
Annex III

Strategic Governance and Development Agendas

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The countries of Latin America face tremendous social and regional disparities, environmental imbalances, and the challenge of better global economic insertion. Responding to these problems means promoting broad long-term reforms, in turn requiring an integration development strategy and the establishment of strategic governance systems. In this context, this paper aims to: first, propose and detail methodological points of reference for a development agenda covers the policy definition, implementation, monitoring and evaluation phases, which means identifying the kinds of institutional mechanisms that can conduct the process of strategic governance, specifically mechanisms of representative democracy, participatory democracy, and mechanisms to modernise public administration systems. Second, it specifies how such mechanisms might operate at the federal, state and local levels. Building a system of strategic governance necessarily involves a multiplicity of actors and various layers of governance, and interaction between them. Finally, the paper explores possible ways to define a development agenda, and examines strategic governance at the macro-regional level in a context of regional cooperation and/or integration. To that end, the experience of other macro-regions worldwide, particularly of the Eu-

ropean Union, is invoked. The paper concludes with the suggestion that a pilot experience called *Reinventing Government*, be launched and undertaken by the countries of Latin America.

Planning and Strategic Management

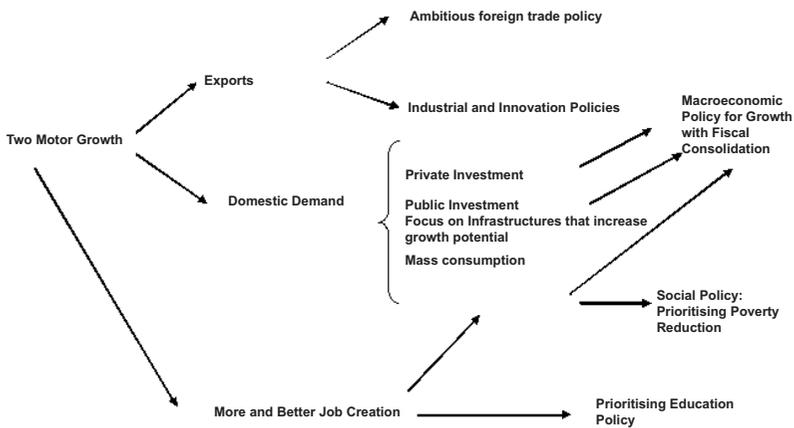
The definition and implementation of a development agenda calls for a process of strategic planning. However, given the complexity and speed of change in today's complex societies, it can be asked whether there remains any scope for planning. Is planning relevant, useful or even possible? The premise here is that it is relevant because change is driven not just by individual initiatives and competition between them, but also by new forms of cooperation, both requiring the definition of rules about the common good, which must be based on long term goals and priorities. These are useful because they can illuminate the path ahead, and the faster and more complex the "train" we are driving the more useful they become. Indeed, planning is indispensable when it comes to broad processes of change, such as the implementation of a new development agenda or stimulating processes of regional integration. And planning is possible when the goal is not strategic planning to predict and define the future but rather to anticipate possible futures (there are always many!) and seek to shape them through the strategic management of change. After the 1980s and 1990s, during which time the criticism of past planning experiences seemed to have buried the concept of planning itself, the latter was re-launched along different lines, in the private sector by large companies, and in the public sector by Asian and European countries, and more specifically by the European Union. It is also important to assess the different phases of Latin America's rich experience. It is the most recent experience and concept of strategic planning that this paper presents in a systematic way, covering the seven stages of the cycle of strategic management: preparation; strategic analysis; definition and development of the strategy; operational planning; implementation; and monitoring and evaluation.

Preparation

Preparation begins with a moment of initial impetus which may

arise as a result of various converging factors: the emergence of new challenges, changes in the composition of political power, stimulating foreign experiences, or new perceptions and theoretical perspectives. The political will to define a new development agenda is a decisive factor, but it is not enough. For the process to take off properly, it is necessary to have a core team that is familiar with state of the art public policy-making; to have experts who can contribute new theoretical perspectives to solve the problems at hand and can build the most relevant causal model (some choices in this domain must be made from the outset, even if they come to suffer change later on, as in Figure 1); coordinators who can organize systematic, creative and efficient interaction between civil servants and experts, who at this stage must be not just good specialists but also competent generalists.

Figure 1
Strategy for a New Development Cycle



Strategic Analysis

On the basis of existing reports (so as to avoid reinventing the wheel), strategic analysis should proceed as follows: the global context (the main economic, social, environmental and technological tendencies); the national situation (challenges and problems, strong and weak points, threats and opportunities); main factors structuring possible scenarios (to be selected on the basis of the causal model referred to above); testing, consolidating and deepening the causal model on the basis of the construction of

a matrix of crosscutting impacts, perhaps resorting to a Delphi experts consultation (although this is a lengthy process).

Strategic Prospective

This is followed by the strategic prospective phase, which should proceed as follows: identification of possible scenarios, constructed on the basis of realistic mixed forms of possible evolution of structuring factors (see Table 1); ordering of possible scenarios according to their degree of desirability, on the basis of a definition of political values and priorities (which should be made clearly explicit), as this signals a shift from an analytical to a normative perspective; final identification of a reference scenario among those deemed to be desirable but also probable. From here, one can turn to the definition of the development strategy to be adopted.

Table 1
Structuring Factors and Building Scenarios

Structuring Factors and Their Possible Evolution	Social Context			Political System			National Economic Evolution			National Social Evolution		
	Hyp a	Hyp b	Hyp c	Hyp a	Hyp b	Hyp c	Hyp a	Hyp b	Hyp c	Hyp a	Hyp b	Hyp c
Scenario A	X			X			X			X		
Scenario B			X			X			X			X
Scenario C		X			X			X			X	
Scenario D		X			X			X			X	
Scenario E		X				X		X				X

Definition and Development of the Strategy

The definition of the development strategy should be based on: first, a clear enunciation of strategic objectives; second, the identification of broad strategic priorities, which should not be too numerous and should be inter-articulated as causal factors that can fulfill the sought after strategic goal; and finally, transforming broad strategic goals into guidelines, on the basis of a “goals tree” (see Table 3).

Operational Planning

The operational planning phase begins by using the guidelines to specify how the various sectoral policies should be reoriented;

then the programme of measures and the methodologies to be adopted and how they can translate the development strategy into an agenda for development must be defined. To that end, it is also necessary to bring together officials familiar with the state of the art in different sectoral policies, and sectoral experts who can offer new perspectives; another fundamental step to ensure credibility is to make establish the legal and financial means to implement the agenda, and define physical and financial indicators, and results and impact indicators; finally, it is necessary to organize services, clearly identify teams responsible for each programme and project, and create coordinating bodies that operate at the highest (government) level and can support the strategic management of established development agenda. During this and the implementation phases it may be necessary to organize public services horizontally rather than according to a sectoral logic, mobilizing the relevant bodies independently of the ministry to which they belong. In such cases, horizontal coordination is managed by government central coordinating bodies or a coordinating ministry with a horizontal ministerial team, and a full time programme manager. There must always be central government coordinators in charge of systematically monitoring all programmes and their articulation with the budgetary process.

Implementation

The implementation phase is obviously the key stage, and although it follows the planning phase, the latter is highly conditioned and must continue throughout the process of strategic management. The latter should be seen not just as a cycle but as a system of inter-acting stages. The first condition to ensure effective implementation is to gain the support of and mobilize society. There is another, more basic condition that is often underestimated: gaining the support of and mobilizing public servants who are charged with implementation (hence the importance of internal communication procedures and the mobilization of the teams responsible for each phase). Whenever possible, implementation should follow pilot projects that test and refine solutions. Their extension must take local conditions into consideration, which means establishing context-friendly exchange mechanisms to discuss good practices (i.e., workshops and reports elaborated with the contribution of experts, which explains the

importance of monitoring and evaluation procedures). Pilot project methodologies can not always be evaluated, as when criteria of equity of more general access to incentives or benefits are involved, for instance, the methodology will depend above all on prior consulting procedures (discussed below). The implementation of a development agenda occurs in various ways: through state regulation; through the provision of public services; through the management of processes of change. As regards the regulatory role of the state, there are methodologies to ensure “better regulation” that can be deployed to undertake an ex-ante impact evaluation such that undesirable effects and administrative burdens are minimized. As regards improved delivery of public services, basic choices must be made in each area regarding the model to be adopted (decentralization/de-concentration), the design of the information technology and organizational systems adopted, and the possible outsourcing or forms of public-private partnership. Beyond the provision of services, the economic role of the state in the implementation of a development strategy is also very relevant as the state is the major source of jobs, investment and purchases. As regards the management of processes of change, this calls for project leadership and management, the ability to manage people, communication and relations with the various actors involved in the process, as well as much broader governance issues (dealt with below).

Monitoring and Evaluation

Monitoring has become a lot more efficient with management control IT systems, which permit ongoing assessments of physical and financial indicators, as well as monitoring of results (the latter are harder to track because they often involve accessing national statistical systems that are in need of improvements). As regards evaluation, the goal is to link efficiency and efficacy with the identification of programme impacts in light of broader strategic goals. Thus, there is much to be gained by placing evaluation within the broader context of the causal model and the reference scenario adopted. Evaluation should also combine an internal element conducted by the responsible agencies, and an external element, conducted by independent entities. It should be clarified that the central goal of evaluation is not to judge but rather to provide for a collective learning process to improve per-

formance. On the basis of evaluation it may become necessary to update or revise the development strategy. This can initiate a new cycle, following the above described stages.

Strategic Governance

The foregoing section outlined the cycle of strategic planning and management without reference to the institutional context. However, the latter is crucial throughout the cycle. In what follows the analysis will presuppose an institutional context framed by representative democracy with mechanisms for participatory democracy.

Functions in Strategic Management and Actors

To ensure a more efficient process it is necessary to clarify the institutional functions of each actor as clearly as possible. In addition to each specific constitutional arrangement, governments must take the initiative in proposing a development strategy, with legislative and financial instruments cascading down from the development agenda and programmes. However, in a democratic context counterproposals may be presented by political parties, civil society groups or simply by citizens. Civil society organizations must then participate in processes of consultation and consensus-building proposed by governments, according to previously agreed rules. Further, civil society can launch any initiatives it sees fit according to democratic norms. The government must then re-elaborate its proposals to take the results of consultation into consideration, and present them to parliaments. Parliaments must debate these proposals and adopt the relevant legislative and financial instruments. Governments may then further re-elaborate proposals to incorporate the results of parliamentary debate. With the support of civil services, governments must then initiate the implementation phase involving all relevant actors. Civil society groups should participate in implementation through individual initiatives, projects undertaken by different organizations, or public-private partnerships. With the support of civil services, governments must organize monitoring and evaluation, also involving civil societies and parliaments. Finally, the media must disseminate information, views and comments throughout the process as a whole.

Training Actors for Strategic Management

Successful experiences prove that it is not enough to define the role of different actors; it is necessary to develop the capacities of actors so that they can perform their roles adequately. To give just some examples: government strategic management capabilities are reinforced by the personal characteristics of leaders, but also by the existence of a prospective and strategic management support team linked to counterpart teams in different ministries. Regular government workshops that permit free strategic debate are very useful. Civil service capabilities are reinforced when prospective and strategic management teams have an impact on the normal functioning of the relevant ministries. This depends upon internal communication, including the organization of workshops for high level officials in the relevant ministries. The management of projects and coordinating teams is also crucial for the development of new capabilities, as is the constant search for national and international best practices. Training of parliamentarians should not be forgotten either. Practices such as consulting experts or public consultations, or new forms of organization such as horizontal articulation structures between various parliamentary commissions, can be particularly useful. Training civil society groups depends largely on their degree of involvement in consultation processes, as well as on the development of specific technical capacities and on workshops and conferences. When civil society organizations are involved in coordination as well as consultation activities, training becomes all the more important, as they must work to establish a consensus about goals. This is even more crucial when specific agreements or strategic pacts between unions and business associations are at stake. Finally, when implementation depends heavily on civil society groups, it may be important to transform their presentation into a format that is more intelligible to each actor involved. So-called “tool boxes” are elaborated by governments in order to reach each actor in the most appropriate way.

Summary: Strategic Governance and Management for a Development Agenda

On the basis of the details in the sections above, it is now possible to present a global vision of the process of strategic governance and management to define and implement a development strategy (see Table 2).

Table 2
Strategic Management and Governance

Strategic Management	Strategic Governance
Preparation	Political-Strategic Impetus
Strategic Analysis	
Strategic Prospective	Reference Scenario Selection
Strategic Definition/Development	Political-Strategic Options
	Political Proposal
	Development of Consultation Process
Re-elaboration	Political Proposal Re-elaboration/Parliamentary Debate and Adoption of Legislative Instruments
Operational Planning	
Implementation	Implementation
Monitoring/Evaluation	Monitoring/Evaluation

Multilevel Strategic Governance

The above framework seeks to simplify something that is highly complex because of historical and political contexts and because governance operates on various levels (local, regional, state, national, macro-regional and international). Although the national level is crucial, if governance is to be improved, it has to be articulated with all other levels. This is particularly true when a development agenda is at stake. In order to clarify the governance context at the various levels, a framework that specifies the competences of each level for each sectoral policy is useful (Table 3). It quickly becomes apparent that the degree of decentralization below the national level differs greatly depending on the policy at stake, as is the case for degrees of centralization above the national level, particularly when there is macro-regional integration. It is not worth asking whether top-down or bottom-up management is best, since both are necessary: rather, the rele-

vant question is how to combine those approaches for each sectoral policy. For instance, trade policy must be much more centralized than policies to combat poverty, but even the latter will involve highly centralized aspects, such as tax measures. Whatever the case, when discussing the strategic governance of a development agenda, two conclusions seem inescapable: each abovementioned governance level must deploy management procedures (see Table 2) for the domains over which it has institutional competences; and a certain level of strategic centralisation is necessary in order to implement a broad policy of change. The central issue, then, is eminently political: the level that evinces the highest degree of centralisation must have the necessary democratic legitimacy.

Table 3
Sectoral Policies and Levels of Governance

Sectoral Policies Governance Levels	Foreign Trade	Macro Economic	Industrial	Re-search	Jobs	Educa-tion	Social Protec-tion	Environ-ment
Macroe-gional	X		X	X	X			X
National	X	X	X	X	X	X	X	X
State/ Regional			X	X	X			X
Local					X	X	X	X

Strategic Governance in the Context of Regional Integration

In the case of Latin America, the relevant level of strategic centralisation for the promotion of a development agenda is still national. But, as historically in Europe, in some areas management can operate at the macro-regional level. In the EU, exchange rate, monetary, trade, agricultural and competition policy is macro-

regional, in other instances competences are shared between the community and national levels, as in the case of the environment, transport, research and jobs, and in yet other cases, policies are national, as is the case of industrial, social security, health or education policy. But even in these instances, the EU has some competences and develops a combination of diversified instruments. The EU has developed a process of strategic governance at the community level that involves all 25 Member States, which has increased the level of coordination between national policies. This process is based on the so called open coordination method, which is applied to 12 sectoral policies in the EU, on the basis of more informal or “soft” instruments.

The open method of coordination is one that aims to establish a certain level of strategic convergence among countries and regions while respecting specificities. This method involves the following steps: identification of the main shared strategic challenges; identification of and debate about good practices in response to these strategic challenges; definition of goals or common public policy guidelines; translation and adaptation of guidelines to establish national policies; implementation of guidelines in a way that is adapted to each country and so as to mobilize civil society; monitoring implementation on the basis of common indicators and quantitative goals adapted to each case; evaluation of the process and the updating of guidelines. There has been much theoretical and political debate about the open method of coordination, a debate to which social science researchers have contributed. This ongoing debate and some recent theoretical contributions permit a clarification of some key issues.

First, some general comments to shed light on the method itself. The goal of the open method of coordination is not to establish a general ranking of countries in each policy arena, but rather to establish a regional learning process so as to stimulate exchange and the emulation of good practices, and to help countries improve their national policies. The method uses benchmarking but it transcends a mere benchmarking exercise. It establishes a regional dimension, enables political choices to be made through the definition of common guidelines, and encourages the management of goals through the adaptation of shared guidelines to take national diversity into account. The method is a concrete way to develop modern governance based on the prin-

ciple of subsidiarity, it can promote convergence around a shared interest and priorities while respecting national and regional diversity. It is an inclusive method that serves to deepen cooperation and regional integration, and it can be used in conjunction with other methods depending on the problem being addressed, ranging from harmonization to cooperation. The open method of coordination occupies a middle position within the range of possible methods. It transcends intergovernmental cooperation and constitutes an instrument for integration that complements various other more general instruments. Political cooperation must play a crucial role to catalyse the different stages of open coordination, namely through the presentation of common guideline proposals, the organization of good practices exchanges, the presentation of indicator proposals, and support for monitoring and peer review. The open method of coordination can also become an important instrument to increase transparency and democratic participation.

The open method of coordination is “open” for various reasons: common guidelines and their ranking can be adapted to national contexts; good practices can be evaluated and adapted to the national context; it distinguishes between regional level reference indicators and concrete national goals taking national starting points into account (common indicators can be the ratio between investment in R&D and GDP, or female participation in the labour market, for example, while the goal can vary from country to country. This means that monitoring and evaluation must be based on progress achieved or on relative results, as they must take into account the national context in a systemic approach); and various civil society actors should participate at all stages to permit the creation of new forms of partnership.

On the basis of these diversified experiences, it can make sense to undertake a pilot experience in Latin America to shape a sectoral policy that is crucial for a development agenda. A good choice, to be subjected to debate is education policy. This is the concluding recommendation of this paper.