



City Services across Brazil

Executive Summary

In 2013, Brazil made international headlines as citizens took to the streets in masses to demonstrate against widespread government corruption and poor quality public services. News reports around the world broadcast growing civil unrest and protests across the country's major cities. This was a drastically different image than had been predicted for Brazil just a few years earlier, when it was expected to emerge within the decade as the world's fifth-largest economy.

That same year, non-profit organization Comunitas, led by many of the country's leading businesspeople, began its national rollout of a new and innovative program aimed at leveraging private sector investment and expertise to improve public management.

Can the private sector of key emerging market economies play a role in helping local governments succeed? How can and should this be done?

This case study explores the creation and implementation of the Juntos program, and its rollout in eight cities across Brazil from 2013 to 2016. It is based on interviews with leaders of Comunitas and city officials in the cities of Campinas, Curitiba, Paraty, Pelotas, Juiz de Fora, Santos and Teresina. It includes the insights of experts including Professor Thomas J. Trebat and Professor Rodrigo Soares of Columbia University.

The case includes the following elements;

- a) Video Intro and Discussions – Available Online
- b) Written Case Study (this document)
- c) Annex A – Original Documents

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Brazil in 2012 – A Country at a Crossroads

In 2012, Brazil was a country at a crossroads. From 2004 to 2010, it enjoyed its longest period of sustained growth and stability in over thirty years. The darling of emerging market analysts, it had become one of the fastest growing and most attractive markets for international investors. Government had expanded, and cash transfers and other social programs were used to pull millions out of poverty. At the outset of 2011, then-president Dilma Rousseff's approval ratings peaked at near 85%, making her one of the world's most popular political leaders. The economy was growing at a quarterly rate of nearly 5% and vast offshore oil discoveries were expected to solidify Brazil's position as an economic competitor to Europe and the United States.

But Brazil's boom had been built on a fragile foundation, with much of the growth driven by the global commodities boom, and expectations of continued prosperity based on the offshore oil discoveries. The Workers Party, or PT (*Partido dos Trabalhadores*) – led by former union leader and president Luiz Ignácio “Lula” da Silva – had used the new wealth to expand government. By 2012, the Brazilian federal government included nearly 40 cabinet level positions, each with its own administrative apparatus, and government taxes consumed over 30% of GDP.¹

As Professor Rodrigo Soares of Columbia University explains, the growth was unmeasured and unsustainable:

When the commodity prices collapsed and the oil prices collapsed, there were really no resources to meet the commitments that the government had assumed over this period.²

The strong role of the state – and the taxes it imposed – quickly became a point of contention, fueling many of the 2013 street protests. As Brazil's economy started to suffer, the government was attacked for imposing high taxes, yet failing to provide basic services.

Reform would not be easy. The 1988 Constitution, written upon Brazil's emergence from more than 25 years of military rule, laid out a complex federal system. It is also the framework for what analysts consider to be one of the most complex and burdensome tax systems in the world. Research by PricewaterhouseCoopers found that the average Brazilian company spends more than 2600 hours complying with tax codes, ten times the international average.³ In 2013, Brazil ranked 130 out of 185 nations on the World Bank Group's *Ease of Doing Business* index.⁴

Private Sector Stars. While Brazil was one of the world's hardest places to do business, it was also one of the most profitable for a select group of business leaders. A continental-sized

¹ https://www.oecd.org/ctp/tax-global/Brazil%20country%20note_EN_final.pdf

² Interview, page 3

³ <https://www.forbes.com/sites/joeharpaz/2013/12/17/brazil-ranked-most-time-consuming-tax-regime-in-the-world/#fbc35cf4c2d8>

⁴ <http://www.doingbusiness.org/~media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB13-Chapters/Country-tables.pdf>

nation of over 200 million, Brazil offered a huge potential market and was home to many of the world's largest multi-national companies.⁵

Brazil's legal and tax systems, while complex, had been relatively stable, and powerful Brazilian companies emerged, including innovative business groups that began to expand both in Brazil and overseas. These include Vale (iron, steel), JBS (food processing), Braskem (chemicals), and Embraer (aerospace). For many, the key to Brazil's growth would be the transfer of management techniques from its vibrant private sector to government. But how to do this?

Enter Comunitas

Harnessing Corporate Social Investment. Comunitas was founded in 2000 to drive sustainable social development with the support of many Brazil's largest private corporations. It developed an annual report, BISC (*Benchmarking do Investimento Social Corporativo*), to analyze social investment in Brazil and benchmark this data against international trends and best practices.

As Comunitas president Regina Siqueira explains:

Juntos was created with the goal of establishing a network of leaders and companies with a deep commitment to social responsibility and a primary objective of generating more efficiency in social, corporate and individual investments. Juntos governance represents the collaboration of sectors working together for the improvement of public management. It brings together business leaders, civil society and public managers, all with the same agenda – improving public service and the capacity of public management to promote sustainable economic development.

Siqueira and her team sought to develop a new strategy for social impact investing. Rather than support individual gifts, such as a local hospital or school, Comunitas would create a large fund aimed at concerted actions, and choose a series of medium-sized cities to focus on. Cities were identified as the optimal focus of the group's actions, as the unit of government most in need of help and whose improvement would have the most direct impact on local businesses and residents. The group would provide a package of services to the selected cities, including independent financial consulting, leadership coaching, and digital platforms to facilitate citizen engagement.

In 2012, this new approach to social investment was presented to the Comunitas board as a program called Juntos, or "together" in Portuguese. A "war chest" of some US \$23.1 million was set aside for the next four years, built on donations from a core group of 40 private funders, frustrated by the inability of Brazil's public sector to address the country's most pressing issues.⁶

Juntos board members include Jorge Gerdau, owner of the largest metal producer in Brazil; Rubens Ometto, owner of Cosan, one of the world's largest producers of sugar and ethanol; Pedro

⁵ <http://www.worldometers.info/world-population/brazil-population/>

⁶ Based on 2012 average annual exchange rate of BRL 2.035/USD, as calculated by the US Internal Revenue Service.

Paulo Diniz, of the family that founded the Pão de Açúcar Group; Ricardo Villela Marino, of Itaú Unibanco; José Roberto Marinho, of Organizações Globo; and Carlos Jereissati, of the Iguatemi Group.

Jereissati says the desire to improve public management is as important from a business perspective as it is from a citizen perspective:

There is an awareness in today's business community that we need to support the public sector because Brazil is our platform. It is the country in which we work and live, and if the government functions properly, our lives will be better, our businesses more successful, and the country more prosperous. It benefits everyone. This program has the intention of transferring our business knowledge to the public sector; how to listen, prioritize, plan and execute with quality, innovation, and co-creation.

The bold new plan was approved by the Comunitas board, and the selection of cities began.

The Juntos Approach

Common Challenges – Fiscal Imbalance. The Comunitas team knew from its research that Brazil's 5,570 municipalities faced a series of similar challenges, the foremost of these being fiscal imbalance. For many experts, this problem can be traced back to Brazil's constitution, which concentrated much of the power to collect taxes in the hands of the federal government, which would then transfer these funds back to states and cities.

Cities were responsible for delivering key services such as schools, hospitals, and public security, but were dependent on transfers from the state and federal government to fund these actions. The result was predictable – consistent budget deficits.

For the Comunitas consulting team, this chronic fiscal instability was at the root of many of the problems facing Brazilian cities. They designed a plan to begin each intervention with a complete analysis of the chosen city's finances, and build all plans around righting the local fiscal ship. For Comunitas leadership, understanding a city's financial situation made it possible to plan medium and long-term objectives. This initial audit also helped the Juntos team identify how a city receives and spends its revenues. Based on this analysis, they could determine which areas require more resources, and which areas could spend more efficiently.

Examining the city's finances was also expected to generate a sense of transparency; local managers and citizens alike would now be able to understand where tax money is being spent, as well as how this spending would yield benefits in the future.

Brazil's Long-term Planning Deficit. Brazil's political framework tended to stimulate short-term planning and projects to be realized within a four-year mayoral term. It also suffered from an explosion of national political parties, with over 26 different parties represented in Congress. This meant that most mayors ran on personal, local platforms and could not garner strong national party support for potentially unpopular measures, such as raising and collecting local taxes.

As Columbia University's Thomas Trebat explains:

To build a culture of taxation, you might say citizen responsibility requires a lot from local managers. This is nothing new. Local managers since time immemorial have realized that if they cut ribbons, if they inaugurate bridges, if they are seen as asphaltting roads, building a hospital or a school that voters would somehow reward them for that behavior, but a lot of that spending turns out to be aimed at winning re-election, rather than providing the services that citizens really need and want at prices that are sustainable.

Because the Juntos strategy focused on improvements over the medium and long-term, it was critical that city partnerships established goals that would outlast an individual mayor or political leader. This meant focusing on common social goals and working with society to implement them, rather making them the project of a particular mayor.

While Comunitas sought to make long-term connections with citizens, it recognized that the partnerships under Juntos would require collaboration with mayors and their municipal department appointees. They developed a set of criteria for selecting partner cities that considered both the city and its leadership.

First, candidate cities had to be representative of a diverse territorial, geographical and social group, as well as demonstrate strong potential for regional impact. In addition, Juntos only considered cities in which the mayor was in her or his first term in office and was willing to nominate technical (rather than political) staff to the various municipal secretariats. They were also obligated to comply with transparency standards and share all necessary information about the city's financial accounts. These criteria enabled Juntos to mitigate the risk of corruption and generate trust within local communities.

As Jereissati explains:

Always demanding a higher level of transparency and citizen participation in decision-making is essential. The Juntos program begins with a background check of the candidate; we cannot initiate a partnership with someone who has any type of blemish on their record. They are people with a clean record and who are ready and willing to work with a high level of governance and transparency.

In addition to demanding transparency, Comunitas required candidate cities to accept the support of technical partners and private sector advisors. In preliminary meetings, Comunitas would meet with municipal heads to identify top priorities, and the technical partners would then develop projects and specific objectives to address them.

Pilot Program

Campinas – The Experiment Begins. Juntos leadership decided to begin their grand experiment in 2013 in the city of Campinas – one of the nation’s most influential cities, and one that had come to represent all that was broken in local government in Brazil.

Campinas had been in many ways one of Brazil’s great success stories. A city of more than one million, it is located in the heart of the “golden triangle” in the interior of the state of São Paulo, the most affluent state in Brazil. It is home to important research universities and the national headquarters of major multinational companies such as Samsung and Honda. It boasts one of the highest GDPs in the nation, and its modern highways connect to major cities and highly productive agricultural zones.

Despite these many advantages, by 2011 Campinas had become a poster child for inefficiency and corruption. A series of mayors had managed to run budget deficits for over twenty years, and unofficial reports spoke of widespread corruption. Approval of construction permits and other city-administered processes were painstakingly slow, prompting many to seek alternative means via bribes and kickbacks.

In 2011, local police raided the Campinas city hall, and Mayor Hélio de Oliveira Santos was arrested and charged with accepting illegal payments for city water and sewage contracts. Hélio’s mandate was revoked, opening the door for Mayor Jonas Donizette to take office in 2013 with a clear mission to bring radical changes to Campinas.

Learning to Plan and Collect Taxes. The intervention in Campinas began with an independent financial audit prepared by Falconi, a leading Brazilian management consulting team hired by Juntos to conduct a complete financial study of city finances. The group had access to city accounting, and in early 2013 presented their findings to city officials in a series of open meetings.

Restoring financial order in Campinas would not involve radical cuts or layoffs, but rather a shift in focus from existing processes to measurable results. This would require setting clear monthly targets for reducing expenditures and improving sector-specific service delivery.

Another key area Juntos focused on was the proper implementation of existing tax structures and collections. With city services viewed as inefficient and municipal agencies corrupt, tax avoidance and neglect had become prevalent; major property owners would underreport the size of buildings or land, and local business would underreport sales to reduce their tax obligation. The city had been severely under collecting on taxes for years and its revenues suffered as a consequence. Better enforcement of existing tax regulations, they concluded, could dramatically improve city finances.

By the end of 2013, the initial results were very encouraging – Campinas had finished the fiscal year with a primary budget surplus (before payments on interest and debt) of US \$114.61 million.⁷

⁷ Based on 2013 average annual exchange rate of BRL 2.249/USD, as calculated by the US Internal Revenue Service.

Leading By Example – Rethinking Building Permit Process. Although the new tax revenues would be reinvested into improving city services, the Falconi consultants and city officials recognized that citizens needed to see direct benefits of the projects underway. They decided to focus on restructuring the building permit process. It was seen as a “low hanging fruit” that could be easily and radically reformed and become a very clear example of how city management was improving.

For years, the building permit process in Campinas had followed a byzantine process, requiring approval from eleven separate administrative areas and more than eighty officials. The average wait time for approval prior to the reforms was 107 days. For local builders, following the legal process had a very high cost, as capital and equipment remained idle while they awaited permit approval.

The slow process also opened the door for corruption, as local builders often sought informal methods to “fast track” projects, explains Silvio Roberto Bernardin, secretary of administration for the city of Campinas:

Fundamentally, what existed a lot was a lot of hassle that made it possible to sell convenience. We have made the process better, and the process works for everyone, so there’s no longer a need to buy convenience. Our management project is to make everything work in an exemplary way, so that you do not have to interfere at any moment for this or that. The ideal and fundamental is that processes work equally for everyone.

An analysis of existing processes found that 80% of all requests for licenses were submitted on behalf of small projects, but these small projects were subject to the same complex approval process as major commercial constructions. The result was overwhelmed personnel and a backlogged system.

The solution developed by city officials and the outside consulting team was a radical one – move all processes online, and allow most to be “self-approved” by the project’s lead engineer, who could declare that the project met all regulatory standards. To this end, city officials approved a law called ARI (Immediate Approval of Individual Responsible), which allowed single-family residences of up to 500 m² and commercial properties of up to 1000 m² to be automatically approved online, with the local engineer or architect taking responsibility for meeting local construction codes.

The results were impressive and immediate; the online system allowed many small buildings to be eligible for approval within twenty-four hours, and the average wait time was reduced by 74%. City officials could then focus efforts on studying and approving the more complex projects that required greater oversight.

Beyond establishing a more efficient process for building permits, the new system showed the people of Campinas that the city was operating under a new assumption – citizens were partners and could be trusted. Bernardin says this mentality is at the heart of improving public management:

The best way to combat corruption is transparency – opening up expenses and showing society, whereby the society becomes the inspector. This is fundamental. That’s what we always say: ‘The example comes from above.’

Co-Creation – The Public as Partner. The idea that the public could be a partner was in many ways a new one, and a key element of Juntos’s work in Campinas was involving this new partner in the decision-making process.

For Comunitas founder Regina Siquiera, engaging with citizens and providing local communities a sense of agency was one of the most important outcomes of their efforts; it’s a very different relationship than people are used to having with local government in Brazil:

Public management is no longer that isolated department I look to as something that does not belong to me; it does belong to me. I have to support it, work with it, act with it, and exercise my social control. I have a role as a citizen – as well as the right and duty – to improve public service.

To support this mission, Campinas integrated Colab, an independent platform developed in 2012 to help city officials interact with citizens through both a mobile application and website. Colab was adapted by the Campinas’ communications team as a platform for citizens to identify buildings or roads in need of repair, propose local projects, and evaluate city services. It included elements of other “civic tech” tools developed in other cities and countries, but was ready and easily adapted to local conditions.

Artur Vasconcelos de Araújo, diretor of communications for the city of Campinas, says the introduction of Colab was critical to building a new relationship with citizens:

The idea of Colab was to build a digital bridge between the population and the public power. The public power, in the face of corruption allegations, lost legitimacy and credibility with the population of Campinas. There were a series of institutional crises that left the city with great difficulty of governability and with very little legitimacy in the eyes of the public; the local population distrusted the intentions of the public power.

Mayor Jonas Donizetti was excited by the idea of creating a digital communication platform to restore the city’s relationship with its citizens. It would also help the city direct resources to the issues that mattered most to citizens. In June of 2015, Donizetti signed an official agreement with Colab, and by 2016, there were nearly 9,000 users on Colab – Campinas.

Offering an open, digital forum made the city more inclusive, but it also made the city very vulnerable to criticism, says Araújo:

You file a complaint and everyone sees it, so the public power is compelled to respond even more quickly to the problems that the population is showing. It was a wager, and the mayor was criticized, treated with a certain perplexity because we were exposing ourselves publicly. However, he said, ‘The problem exists and we need to resolve it.’ It is not the tool that

invented the problem, but the problem has become more urgent to the municipal administration.

Following Campinas, Colab was also adopted in Juntos partnerships cities of Pelotas and Santos. This required Comunitas to coordinate between technical partners at Colab and various municipal departments within each city.

Technological integration required each city to identify the municipal departments that would be directly linked to Colab and the individuals responsible for maintaining it. In cities with existing engagement platforms, the city's IT and communications departments needed to streamline Colab with existing channels of communication to avoid bottleneck and unnecessary traffic to those channels. Working directly with the city's IT department – rather than hiring independent contractors – ensured that the city would be able to maintain the platform after the Juntos partnership had concluded.

Comunitas also supported the three cities develop a management strategy for using Colab; this included assembling a Citizen Relationship Team (TRC) and Citizen Support Committee (CAC) to help citizens understand how the platform worked and resolve any questions or concerns. These teams were also responsible for meeting with department leaders to articulate trends and common issues raised on the platform. Comunitas was able to support complete integration of Colab in each city in an average of three months.

Expansion to Other Cities

Paraty – Expanding the Model. While implementing its first round of reforms in Campinas in 2013, the Juntos team also began planning the expansion and “roll out” of the model to other cities in Brazil. Large-scale expansion would require Comunitas to show that their work could deliver results in a variety of settings, and that the tools and solutions developed in one city could be adapted and applied in others.

Following Campinas, the first city Comunitas brought to the Juntos model was Paraty, in the state of Rio de Janeiro. Paraty is a small tourist town along the coast, some two hours from the city of Rio and a preserved national heritage site. During Brazil's colonial period, it had been a major transport hub for gold shipments but was cut off and largely forgotten when trade routes shifted in the 1800s.

A new road built in the 1970s opened the city back up to travelers, revealing a well-preserved collection of colonial mansions, churches and plazas. Tourist hotels and boat tours of the bay brought new prosperity to the city, which was declared a National Heritage site in 1958.⁸

In the early 2000s, the town received a windfall of oil royalties from offshore drilling some 200 miles off its coast, kicking off an expansion of town spending.⁹ When international oil prices fell abruptly in 2012, Paraty was left with a 50% decline in revenue, setting off a major crisis.

⁸ http://www.paraty.com.br/cidade_historica.asp

⁹ <http://foreignpolicyblogs.com/2013/10/24/brazils-move-to-be-a-major-oil-player/>

When Comunitas entered in 2013, it found that Paraty collected very few taxes, relying instead on transfers from the federal and state government – a common trend across Brazilian municipalities. As in Campinas, the two main municipal revenue sources – property tax (IPTU) and sales tax (ISS) – were grossly underreported.

Juntos began work in Paraty following the model developed in Campinas, with a complete independent financial analysis of revenues and operations undertaken between April 2013 and March 2014. As in Campinas, a results-oriented management system was implemented, with clear goals for cost reductions and improved services.

Mapping the City. In Paraty, Comunitas dedicated a great deal of time to understanding how the city collected property taxes. The evidence supported general expectations that property was vastly underreported.

Leônidas Santana da Silva, secretary of finance for the city of Paraty, explains that a lack of city mapping allowed residents to receive benefits without paying in:

When we arrived, we noticed that there were about 10,000 IPTU bills, which is the urban land tax. It is a tax based on the area of your land and its construction. However, the energy supply company had about 20,000 properties connected to the electric grid, so we saw that there was room to grow [revenues].

The Juntos team brought in an outside consulting group to perform a complete mapping of all city properties to confirm these suspicions. In the past, there was no formal numbering of houses or properties. Beyond obscuring municipal data, it was difficult or impossible to deliver mail to many residents, says Silva:

In Paraty, the houses never had numbers. This created a huge difficulty for the postal service. Many people had to go to the post office [to receive their mail] because the houses had no number. The house numbers would go from 7 to 89 to 2 to 425 – each resident would simply put the number she or he wanted.

Using GPS and satellite imaging, they created detailed maps of all city properties, and began to assign official street numbers to all buildings and houses.

The city opened up new inscriptions, offering many residents an official title to the land and properties they had long held informally. Mapping city properties also boosted other city municipal taxes, including the Services Tax (ISS) and Real Estate Conveyance Tax (ITBI). The city also used GPS technology provided by Juntos to conduct a census of hotels and other guest houses, the vast majority of which were not registered and did not collect ISS taxes. The list of officially registered places of business grew from 87 to 463.

In conjunction with improved property regulation and tax collection, the city worked with Comunitas to communicate the benefits that these revenues could bring. In a town accustomed to little tax collection, the true challenge was educating citizens about how taxes work, says Silva:

We have shown that with the money raised from these [taxes], we have raised quality of education, health and employment, which were three areas that had been at-risk in the city. Of the money collected from taxes, 25% of it is compulsory for education, and 15% for health. So we managed to show – through advertising and our communication department – that the person paying that tax, besides obeying the law, would be contributing to health and education services in the city.

Paraty issued new IPTU tax books with illustrations of the improvements that the corrected revenue stream had made possible. The town also worked to engage citizens in highly visible projects that could demonstrate the benefits of tax collection. These included a new port drainage project, creation of a new fisherman’s market, and a new public health clinic.

A Network Grows

Following its successful implementation in Campinas and Paraty in 2013, the Juntos coalition began a steady expansion to other cities across Brazil. In 2014, partnerships were initiated with Pelotas (RS), Juiz de Fora (MG), Teresina (PI), Curitiba (PR), Santos (SP), and Itirapina (SP). In 2017, Juntos initiated partnerships with the capital cities of São Paulo (SP), Porto Alegre (RS), and Salvador (BA).

As the network of cities expanded, Comunitas established mechanisms for connecting civil servants and elected officials across partner cities. In 2014, Juntos inaugurated an annual meeting of officials in the Juntos network, called the Juntos Network Summit (*Encontro Rede Juntos*). This meeting aims to strengthen the network of public managers engaged and committed to improving public services delivered to citizens. It serves as a space for debate, exchange and reflection on the challenges and issues affecting municipal public management.

In addition to the Network Summit, Comunitas established several other strategic gatherings to promote knowledge-sharing. At the Governance Meetings (*Reuniões de Governança*), local business leaders, mayors, secretaries, and technical partners gather to discuss the expectations, challenges and opportunities of the program itself. Similarly, the Committee of Social Executives Meetings (*Reuniões do Comitê de Executivos Sociais*) assembles business leaders and entrepreneurs to share methodologies and technologies to increase the impact of corporate social investment.

For Juntos founder, Siqueira, such capacity-building was at the core of their work; under an organized network, certain “best practices” could be shared among public administrators and supported by private initiatives:

If we look to the future, we imagine a great network of political leaders who are united by a positive agenda, bolstered by the clear, transparent and effective participation of private actors in partnership with the government. This brings mutual benefit to society – a society in which everyone participates in co-creation and problem-solving. Society as a whole becomes

the great guardian of the evolution and development of public management.

Digital Tools for a Digital Age. As a means towards redefining the relationship between city and citizen, Juntos prioritized technology as a core pillar of public management best practices. The Colab platform first introduced in Campinas was also implemented in Juntos partner cities of Pelotas, in the state of Rio Grande do Sul, and Santos in São Paulo. In Pelotas, the population used Colab to vote on the expansion of traffic lanes in one of the city's central roadways. The referendum was won by proponents, with 79.64% of participants in favor of the expansion.

Comunitas also facilitated the development of Click Health (*Clique Saúde*) in partnership with the cities of Paraty and Pelotas. Click Health is a digital platform that allows citizens to find information about the resources available within the city's public health network. Through the platform, users can obtain health unit locations, lists of exams and consultations available at each unit, and medicines and vaccination periods. Click Health also publicizes the city's major health programs.

Because their work focuses on short-term partnerships for long-term growth, Comunitas needed to implement solutions that would be sustained after they were no longer directly involved with partner cities. As a result, they always implemented technological resources using city hall's existing IT teams and ensured they were compatible with existing platforms and technologies.

Teresina – Applying the Model. In 2014, Comunitas took on a new geographic region when it initiated a partnership with Teresina, a city of more than 800,000 people in dry, northeastern Brazil.

Located more than 2,500 miles from Comunitas headquarters in São Paulo, Teresina is a regional capital that had enjoyed economic growth during the 2000s, as the local economy grew and migrants moved from the rural hinterland to the city. The growth resulted in a crowded metropolitan area of more than 4 million people.

The city had implemented a series of reforms before it partnered with Juntos, including a project funded by the World Bank to develop an area known as the North Lakes. The US \$31 million-dollar project involved building parks, roads and other public infrastructure in a swampy area that had been overrun by squatters. The North Lakes had also long been a home to drug gangs and was largely unprotected by local police.

The ambitious World Bank-financed project began in 2014, but was quickly stymied, as a gang war erupted in the neighborhoods surrounding the construction. There were several murders, and gangs posted a list of targets to social media websites such as Facebook.

Teresina city officials turned to Comunitas in hopes they could repurpose social media and other online tools for improving public safety and health. A team of Juntos consultants worked with the city to adapt a platform originally developed in Campinas to Teresina's conditions.

The online platform, E-você (E-you), asked residents to propose projects that would reduce violence and refocus local youth on positive activities. Nearly 200 proposals were submitted, and over 3,500 people voted on the submissions. One of the five winners was Franklyn Rodrigues Jr., who proposed creating a parkour academy in the new park. Rodrigues's Parkour Kids Project was

widely credited with helping reduce violence in the area and creating a positive community for children.

Santos – Tools for Participatory Budgeting. In 2015, the coastal town of Santos became another member of the Juntos network, and Comunitas quickly sought to engage citizens through digital outreach. Through the partnership, Santos adapted an existing digital platform – Colab – to launch a participatory budgeting campaign. In total, R\$ 10 million was allocated towards the participatory budget, and citizens were able to vote on the public projects and services they most valued.

Bucking the Trend – Reform in a Sea of Corruption Scandals

While the Juntos program continued to bring advances to municipal public management over this period, Brazil's federal government continued to face disaster.

The issues that had driven protesters to the streets in 2013 and 2014 were given new basis as details emerged of a sweeping corruption scheme involving the nation's most powerful companies and politicians. The investigation, known as Operation Carwash (*Operação Lava Jato*), dominated national media coverage throughout 2015 and 2016. It was estimated that the money laundering scheme diverted an estimated US \$9 billion from public funds through contracts with the state-controlled oil company Petrobras.

Within three years, nearly 200 politicians and executives had been convicted, and many more accused, including former president Lula.¹⁰ Potential involvement in the corruption scandal was also at the center of then-president Dilma Rousseff's 2016 impeachment trial. Although the impeaching proceedings were held based on claims that she manipulated government budgets to boost approval ratings, many view the impeachment as an attempt by Brazil's politicians to derail the investigation. Rousseff was removed from office on August 31, 2016 and vice-president Michel Temer was named acting president until the next general election in 2018.

For many, the impeachment of President Rousseff was the first step in expunging widespread corruption from Brazil's political system. Even so, the quickly shifting political matrix – and questionable conditions under which President Rousseff was impeached – have left the state with little legitimacy.

In Brazil, the lack of government transparency with regard to spending – and especially with taxation – has contributed to a culture of distrust. A 2016 Gallop poll shows that a mere 15% of Brazilians trust their country's leadership, a record low. The study also indicated that perceived corruption is at a record high of 78%.¹¹ Professor Rodrigo Soares of Columbia University says the legal and tax system in Brazil lends itself to this sense of suspicion towards the government:

Many of the protests were fueled by people protesting taxes. In fact, in Brazil, there's a huge disconnect with the taxes you pay and the services you get. It's often very mysterious. Here in the USA, you pay your local school board taxes. Those taxes are in your town. They pay for your local police

¹⁰ <http://veja.abril.com.br/brasil/os-numeros-colossais-da-operacao-lava-jato/>

¹¹ <http://www.gallup.com/poll/190481/brazilians-trust-country-leadership-record-low.aspx>

and your teachers. You can go and see a direct connection. In Brazil, because of many things having to do with the constitution, it's very indirect...There is a disconnection between taxes where the revenue is raised and where it's spent.

Their frustration with government was evident; the 2016 municipal elections saw the lowest levels of mayoral reelection in history.¹² The leftist Workers Party (PT) lost half its mayors.¹³ By and large, citizens demanded change, and for many, that meant changing the face of government.

For Comunitas leadership, these national events made their work at the municipal level even more critical. They sought to meet the mounting distrust with transparency and dialogue.

The strategy seemed to be working – in that same 2016 election cycle, reelection rates in Juntos partner cities were twice the national average. Of the eight partner cities in which mayors were up for reelection, six of the eight incumbent mayors had been reelected. Eduardo Leite, of Pelotas, chose not to run for a second term and left office with a 60% approval rating.¹⁴

Taking Stock – Turning Juntos into a Sustainable Movement?

In 2016, the Juntos program realized its 3-year anniversary. It had much to commemorate.

In a period over which Brazil had been rocked by corruption scandals and political chaos, with presidential impeachment and ongoing protests, the Juntos network and its supporters had quietly expanded their intervention from three cities to eleven. What had begun in Campinas and Paraty in 2013, had by 2016 been implemented in Pelotas (RS), Juíz de Fora (MG), Teresina (PI), Curitiba (PR), Santos (SP), and Itirapina (SP). 2017 plans included partnerships with São Paulo (SP), Porto Alegre (RS), and Salvador (BA).

As it expanded, the program posed a number of questions for Comunitas leaders. All initial programs, such as outside financial consulting, building of IT platforms, and other specific interventions, were financed by donor funding. Under Brazilian law, such donations were tax deductible, but in a time of severe financial crises, expanding the donor base was a challenge. The initial program budget of US \$23.1 million was designated to be spent through 2017, but further expansion would require further funding.¹⁵

Sustaining reforms would be a challenge, but Comunitas recognized this and built it into their intervention strategy. In each city, they sought innovations with medium or high capital costs

¹² <http://zh.clicrbs.com.br/rs/noticias/eleicoes-2016/noticia/2016/10/eleicoes-2016-tem-a-menor-taxa-de-reeleicao-de-prefeitos-da-historia-7676354.html>

¹³ <http://g1.globo.com/politica/eleicoes/2016/noticia/2016/08/candidatos-prefeito-e-vereador-pelo-pt-sao-menos-da-metade-de-2012.html>

¹⁴ <http://www.correiodopovo.com.br/Noticias/Pol%C3%ADtica/2016/5/587418/Eduardo-Leite-lidera-disputa-em-Pelotas,-aponta-pesquisa>

¹⁵ Based on 2012 average annual exchange rate of BRL 2.035/USD, as calculated by the US Internal Revenue Service.

and low variables costs. That way, they could finance any costly initial investments and leave the city with minimal maintenance costs that could be easily adopted by official city budgets. Hiring financial consultants to assess municipal revenues and expenditures, for example, would be costly for the city, in addition to requiring a lengthy procurement process. Juntos both offered source of funding and, as an independent organization, a fast path to contracting. Once the analysis was complete, it was a matter of transferring knowledge to the city, explains Firmino da Silveira Soares Filho, mayor of Teresina:

[Comunitas] put at our disposal an extremely qualified and high-level consultancy so that we could move forward in maintaining fiscal balance. It was important, not only for the financing of this consultancy, but also for the high level training it brought us, and which we can then internalize throughout our municipality.

The implementation of digital platforms followed a similar process; Comunitas hired technical consultants to support the integration and streamlining of online services, but they worked directly with the municipality's internal IT team to maintain and update the system moving forward. Comunitas also established a Sustainability Committee in each city to support continuation of their projects. To staff these committees, Comunitas identified department-specific employees who were involved with and understood the reforms implemented. They also sought employees who had good relationships with other departments and were accustomed to working with other units.

New partnerships, though, would require new funding sources. Comunitas began planning outreach and fundraising with new local companies. Under this approach, Comunitas had to ensure it would not accept funds from groups that could be seen as directly benefiting from local government. Avoiding potential conflicts of interest, explains Comunitas board member Carlos Jereissati, was an important management challenge that informed many financing decisions:

This has been a concern since the start of the program, since Brazil's history provides various examples of the problems that arise when businesses and politicians get too close. We wanted to show that we were offering something very different. This is why coordination by Comunitas is so important, as an organization that deeply understands the public sector and recognizes what can and cannot be done. For example, I was selected as the sponsor of a city in which I have no business, no relationship at all. There is a special effort made to distance business interests and public interests, and demonstrate that there are no [conflicts of interest] or anything that appear as such, and these considerations generate credibility within society.

At the start of 2017, Comunitas began a fundraising campaign to identify new donors and expand its programs. To garner more support, it would be critical to demonstrate that the Juntos model was successful and replicable.

After just four years of partnerships, the evidence was abundant; for every dollar invested, the program saw a return of over US \$40. In 2016, Juntos received the InovaCidade Award, an urban innovation award for projects and initiatives that contribute to the improvement of the quality of life in Brazilian cities.¹⁶ Even so, expanding its donor base in an economy that contracted nearly 4% in 2016 certainly represented a challenge for Juntos.¹⁷

A Larger Network of Larger Cities

Now Juntos seeks to expand its network of cities, not just in size but scope. Plans for 2017 include Juntos partnerships in the city of São Paulo (SP), Porto Alegre (RS), and Salvador (BA). São Paulo is a city of over 12 million, the third largest city in the world and the largest in the Americas. Though a bustling regional center for commerce, it struggles with enormous socioeconomic inequality.

While the Juntos initiative has been met with enormous success in mid-sized cities in Brazil, these metropolitan centers will bring new – perhaps more difficult – challenges. With so many citizens, how do you communicate with all citizens? How do you prioritize needs? For Comunitas president Regina Siqueira, it's about viewing the citizen as both a client and a partner:

Public services are financed by taxes, and it is the citizens who are financing them. That's why the relationship with citizens and service delivery is so important in public management; you are showing that in a way, the citizen is the customer and you really owe them this return of efficiency...at the same time, society must participate in this process – both in co-creation and participation in solutions. The citizen becomes the great guardian of the evolution and development of public management.

This perspective is also at the core of the program's nationwide expansion strategy, which it launched in early 2017 through an online platform called Rede Juntos.

The concepts behind the platform – knowledge-sharing, private sector support, and digital tools – are the same that informed Juntos's previous partnerships. Rather than limit the Juntos network of public and private sector leaders to its partner cities, the platform will serve as an open space for sharing content and insights related to urban management. The hope is that success in one city can breed success in another.

Taking Stock – A Replicable Model?

The Juntos project represents a bold and innovative model to apply private sector tools and techniques in the public sector. It is a case with few precedents in developing world economies, and no doubt will be closely watched. It seems that a crucial element of the initiatives success to date has been the group's ability to connect municipal leaders from across Brazil, and provide tools for sharing "best practices" among cities.

¹⁶ <http://comunitas.org/juntos/noticia/juntos-recebe-premio-inovacidade-2016/>

¹⁷ <https://www.ft.com/content/e1c89278-c33c-3fbe-83ae-985497365cf6>

There has been a growing international movement to connect cities and share common solutions to common problems, but few country specific groups such the one that Comunitas has put together. The fact that it is private non-partisan group has allowed it to take “good ideas” from a variety of sources and share them, and allowed local leaders to adopt and them without the political cost of being seen as “copying” ideas from political rivals. The creation of a specific Brazilian community of municipal leaders also seems to be an important factor in the groups success – many medium size Brazilian cities share similar problems and challenges, and the specific Brazilian solutions that the Juntos network has developed seem to also “work” for other cities in its network.

Another key innovation of the initiative seems to be the use of private funds to bring in a high level financial consulting team early to each new municipal administration. Brazil’s complex and drawn out public contracting laws often mean that to hire such groups using public funds would take years, denying incoming leaders the opportunity to quickly get a complete picture of city finances. In all cities studied, this initial independent economic analysis in the early days of each administration proved crucial for all other later reforms.

A third key innovation was the creation and sharing of a variety of digital tools to allow cities to better communicate with citizens, and to allow citizens to participate in certain city decisions. For smaller cities, it is a challenge to create such tools using in-house staff. Having ready-made templates for municipal feedback websites allowed such systems to quickly be put in place. As many of the reforms involved changing systems, and in many cases collecting taxes that previously had not been collected, these communication channels proved crucial to the organization of public support for these measures.

Moving forward, it will be interesting to see how the Juntos network is able to manage its expansion to more cities, and add additional local private donors to its roster of supporters to finance this expansion. It will also be interesting to see the extent to which successful innovations - initially funded through private philanthropic funds – may later be incorporated into official city or state budgets.

The Juntos experiment will be closely watched in the coming years both by municipal leaders in Brazil and the wider community of public management scholars and practitioners.