, the United Kingdom and the United States have actively used leadership competencies for decades, but they are now being actively used in most OECD countries, as shown in Figure 3 (OECD 2017).

The United States, whose Senior Leadership contains a mix of politically appointed and career civil servants, has developed a model with “5 Executive Core Qualifications.”<sup>3</sup>

- **Leading Change:** The ability to bring about strategic change, both within and outside the organisational goals. The ability to establish an organizational vision and to implement it in a continuously changing environment.
- **Leading People:** Ability to lead people toward meeting the organization’s vision, mission, and goals. The ability to provide an inclusive workplace that fosters the development of others, facilitates cooperation and teamwork, and supports constructive resolution of conflicts.
- **Results Driven:** The ability to meet organisational goals and customer expectations. The ability to make decisions that produce high-quality results by applying technical knowledge, analysing problems, and calculating risks.

3. For more information, please see: <https://www.opm.gov/policy-data-oversight/senior-executive-service/executive-core-qualifications/>

Figure 3. **Existence of a competency framework that enables a classification of skills and competencies for senior managers (leadership competencies)**



Source: OECD SHRM survey 2016, question Q25. Is there a common skills inventory/competency framework that enables a classification of skills and competencies? Data for Brazil based on interviews

- **Business Acumen:** Ability to manage human, financial, and information resources strategically.
- **Building Coalitions:** The ability to build coalitions internally and with other Federal agencies, State and local governments, non-profit and private sector organisations, foreign governments, or international organisations to achieve common goals.

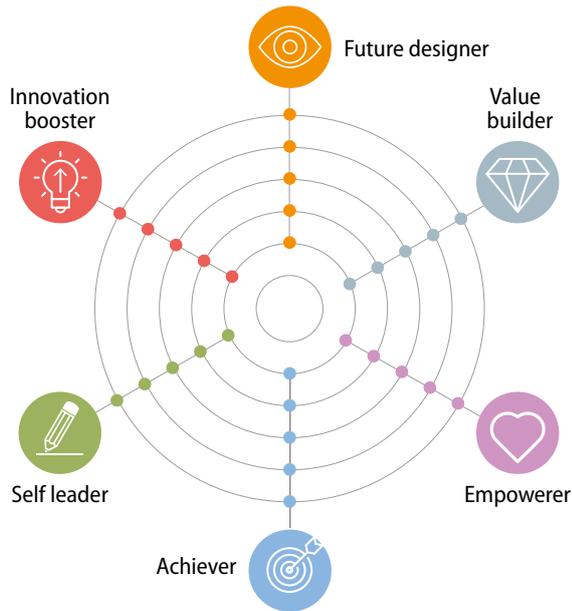
Additionally, each of the core qualifications has sub-components<sup>4</sup> to provide greater clarity and nuance to the qualifications. This framework is used during hiring, selection, and evaluation of both politically appointed and career senior leadership positions other than heads of agencies, which are vetted and approved by Congress.

In 2017, Estonia released its new leadership competency model that is seen as one of the most progressive competencies models in the public sector. In this model,

4. For more about the OPM Executive Core Qualifications: <https://www.hks.harvard.edu/educational-programs/executive-education/admissions-fees/executive-core-qualifications>

it creates six core competencies for leaders, including specifically referencing innovation, designing for the future, achieving results, and empowering others.

Figure 4. Estonia’s leadership competency model



Source: Estonian Government, <https://www.riigikantselei.ee/en/supporting-government/top-executives-civil-service/competency-framework>

“The 2017 competence model for Top Civil Service describes a leader who is bold designer of the future, an achiever, an inspiring driver of innovation, a genuine value builder for target groups and an effective self leader.”<sup>5</sup>

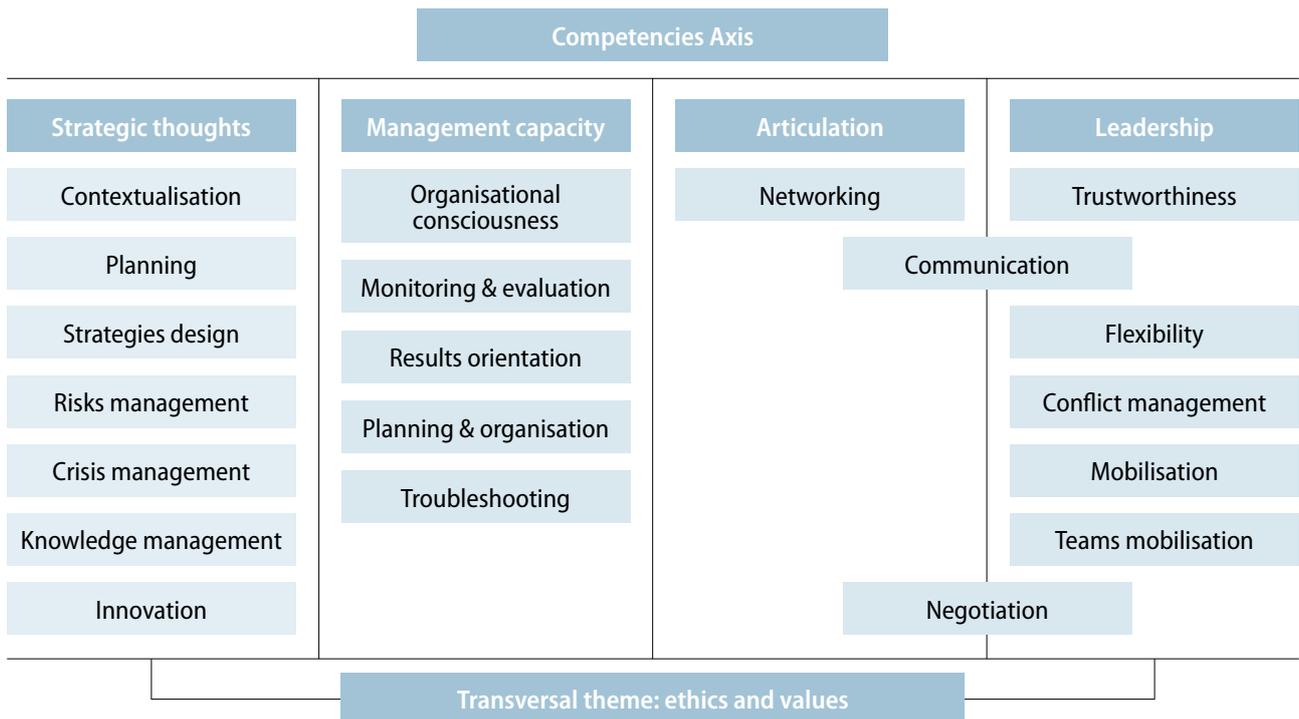
**INNOVATIVE LEADERSHIP COMPETENCIES FOR BRAZIL**

As the Brazilian public sector continues to focus on driving results and public value for the country, it must ensure sustainability through a strong, robust and flexible leadership cadre and pipeline of future leaders. One strategy to improve the development, hiring, and assessment of current and future leaders is by identifying a group of competencies that reflects the skills needed to innovate in the public sector today and succeed in the future.

ENAP was one of the first public sector institutions in Brazil to create a leadership competency model that included innovation as a core competency.

5. For more about Estonia’s Competency Model: <https://riigikantselei.ee/en/supporting-government/top-executives-civil-service/competency-framework>

Figure 5. ENAP’s Leadership Competency Model



Source: ENAP (2010), Desenvolvimento de Competências de Direção: A Experiência da Escola Nacional de Administração Pública

Figure 6. Leadership for innovation, an initial model for Brazil’s civil service



The competencies discussed below and shown in Figure 6 are built on the foundation of ENAP’s model and the cohort Brazilian civil servants involved in innovation during the course of the OECD’s interviews and workshops. They are also built upon the good practices around the world and leading literature on public sector leadership. These competencies can be taken into consideration alongside existing competency frameworks in Brazil in order to develop a framework tailored to the context of the Brazilian public sector.

The competencies above are divided into three distinct, but interconnected groups: innovation skills, business acumen, and mindsets, all based on a core foundation of ethics and public service values which guide decision making towards the public interest. Building on this foundation, leadership needs business acumen skills to manage the business of their department, recognising that these skills often differ in specific and important ways between the private and public sectors, and even among different public sector organisations. Moving to the next section, leaders need innovation skills to meet

the complex challenges of today. Lastly, while these skills are necessary to lead an organisation in a complex environment, the effectiveness of a leader and the ability to harness a leader’s and organisation’s skills is dependent on the mental approach, or mindsets of the leader.

Certain skills in the business acumen and innovation section have been starred. This is to denote that, as a baseline, leaders should have stronger knowledge and experience with these skills. To help define a leader’s ability within each skill, the model views skills on a continuum:

- **Aware:** General understanding of the practice and how it applies to leading the public sector
- **Capable:** Being able to use the skill and understanding its application
- **Specialised:** Adopting these skills into leaders day-to-day use and applying them in a more strategic and systematic way

To avoid the hero view of leadership and unrealistic expectations that would disqualify strong potential candidates, an individual leader should not be expected to be an expert in each skill. Taking a nuanced view of skills allows for flexibility while also ensuring that minimally, leaders are “aware” in each skill area and “capable” in the most critical skill areas. For example, a CIO vacancy will likely require a “specialised” rating in skills such as iteration and digital.

### **Ethics and Public Service Values**

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As the Brazilian public sector continues to focus on rooting out corruption, there is a clear need to make ethics and values explicit within any competency model. Ethical considerations should be framed by a clearly articulated set of public service values. While such values may vary by country, commonly stated values in OECD countries’ public services include accountability, impartiality, the rule of law, integrity, transparency, equality and inclusiveness.

With that said, creating ethical leadership is a long term goal rather than a skill that is easily obtained for leaders.

Recent research suggests that ethical leadership does not start once one is a leader. Rather, the primary influence on the ethics of leaders is their own managers and leaders during the early stages of their career (Brown and Treviño, 2006).

Additionally, Van Wart suggests that traditional, singular leadership is actually too disconnected from ethical values (Van Wart 2011). By focusing on distributed leadership, ethics are dealt with as a collective rather than a specific individual and therefore, should likely improve the collective ethical actions of the group.

### **Business Acumen**

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The business acumen skills are core traditional organisational management skills such as financial management, people management, and accountability.

Within this section, three critical skills require greater focus and experience: Change Management, Strategic Awareness/Political Savvy, and Coalition Building. As discussed in Chapter 1, guiding an organisation through



change is a key requirement of modern public sector leadership. Leaders must be able to be flexible, adapt, and guide organisations through ambiguity and complexity.

To manage change, leaders must also have a strong grasp of the political environment within both their organisation and the system at-large. This also requires building coalitions and moving from an organisational perspective to a systems perspective (Crosby and Bryson 2018). Therefore, achieving results is not an individual activity, but a collaborative process leading to shared outcomes among agencies and sectors, and greater democratic accountability to ensure responsiveness and inclusiveness (Van Wart 2013).

Lastly, the concept of project management has continued to evolve with governments increasingly focused on delivery of products and services. The need to understand modern approaches to more agile forms of project and product management is critical for leaders to manage teams, high priority initiatives, and accountability.

### Innovation Skills

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In 2017, The Observatory of Public Sector Innovation (OPSI) released “The 6 Core Skills of Public Sector Innovation.” (See Figure 2) In this publication, OPSI, in collaboration with innovators around the world, developed a skills model for public sector innovation (OECD 2017b).

The skills model has a primary function to help individual civil servants become practitioners, it is also critical for leaders to have an understanding of innovation methods, mindsets, and strategies to properly lead, support, and embrace new and different solutions. By having a stronger understanding of innovation skills, leaders are able to provide the space and resources necessary for divergent ideas to be explored and tested. Without such an understanding, leaders can unintentionally undermine their organisation’s potential to use innovation skill, process, methodology, or solution.

As with business acumen, leaders should be more capable in some skills areas. In OECD’s missions to Brazil, a leader’s ability to “win hearts and minds” and “articulate a vision” was seen as extremely important to current Brazilian public sector innovators. Therefore, public sector leaders must be strong storytellers. Storytelling does not simply mean

being an expert orator, but rather, explaining a vision, priority, change, or initiative in a way that builds support. This requires leaders to understand their audience’s priorities and values and to effectively deliver a message regardless of medium.

Finally, as leaders drive, lead, and make space for innovation, they themselves need to show a strong ability to challenge the status quo. This requires skills related to political process and timing, legal understanding to clarify areas where innovation is possible, and the ability to build new and different coalitions that allows for novel and divergent thinking. The OECD call this skill set “insurgency”.

### Mindsets

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In OECD’s missions to Brazil, many people interviewed identified People Management as a substantial gap in Brazil’s public sector leaders. When this subject was explored further, it was revealed that while people management is important, it was in fact the mindsets of public sector leaders that was the most cited factor in determining a successful innovative leader. It was also cited as the largest gap in Brazilian senior leadership.

Many of these mindsets are necessary for successful implementation of innovation skills or business acumen. For instance, a leader will struggle to achieve results without having a clear vision, driving the change necessary to achieve that vision and messaging the vision appropriately. This also relates to a leaders’ ability to be inspiring. Leaders who can collectively develop and sell a vision and inspire others are more likely to achieve results, see innovative ideas flow throughout the organisation, and improve the value of the public sector.

Based on the recent OECD Digital Government Review of Brazil, OECD is recommending leaders also be equipped with a digital mindset. This does not mean that a leader must be fluent in digital, but rather, that leaders, even in non-technical positions, must have an understanding of why digital is critical to any government solution and incorporate digital thinking into all processes as early as possible. (OECD 2018b).

Mindsets are not simply how a leader relates to others, but also reflect on how they lead and affect others. Leaders

must have a deep empathy for public servants, the people of Brazil, and their own leadership. By having an understanding of the people that are part of their system, they also gain a greater interpersonal awareness whereby leaders understand how their actions, attitudes, and demands impact others.

Mindsets are becoming more critical to the definition of good leadership in the public service. Certain mindsets are already listed in the United States and Estonian model. Additionally in 2014 the United Kingdom emphasised how critical mindsets were to leadership by releasing a *Civil Service Leadership Statement* (see Figure 7).

This statement reflects the importance of mindsets to delivering public value by emphasising that Inspiring, Confident, and Empowering are the three most critical roles and expectations of leaders.

Identifying the needed leadership skills in Brazil’s senior levels is only the first step towards consistently deploying such leadership. OECD countries increasingly develop policies, processes, systems and tools to ensure that their senior leaders have the skills, motivations and opportunities needed to drive innovation and lead change. The emergence of Senior Civil Service systems in many OECD countries aims to develop the **supply** of, and ensure **demand** for the types of skills discussed in this chapter. Chapter 3 looks at how some initiative are emerging in Brazil’s federal public service to build the supply of such skills through the development of current and potential future leaders. Taking into account that developing this supply of skills will not achieve results if there no demand for them. Chapter 4 looks at what more needs to be done to build the demand for these skills among those who make appointment decision to these positions, and hold them accountable for performance.

Figure 7. UK Civil Service Leadership Statement

**Civil Service Leadership Statement**

As Civil Service leaders, we take responsibility for the effective delivery of the Government’s programme and Ministers’ priorities, living the Civil Service’s values and serving the public.

Inspiring about our work and its future	Confident in our engagement	Empowering our teams to deliver
<ul style="list-style-type: none"> <li>We will show our pride in and passion for public service, communicating purpose and direction with clarity and enthusiasm</li> <li>We will value and model professional excellence and expertise</li> <li>We will reward innovation and initiative, ensuring we learn from what has not worked as well as what has</li> </ul>	<ul style="list-style-type: none"> <li>We will be straightforward, truthful and candid in our communications, surfacing tensions and resolving ambiguities</li> <li>We will give clear, honest feedback, supporting our teams to succeed</li> <li>We will be team players, and will not tolerate uncollaborative behaviour which protects silos and departmentalism</li> </ul>	<ul style="list-style-type: none"> <li>We will give our teams the space and authority to deliver their clearly set objectives</li> <li>We will be visible, approachable, and welcome challenge, however uncomfortable</li> <li>We will champion both difference and external experience, recognising the value they bring</li> <li>We will invest in the capabilities of our people, to be effective now and in the future</li> </ul>

Civil Service

Source: UK Civil Service. For more information about the UK Civil Service Leadership Statement: <https://www.gov.uk/government/publications/civil-service-leadership-statement/civil-service-leadership-statement>

### 3. Developing the supply of skills for effective and innovative leadership in Brazil's federal administration



“Supply and demand” is one of the foundational tenets of economics with the goal to seek equilibrium in order to produce healthy and sustainable economies. The same concept can be applied to leadership skills such as those discussed above. There needs to be a supply of people with the right skills ready to take up leadership positions in the government. And this suggests the need to provide training and development opportunities to the potential pool of leaders, whether inside the civil service or beyond. However, this supply also has to be matched with a commensurate demand for these skills, from those who make appointment decisions.

Balancing supply and demand of leadership skills is at the core of SCS systems. Without this balance, a country is unlikely to have an effective and sustainable leadership system and risks overinvesting in certain areas while not seeing the expected returns. Much of the interventions so far established in Brazil focus on the “supply” side of skills – development opportunities for current and future Senior leaders. But in the face of low demand, these initiatives remain bespoke and unsystematised.

The remainder of this report looks at:

- how the **supply** of innovation skills can be further developed in the pool of current and potential leaders (this chapter); and
- how the **demand** for these skills can be enhanced by looking at appointments and motivation factors (chapter 4).

#### PROFESSIONAL DEVELOPMENT IN BRAZIL'S PUBLIC SECTOR TODAY

In Brazil, training is mostly still oriented around the classroom. Currently, Brazil has established a Staff Development Policy and Guidelines<sup>6</sup> that regulates skills

6. Decree nº5.707-2006 (institui a Política e as Diretrizes para o Desenvolvimento de Pessoal da administração pública federal direta, autárquica e fundacional, e regulamenta dispositivos da Lei no 8.112, de 11 de dezembro de 1990), available in [http://www.planalto.gov.br/ccivil\\_03/\\_Ato2004-2006/2006/Decreto/D5707.htm](http://www.planalto.gov.br/ccivil_03/_Ato2004-2006/2006/Decreto/D5707.htm), accessed 22/10/2018

development through annual training plans. This policy was guided by a management committee until 2010<sup>7</sup> which included the Secretary of Management (SEGES), the Secretariat of Personnel Management (SEGEP) and ENAP.

Although continuous training is recognized throughout the career, discussions with Brazilian stakeholders suggest that training decisions are driven by individual's motivations and interest, and that this method does not always align the training with someone's relevant responsibilities.

As training is self-driven and bespoke, it can lead to the exploration of new skills that generate innovative ideas. Conversely, it also creates an environment where it is hard to practice and evolve these skills outside of the classroom as well as misalignment with the true needs of the individual, organisation, and system.

Even when training involves bringing workplace issues into the classroom to create a strong link between work and the training, it is still difficult to replicate workplace conditions such as coalition building, political will, and co-workers that may be against the idea.

7. In 2010 SEGES became part of SEGEP, which also included the Secretariat of Human Resources (SRH). A 2016 decree recreated the Secretariats but the staff development management committee hasn't been operational since.

### The emergence of competency-based leadership training in Brazil

In 2006, a government decree introduced the concept of competency based management (*Gestão por competências*), and while this has yet to formalise into a national competency framework, it has served as a driver for reorienting and strengthening training opportunities and individual development. Today, competency models serve as a foundation for leadership training in various organisations and have continued to increase in popularity. The implementation of competency-based management is left at the discretion of public organisations.

Various institutions in the Brazilian federal public administration, including the Ministry of Planning, ENAP, TCU, and the Brazilian Development Bank, have developed their own frameworks to anchor their leadership development programmes. All of these programmes

were created with the recognition that the current state of developing leadership is not sufficient. This is a strong indicator that organisations are open to taking a more structured approach to leadership development.

For many of the leadership development programmes, ENAP plays a critical role. ENAP has served as a “hub” or adviser for many of the programmes while also developing their own leadership programmes. As ENAP does not have the authority or ability to create a singular leadership curriculum that organisations use to develop leaders, their presence in the formation of many of these programmes at least ensures a general coherence in the competencies models to ensure convergence in ideas and theories.

Additionally, civil society is also playing a role in advancing innovation skills in the public sector. For example, the Dom Cabral Foundation is working with ENAP, the Ministry of Planning, and others on leadership training and

#### BOX 4. ENAP – SCHOOL OF GOVERNMENT

##### Improving skills of public servants

Created in 1986, the National School of Public Administration (ENAP) is a public foundation whose purpose is to promote, design, and execute human resources training programmes for the federal administration. ENAP has been critical to the development of skills through masters, leadership development, and senior executive programmes as well as specialised and general skills training.

It has also partnered with outside organisations to bring advanced thinking around public sector leadership. For instance, ENAP partnered with Harvard for a leadership programme with DAS 5 and 6, as well as people in positions of “special nature”, such as Ministers and Vice-Ministers. Bringing in outside partners help ensure content is current, timely, and allow for multiple perspectives from inside and outside the current system.

ENAP was one of the first organisations in Brazil to create innovation training and competency models for training programmes. Starting in 1996, Enap and the Ministry of Planning, Development, and Management also created

the Innovation Award to celebrate innovators and their projects to improve services to population.

Additionally, OECD observed ENAP’s role in the evolution and promotion of public sector innovation in Brazil. ENAP is serving as an informal “hub” for innovation programmes and training, working with various public sector organisations and civil society to promote, enhance, and spread best practices of innovation training.

##### Leadership training

ENAP’s mandate on leadership training evolved with the decree Nº 8.902/2016, which stressed that one of ENAP’s mission was to support and promote training programmes for people in leadership positions (DAS and FCPE). As part of its new mission, ENAP built partnerships with international leadership training institutions to develop and deliver short term courses in areas related to innovative leadership in public organisations (Programa de Capacitação para Altos Executivos). The 2018 edition was delivered by Harvard Kennedy School.

Source: <https://www.enap.gov.br>



development based on various leadership competency models. The Getúlio Vargas Foundation has also created leadership programmes aimed at the public sector. These organisations are playing an important role in the maturation of understanding the competencies needed for leaders of the public sector in Brazil and bridging the gap between the public sector and civil society, the private sector, and academia.

### **FROM BESPOKE TO SYSTEMIC: CREATING A LEARNING CULTURE FOR INNOVATION IN THE SENIOR CIVIL SERVICE**

Developing skills, a targeted and finite activity, is a first step towards developing a learning culture, a continuous activity where individuals seek, explore, and develop new skills. A culture of continuous learning requires a consistent focus on learning and growing new skills.

Skills takes time, practice and experience to master. Traditionally skills have been taught in a controlled environment, a classroom or lab, and then participants are expected to start using these skills outside of training. More recently, experiential training has become popular – learning a skill through hands-on experience.

The challenge is that experiential learning for leaders often contradicts the expectations that leaders are the smartest

and most experienced in the room. The idea that they are a novice and able to make mistakes while others may be stronger leaders for a specific activity is more aligned with modern leadership discussed in Chapter 1 and 2.

Competency models serve as a guide to help frame training programmes for leaders and potential leaders, but as the skills needed evolve and new skills emerge, competency models alone do not create a learning culture. Additionally, during a time of potential fiscal austerity, training dollars become scarce which is seen as limiting training opportunities for leaders and employees.

Because each person learns differently, there is no single solution to this issue. Instead, a multi-pronged approach is required. There needs to be solutions that incorporate classroom learning, experiential learning, and peer learning. In Finland, leaders meet once a month around various leadership topics. Leaders self-select which topic they want to address and it is relatively self-organised.

In Estonia, the Top Civil Service Excellence Centre is responsible for the development of Estonia's senior civil servants. They have begun a training curriculum that focuses on experiential learning, applying modern problem solving techniques, and even brain science to help leaders better understand themselves, build innovation skills, and conducting activities on site where "seeing is believing."



This programme has gained such popularity that the governments of the Netherlands, Finland, and the UK requested their leaders participate.

Finally, there is an emergence of executive innovation training. These trainings, often conducted by innovation labs in the civil service, are focused on helping leaders understand how to lead innovative projects and provide the support necessary for innovation to thrive. The Government Digital Services (GDS) in the UK has developed an Agile for Leadership class, the Canadian government is looking at something similar regarding digital, and Chile and Colombia actively engage senior leaders when their teams are engaged in innovation challenges through the country's innovation labs. All of these initiatives allow leadership to gain first-hand experience in how innovation happens to better understand how they can support it.

In Brazil, ENAP's approach to prepare leaders to be innovative involves international partnerships with leading international training institutions. The most recent in August 2018 focused on "Leadership and Innovation in a context of change". During the course, participants worked on an on-going challenge while developing skills related to adaptive leadership, technology management or innovation in public policies.

In parallel, ENAP has its own Leadership Development Programme, a project-oriented course focused on developing

business acumen in particular areas, together with innovative skills. This blended-learning programme, which combines on-line preparation and discussion with classroom training, is targeted at managerial positions across the federal government.

ENAP's innovation lab, GNova, uses design-thinking methodologies to help public institutions address their challenges. Teams from GNova partner with the civil servants from the client organisation to co-create and experiment solutions and prototypes, for example to improve the delivery of services to citizens. The GNova also worked to improve coordination within ENAP and develop projects that support innovation in education, with the purpose to improve the quality of ENAP's training offer.

Finally, a programme called "Support Programme for the Development of Public Leadership" has emerged to help build capacity of public leaders, including elected officials, engaged in changing Brazil based on the principles of integrity, democracy, and sustainability. The programme is the result of a partnership between the "Political Action Network for Sustainability (Rede de Ação Política pela Sustentabilidade", RAPS) and Lemann Foundation. The content is developed by the two partner institutions and includes training on themes such as on health, public safety and climate change. The second edition (2018) was open to 20 leaders throughout Brazil.<sup>8</sup>

8. Source: <https://fundacaolemann.org.br/projetos/liderancas-publicas-programa-de-apoio>

## IDENTIFYING AND MAPPING CURRENT LEADERSHIP SKILLS

Supply side interventions not only require skills development, but also skills mapping, to identify the existing supply. Skills mapping ensures that skills are readily identified and available when the demand comes for them. It also helps to better align skills development initiatives to ensure they are addressing real gaps.

The Ministry of Planning, in partnership with ENAP and others, is developing a databank which has the potential to service this purpose. By becoming an online repository of civil servants' skills and experience, this initiative could help to begin systematising the leadership skills supply which currently exists to ensure that those looking for talent are able to reach beyond their own networks to find it. This may be an important step towards breaking down the reliance on personal networking which currently appears to dominate

### BOX 5. MINISTRY OF PLANNING – TALENT BANK

A recent innovation that could have a large impact on people management, the Ministry of Planning created a system that serves as a skills database for public servants. The first of its kind in Brazil, any public servant has the ability upload CVs into the system. The skills information is accessible to any public servant, allowing for greater understanding of the skills and competencies within teams, organisation, and the government as well as more targeted recruiting and hiring based on knowledge, expertise, and experience.

The Ministry of Planning is partnering with the Ministry of Justice and ENAP to start analysing the data and integrate it into talent coordination, development, and the hiring process. As ministries start analysing and sharing the data, it presents the opportunity to grow the size and scale of the project.

In 2019, the ministry will add the opportunity for private citizens seeking to join the public sectors to upload their CVs. As more data enters into the system, more analysis of careers, skills, and experiences can help make training programmes stronger, better hiring decisions, and recruiting of qualified candidates easier.

selection and appointment processes. In parallel, the Ministry of Planning is working on a census of civil servants from the EPPGG (Public Policy and Management Specialist, Especialista em Políticas Públicas e Gestão Governamental) career. This census is expected to provide better knowledge of who are the civil servants from this career, their career paths, experience and skills.

To shift a learning culture from sporadic to systemic also requires a review of the proper drivers that would encourage and push current and future leaders to obtain these skills. From the supply side, there needs to be a multi-method approach that allows for people to learn in different and new ways, but to truly have a systemic approach to a learning culture, there must be a demand for the skills that public leaders need.

## AREAS FOR FURTHER CONSIDERATION TO STRENGTHEN THE SUPPLY OF SKILLS FOR LEADERSHIP AND INNOVATION

➔ As innovation training and leadership programmes continue to be available to more public servants, and are some of the most popular and well established courses and programmes in ENAP, it is safe to assume that some degree of innovation and leadership skills are present throughout the federal administration. However, there may be scope to **link up and systematise this fragmentation and better link training to career progression**. Additionally there is likely opportunities to **link the skills categorisation used in the databank to training initiatives**, so that these various elements begin to develop a more coherent systemic approach.

➔ ENAP's current position as a "hub" for many of the leadership training programmes provides an opportunity to **diffuse good practices faster and discover emerging needs occurring within ministries**. This could improve training curricula and therefore, increase the responsiveness of the organisation to the evolving skills demands of public sector leadership. ENAP and the Staff Development Policy Committee could also explore their role of developing a learning culture focused on innovation by **strengthening the link between "formal classroom training" and implementation of innovation (experiential training)**.



## 4. Strengthening the demand for a skilled leadership in the Brazilian federal administration

Identifying leadership skills (chapter 2) and building their supply (chapter 3) are two important steps to ensure skilled leadership in Brazil's federal administration. But this can only have a limited impact unless there is also a clear demand for these skills. The sporadic approach to the supply of innovative leadership skills in Brazil may partially originate from the lack of system level demands for these skills. Brazil's relative absence of demand drivers creates few incentives to improve supply-side interventions and make a sustainable federal leadership system moving forward.

In Brazil, building demand for leadership skills requires engagement and buy-in at the highest political levels. Since the current system provides the government full discretion to appoint anybody to DAS positions (within legal limits<sup>9</sup>) and any civil servant to FCPE positions, they have full control over the demand. If they choose to look for highly qualified and innovation-oriented leaders, demand will increase. If they make appointment decisions based only on political or interpersonal considerations, there will continue to be limited demand for the skills discussed in this report.

The reasons why the government should begin demanding better leadership skills from its senior leaders are many, but a few could be the following:

- **Efficiency:** Brazil is facing an economic and fiscal crisis and its investment in public employment is relatively significant by OECD standards. Bad leadership often results to suboptimal results from the public workforce they lead. More than ever, there is a need for effective

leaders capable of engaging and activating skilled civil servants and motivating them to develop innovative solutions to the complex challenges facing the country.

- **Trust and Accountability:** Brazil is facing a deep loss of trust in the political system, public institutions and the civil service. Trust in public institutions is intimately connected to citizens' perception of the merit of the leaders of those institutions. If citizens don't believe that the heads of their public institutions have the right skills and profiles to innovate, they will be less likely to trust the services they provide.
- **Societal demand:** more than ever, Brazil's civil society is demanding better leadership from the top of the civil service. Organisations that usually advocate for better services in communities, such as education, health care and public safety, are increasingly targeting the lack of leadership in public administrations which they see as directly responsible for reducing the quality of the essential services the public sector provides.

9. Positions that have to be occupied by civil servants in DAS 1-4: 50%; DAS 5-6: 60%. See decree 5.497-2005, modified by Decree n°9.021-2017.



SCS systems in OECD countries generally ensure demand for a skilled leadership cadre through three interlinked HR processes. Although these processes are relatively nascent in Brazil, some institutions are using them to better attract and recruit senior civil servants with the right competencies, and motivate them to use them. Three areas where innovation-related skills and behaviours could be considered are:

- **Job profiles** describe what is expected of a particular position in terms of achievements and the specific skills and competencies needed to be successful. They are a clear statement of skills needed and link the objectives of a position with those of the organisation. Job profiles help to ensure that the right person is appointed to a position and is held accountable for results. In Brazil, job profiles are rarely used in SCS positions.
- **Recruitment** processes ensure a match between individuals appointed to a position and the skills identified in the job profiles for that position. However, in Brazil SCS appointments tend to be made without the support of transparent merit-based criteria or process.
- **Evaluation** systems act as a backstop mechanism for the recruitment process, to ensure that the appointed individual performs to expectation (often defined in the job profile and/or performance agreement) and is held accountable for achieving results and leading effectively. In Brazil, there is a lack of effective accountability systems for results, although there is a high level of individual

accountability for spending overseen by the various audit authorities. This imbalance creates an environment where careful spending is far more important than achieving results, and thereby produces a significant and complex set of disincentives for leaders to support innovation.

The lack of tools for defining job profiles, recruitment, and performance evaluation in Brazil's senior civil service are not new. The 2010 OECD HRM review highlighted that fragmentation, and capacity gaps affected public sector performance and the quality of leadership, while also recognizing that basing different HRM activities on a common competency framework would help the federal administration build a skilled workforce for good performance. In parallel, there is a vast literature that identifies many fragilities of the Brazilian system. The next sections aim to consider the elements of the possible for Brazil in addressing each of the categories above.

### **JOB PROFILES AND RECRUITING FOR INNOVATION IN THE SENIOR CIVIL SERVICE**

As the 2010 OECD report pointed out, the DAS system is opaque overall (OECD 2010). Understanding the mechanics of political appointments is complex but is likely to go beyond political party influence and involve different degrees of motivations related to interpersonal relationships and some technical capacity (see for example Lopez e Praça 2018).

Given this complexity in the political system, it is unlikely that Brazil will remove political discretion in appointments, and it would be unwise to do so completely. If selected and

managed well, appointees from the private sector may bring with them innovative practices and change some inefficient routines. However, recruiting private sector expertise does not guarantee an increase in innovation skills. Unless skills gaps are identified and targeted in recruitment criteria as part of a defined job profile, any increase in innovation capacity due to private sector expertise is by chance rather than by design.

The same issue arises when appointing from the civil service. Traditionally, “merit” is only a consideration for entrance into the civil service rather than with each position or promotion. The only certainty is that civil servants bring experience and knowledge of the public sector which is usually lacking in private sector appointees, and can therefore be a necessary complement (Lopez e Praça 2018). But, without an approach that identifies and uses skills as part of the selection process for senior leaders, skills gaps will continue to exist and could be a strong barrier to transformative, innovative leadership.

Regardless of the individual responsible for appointing or which sector the appointee is from, there are systems and mechanisms that can help to ensure each appointee possesses strong leadership skills. For example, the U.S. system enables a thorough vetting of the highest-level appointees by the senate (and the public by extension) and subjects lower level political appointments to the same competency framework (referenced in Chapter 2) as the career Senior Executive Service. The Chilean system uses transparent meritocratic process to select the top three candidates from which the government may choose. Meanwhile, Korea’s Senior Civil Servants all undertake an initial competency assessment process to enter a pool, from which the government may choose to fill specific

positions. In all these cases, the government is free to make the final selection, but there is a system in place to ensure that the government is accountable for their choice.

In Brazil, there are some elements of such a system beginning to emerge. The creation of the FCPE positions also provides a legal basis on which to develop minimum criteria for all DAS and FCPE positions. Additionally, the Casa Civil and Ministry of Planning have together prepared a Presidential Decree which currently sits with the President waiting for signature. The decree would establish basic education and/or experience criteria for each level of the DAS/FCPE. These criteria cannot be binding, but the decree would require ministers to publicly sign a declaration each time they wish to appoint somebody who does not fit the criteria, thus creating a small degree of public accountability for appointments. This would also create a database on such matters for the first time. While still a far ways away from ensuring the kinds of skills identified in Chapter 2, it may provide the foundation upon which a more thorough skills-oriented system can be developed in the future.

Additionally, while there is no accepted government framework for leadership, recruitment processes have started to emerge. Some organisations have implemented competency models to shift towards a more competitive and open hiring process. The Treasury Ministry and Brazilian Development Bank are using various forms of competency based hiring. Many other organisations that OECD interviewed expressed interest in moving towards this model, but using competency models for appointment and hiring decisions remains subject to the will of political leaders.

## BOX 6. RECRUITING FOR INNOVATION IN THE SENIOR CIVIL SERVICE IN CHILE

Chile’s Senior Civil Service System (*Sistema de Alta Direccion Publica, SADP*) is the region’s most successful merit-based selection and management system for senior public leaders, which has helped to ensure highly qualified executives are selected to lead the modernisation of Chile’s public sector and the overall economic and social development. The existence of a centralised, merit-based programme for selecting and managing senior executives places Chile

among a growing group of OECD countries who increasingly recognise the value of ensuring merit at the highest levels.

The existence of criteria such as “innovation” and “flexibility” in the competency framework for SADP provides an opportunity to discuss and further refine this competency, towards more clearly defining what this means in practice.

Source: OECD 2017c

Civil society organisations have also started to support and develop a more merit-based and transparent leadership recruitment process in some parts of Brazil's public administration. For example, *Vetor Brasil* is a non-profit organisation whose mission is to prove to public institutions that running open merit-based leadership recruitment processes can lead to better and more efficient public services, and be a win-win for all parties involved. They do this by running recruitment processes for public agencies who request their services so that experience the results first hand. Thus far, they have only been invited to work at state and municipal level.

### ALIGNING INCENTIVES TO BUILD DEMAND FOR INNOVATION LEADERSHIP

Most OECD countries' SCS systems includes a specific performance management process, which assesses leaders' job performance against agreed upon objectives and competencies with their superior(s). Appropriately defined and aligned performance objectives are essential elements to drive a culture focused on results, and to ensure accountability of senior leaders.

It can also be a very useful tool to make room for more innovation leadership, particularly in a highly risk averse public sector such as Brazil's. While it is generally not possible to assess innovation as a performance objective itself, outcome-oriented performance objectives that address system improvement and societal outcomes can be an important motivator to encourage innovation. By giving a senior leader the explicit objective to find new ways to address issues and achieve better results, innovation becomes core to their job description.

This can be particularly important in Brazil where incentives are strongly perceived to align against innovation. For example, a common narrative in the public sector links the riskiness of innovation with personal career risk, suggesting that individuals could find themselves in court and held personally accountable for any perceived failures resulting in loss of public funds when undertaking necessary innovation-oriented experimentation. The general perception is that in such an environment, there is no personal benefit to leading innovation – only significant risk to one's own career and prosperity.



In Brazil's federal administration, results-oriented performance evaluations appear to be rarely more than a "check-the-box" activity where everyone receives the highest rating, or they are simply not used at all. In the absence of accountability for results, accountability is focused only on controlling inputs and guarding against the perception of wasteful spending and/or corruption. While spending accountability is a fundamental necessity of public administration, it creates a significant disincentive to innovation when not balanced by accountability for results.

### AREAS FOR FURTHER CONSIDERATION TO STRENGTHEN THE DEMAND FOR SKILLED LEADERS

- ➔ **Developing transparent job profiles and minimum qualifications for DAS and FCPE positions** is an important first step to articulate the skills demanded for these positions. This decree under consideration by the President to establish minimum criteria is a useful first step, but the work should not stop there. **Including competencies and job profiles** in the subsequent debate can help to push expectations further and ensure that high level DAS and FCPE leaders have the means to lead their workforces to achieve results.
- ➔ **Results-oriented goals for individuals could better link to the organisation's purpose and mission.** When well defined, these will require trying new things. Therefore, **incentives to meet those goals must strike a balance between achieving results through innovation and experimentation (and hence taking necessary and calculated risks), and ensuring accountability for spending and a focus on anti-corruption.**

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## ABOUT THE REVIEW

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The OECD is conducting a review to address the skills and leadership needs of Brazilian senior civil servants (SCS) to promote innovation within their organisations, and to achieve a more productive and accountable civil service. The review aims to provide a diagnostic both of the skills associated with senior civil servants but also of the institutional framework within which they develop and apply these skills. This includes the employment environment and the tools and frameworks used to select, develop and manage senior leaders.

From May to September 2018, the OECD spoke or interacted with over 100 Brazilian federal civil servants and stakeholders through interviews, meetings and workshops. This exploratory approach was combined with comparative analysis to assess the role of Brazil's Senior Civil Service in the context of innovation. These preliminary findings provide a first overview of the main ideas which will be further developed in the report.

The document was prepared by the OECD Public Employment and Management Unit (PEM) with the assistance of peer reviewers from the United Kingdom and the United States. The PEM works directly with senior public officials in charge of a range of policies that support leadership skills development and public sector innovation from OECD member countries and numerous non-members, including Brazil. The Escola Nacional de Administração Pública (ENAP) is the main OECD counterpart and coordinates key Brazilian stakeholders including the Ministry of Planning.

Further information about the PEM can be found at:  
[oe.cd/pem](https://oe.cd/pem)

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*Note:* This text is not an official part of the publication *Review of Innovation Skills and Leadership in Brazil's Senior Civil Service* (OECD, 2019, forthcoming). Rather, it provides a summary of the main ideas of the report for instructional and communications purposes, and, as such, should not be used as a formal reference or for citation.



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