



BRAZIL

IMPACT STORY:



How the combined impacts of national legal and institutional innovations, dedicated investment programmes political will and social activism have paved the way for participatory slum upgrading in Brazil

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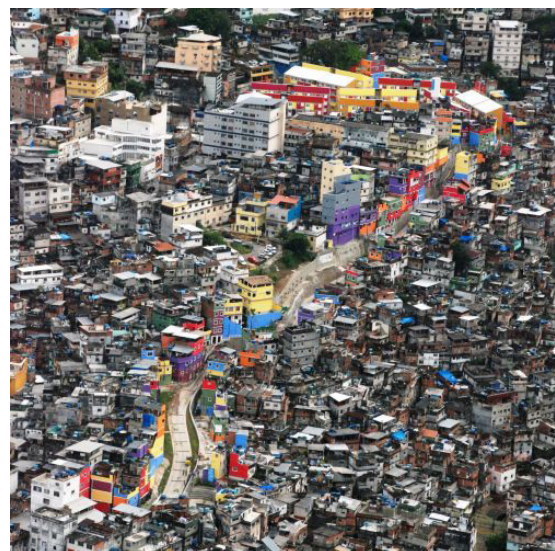
Executive Summary

Brazil's history of slum and informal settlement upgrading tells a story of how the combined impacts of national legal and institutional innovations, dedicated investment programmes, political will and social activism have paved the way for participatory slum upgrading in Brazil

- Years of popular struggle within and outside the National Congress led to important changes in the country's legislation with the adoption of the Federal Constitution in 1988 and the City Statute in 2001. The key principles reinforced by these laws are the social right to housing, the social function of the city, the fair distribution of costs and benefits of urbanization and the democratic management of the city;
- The transitional period in Brazil (1985-1988) from dictatorship to democracy was a unique opportunity to bring different actors (social movements, NGOs, academia, progressive mayors) together for urban reform and many social movements continue to pressure the government - until nowadays - to realize the principles foreseen in these legal frameworks;
- Despite the absence of a national strategy to upgrade slums before the 90s, the principle of municipal autonomy, which is very strong in Brazil, has enabled municipalities to develop innovative urban policies and programmes - including those for slum upgrading - in parallel to the national government;
- Efforts from the national government to encourage the participation of the population increased in the early 2000s in response to the demands of many sectors of civil society and resulted in the development of key processes and structures including the Ministry of Cities (2003) as well as of the National Conference of the City (2003) and the National Council of the City (2004). These institutions were also in line with the principle of democratic management of the city recognized in the City Statute;
- A comprehensive participatory process contributed to the development of important policies, such as the National Urban Development Policy (2005), adopted during the National Conference of Cities where representatives of slum dwellers - through social movements - were involved. At this occasion and for the first time

in Brazil the importance of slum upgrading was recognized and incorporated as an axis of a broader national policy;

- Since 2007, major pro-poor investment programmes such as the Growth Acceleration Programme (PAC)-Slum Upgrading and My House My Life were developed as part of broader social and economic investment programmes. PAC-Slum Upgrading was considered to be very much 'in line' with national policies as it aimed to address the country's low income housing backlog and support in-situ slum upgrading, My House My Life, on the other hand, is retrospectively considered to be somewhat 'in contradiction' with some of the core principles enshrined in these policies. One of the main criticisms of the programme is that it allowed for the construction of isolated social housing units in the peripheries of the cities, although in doing so, it still helped reduce the affordable housing shortage in the country;
- The impetus for effective pro-poor programmes can often be triggered by particular events. For example, in attempting to reduce the negative impact of the 2008 economic crisis, the Federal government invested heavily in the construction sector through the PAC and MyHouse, My Life programmes.



Introduction

Despite the fact that the number of slum dwellers in Brazil decreased by 7 million in the past decade, around 38.5 million people - about 19% of Brazil's population¹- still live in slums and informal settlements that cover the hillsides of towns and cities with overcrowded, unplanned and unsafe settlements². In order to address this challenge, investments in slum upgrading projects in Brazil have progressively increased in the past decade or so. The Growth Acceleration Programme (PAC) for example, launched by the federal government in 2007, has enabled substantial interventions to be undertaken in the largest informal settlements across the country.

The aim of this Impact Story is to explore the national policies and legal frameworks of Brazil which support participatory city-wide slum upgrading. Focusing on the enabling environment these frameworks have created, amidst many challenges, the story explores how Brazil's informal settlement upgrading achievements can be understood in the context of significant struggle and long-term activism as well as acknowledging the innovative policy and substantial funding dedicated to improve the lives of the poor living in Brazilian cities.

While the focus of this Impact Story is mainly on national initiatives and frameworks, it is important to note that Brazilian cities have played a critical role in slum upgrading and many of the innovative experiences adopted at the national level through the City Statute were first implemented by certain municipalities in innovative and dynamic ways.

Slum upgrading in Brazil – a brief history of national framework development

Until the 1970s, explicit measures were taken by the government of Brazil to eradicate slums, including the relocation and in some cases undertaking forced evictions of families living in slums. While many slum dwellers were granted housing units, these were usually located in the periphery of cities, disconnected from the job market, decent public transportation and urban facilities. Before the adoption of the new Constitution in 1988, the first slum upgrading policies were mainly local initiatives, carried out by states and municipalities, such as Rio de Janeiro's *Projeto Mutirao* (1981) and *Cada Familia Um Lote* (1983). These initiatives operated in parallel to the actions of the national government but were not necessarily connected³.

A new national approach towards urban development - a more inclusive

and at scale approach - started from a chapter on urban policy written into the new Constitution of 1988 which outlined the social function of the city (and thus urban development) and of rights to land. This was an important moment in the history of slum upgrading in Brazil and was a clear milestone for social movements after many years of popular struggle.

One such movement, the National Movement for Urban Reform⁴, created in 1985, played a fundamental role in unifying all stakeholders and initiatives around pro-poor urban policy issues and was an integral part of pushing for a more inclusive and participatory urban agenda – one that affirmed the right to adequate housing and that committed to the social function of land. It also proposed, and in ensuring that slums and informal settlements were considered as areas that deserved attention and support.

The first attempt at the national level to promote slum upgrading⁵- reflecting the new thinking outlined in Brazil's 1988 Constitution - was the creation of the Programa Habitar-Brasil in 1992, which brought basic sanitation and infrastructure facilities to informal settlements and slums. The programme was further expanded in 1999 with funds from the Inter-American Development Bank (IDB)⁶. The expanded programme focused on capacity-building activities for municipalities and the implementation of pilot interventions on the ground which remained, however, very limited in scope and were not really promoting an integrated approach. At the same time the programme was entirely formulated by the Bank and this meant that there was a very limited sense of ownership from all stakeholders.

It was only in the 2000s that the emphasis on upgrading informal settlements and improving household well-being moved up the political agenda through relevant national policies and a significant increase in the level of investment and scale of the interventions with the creation of a dedicated investment programme.

The capacity of the Constitution to be effectively operationalized was no doubt supported by the ascendance of the Workers' Party (PT) to the presidency with the election of candidate Lula da Silva (2003-2010). The party's clear focus on social justice created great expectations for the participation of many, especially civil society, since the president was a charismatic leader of social movements who had, for many decades, advocated for pro-poor policies across the country. Within this perspective, the federal government made a sustained effort to listen to and encourage the participation of the population - in particular vulnerable sectors of the society - on different topics, including housing and urban development.

National and international social activism to improve the lives of slum dwellers in Brazil

At the same time that the new constitution adopted in 1988 heralded significant positive changes to improve the lives of slum dwellers, there were also significant challenges in the early years. The lack of regulation of the urban policy chapter in the new Constitution, for instance, led to a series of legal-political difficulties, as some groups were against the innovative and progressive experiences being developed by municipalities, such as the Participatory Budget in Porto Alegre (1989)⁷. Within this context and right after the Constituent Assembly, the National Forum for Urban Reform was formed with the immediate objective of pressuring the Congress to regulate the chapter on urban policy of the Federal Constitution in order to support these municipal innovations and pressure the most conservative groups to implement the principles highlighted in this chapter of the Constitution, such as the social function of land.

The Forum comprised of a large group of national and local organizations including social movements, academia and residents' associations, many of which were already involved in the Movement for Urban Reform. These groups also played an important role in the active representation of organized civil society in many international events, among them the United Nations Conference on Environment and Development (the Earth Summit) in 1992 and the second United Nations Conference on Human Settlements (Habitat II). It was at these events that various commitments concerning human rights and sustainable development of human settlements were established on behalf of government authorities. At the national level in Brazil, the Forum faced strong resistance from the most conservative sectors of the Congress mainly because of the limitations being proposed to the right to individual property and land. Indeed, after over a decade of social mobilization and continuous political struggle within the National Congress, one of the main accomplishments of the Forum was the enactment of the federal law known as the "City Statute"⁸ in 2001 and the adoption of a Constitutional Amendment in 2000 for the inclusion of the right to housing as a social right in the Federal Constitution and which set the framework for rights to land and property for the urban poor.

As the City Statute established the foundations of a new national urban policy with the core principle of the democratic management of the city, a number of important and strategic national frameworks were further developed by the new government in response to the demands of many sectors of the civil society. One of the first frameworks was the creation of the Ministry of Cities in 2003, aimed at promoting integrated policies (housing, sanitation and transportation) in the cities, without ignoring the autonomy of state and municipal authorities. The Ministry of Cities is charged with designing, through a participatory process across all levels of government, and implementing a national urban policy to support the upgrading of informal settlements and the provision of social housing in partnership with state and municipal governments, which are responsible for its execution.

As part of the participatory process, the Ministry of Cities convened the first National Conference of Cities in 2003 and the second in 2005 – another key national framework aimed at extensively engaging a wide range of stakeholders with questions about sustainable urbanization. The national conferences were preceded by meetings at the municipal and state levels which also included proposals that were previously prepared during the participatory process held at the local and regional levels. A new National Urban Development Policy was finally adopted after the second National Conference of Cities, held in 2005 with the participation of over 2,800 delegates representing 3,457 municipalities and coming from NGOs, social movements, government institutions, universities and business entities. The policy, together with the adoption of the National Housing Policy, also marked an important framework milestone and the beginning of a new process in the country. The previous National Urban Development Policy, adopted in 1973 during the military dictatorship, lacked public participation in its formulation and therefore ignored the living conditions in informal settlements and the needs of the majority of the population. The new policy, however, was firmly embedded in a people centered social justice framework and was developed and adopted after a long participatory process⁹.

Another important national milestone was the clear pro-poor approach of these new policies. The key principles of the new National Urban Development Policy were the respect of municipal autonomy, the establishment of partnerships at the local level and the facilitation of participatory processes aimed at promoting improvements to the lives of all residents including the most vulnerable. At the same time, the new Housing Policy, adopted in 2004, made a clear statement on the importance of slum upgrading to address the housing backlog in the country as well as to prevent the formation of new slums. One of the main guiding principles of this policy is the Right to Adequate Housing for all, as enshrined in the Universal Declaration of Human Rights.

The adoption of a new Housing Policy as well as of a new National Urban Development Policy therefore paved the way for more inclusive responses to slum dwellers, as they both recognized the importance of slum upgrading (and the integration of slums into the rest of the city) and the right to adequate housing. They also made clear recommendations for the mobilization of resources and implementation of programmes to address these issues.

Since then, slum upgrading - understood as the implementation of basic infrastructure, the construction of public facilities, housing improvements (such as toilets and new roofs), the elimination of risks (though soil stabilization and, in some cases, relocation or resettlement processes) and the adjustment of roads and land subdivisions - has been progressively incorporated as an axis of a broader national policy. Although greater emphasis is placed on investments in infrastructure rather than the legalization of land tenure, security of tenure¹⁰ is understood as a key component of the slum upgrading process, as well as activities that are understood as “social work” work (participatory engagement component) and that aim to promote social leadership and the socio-economic development of slum dwellers. In sum, the approach adopted by the Federal Government for undertaking slum upgrading is defined as “complete and integrated upgrading”, as it involves the implementation of actions aimed to address all the needs diagnosed for the improvement of the living conditions in

the area of the intervention, while at the same time, incorporate the informal settlements into the formal parts of the urban environment.

Within this history of slum upgrading, it is also important to understand how national investment programmes were fundamental in progressing a pro-poor agenda and in directly supporting slum upgrading. The Growth Acceleration Programme (PAC) launched in 2007 is an infrastructure investment programme whose main goal is to promote holistic urban upgrading in Brazilian slums. PAC-Slum Upgrading became a key element in the implementation of the new urban policy in the country. It promoted city-wide slum upgrading through the financing of in-situ interventions such as sewerage and water networks, urban mobility, relocation from risk areas and for the opening of streets¹¹, and other public service facilities. It also featured land regularization tools to give more security to households in informal settlements and protect them against forced evictions. To date, the programme has reached approximately 2.5 million families with investments of around USD 20 billion, representing one of the major international slum upgrading programmes (UN-Habitat 2013).

With the understanding that physical interventions alone cannot tackle all dimensions of poverty, the federal government also determined that part of the budget allocated to PAC-Slum Upgrading interventions in each neighborhood should be used for community mobilization and involvement in the discussions about the project. For this reason every project selected within the PAC-Slum Upgrading programme was expected to allocate between 2.5 and 4.5 per cent of the slum upgrading resources for social work¹², as defined in 2008 by the Social Work Orientation Booklet (COTS) and updated according to Ordinance 21 (Portaria 21) adopted in 2014. According to the Ministry of Cities, the social work (participatory engagement component) aims to promote the participation of beneficiaries in the processes of implementation, maintenance and monitoring of the facilities and services provided by the intervention, in order to tailor them to the needs and realities of the residents and encourage the beneficiaries’ ownership of the facilities and services implemented. In some cases, through the establishment of local community councils, the community participates in the project development and implementation, and also in the maintenance of the public equipment provided.

Therefore, one of the main innovations of PAC-Slum Upgrading is that the release of public funds depends on the level of implementation of the social work required for each phase of the project and construction work. This institutionalization of popular participation in urban upgrading and housing projects, funded by the national government, also contributed to changing mind-sets among many decision makers at municipal and regional levels, as the requirement to involve the community in this process was, to a certain extent, new to certain governments. However, although the official argument of the national government for promoting the “social work” approach was related to the “right” of all residents to participate in the decisions affecting their lives as it was articulated in the City Statute, many city and state officials still used participation as a tool to secure outcomes and prevent riots during the interventions, as well as to ensure the further maintenance of the equipment built. Moreover, despite the importance of this instrument to start a process of real change in the conception and implementation of slum upgrading and housing projects in the country, the problems and limitations of this participatory approach remain formidable today: the vast majority of the residents still remain distant from the decision-making process during the PAC-Slum Upgrading projects, and the discussions held with the communities often happen too late in the process, as in most cases the decisions about the scope of the interventions have already been made by government officials.

Brazil’s opportunities for integrated city-wide slum upgrading

This section outlines the key laws and policies reflected in the above history of urban development in Brazil. Presented in more detail, the section highlights the contributions of Brazil to global knowledge on pro-

poor urban development and slum upgrading frameworks. They show how social justice and the right to the city are deeply embedded in policy, legal and regulatory frameworks in Brazil, due to both a long process of social struggle - within and outside the National Congress - and what also should be recognized as the strong political will from the national government and urban managers. It is also important to recognize the significant levels of financing that have been committed to urban development and how municipal governments are legally empowered to deliver change. The various laws and policies are outlined below.

Relevant National Laws:

Brazil has many laws in place that benefit slum upgrading. In particular, the importance of these laws rests in their recognition of housing as a social right, the principle of the social function of land and the importance of the democratic management of the city. They are the result of a long process of popular struggle where sectors of the civil society, in particular social movements, trade unions and academia, played an important role in pushing for more inclusive and pro-poor policy frameworks. The struggle for urban reform and the democratic management of the city converged with the struggle for democratization in the 1980s, which helped increase the scale of the movement. Through the Movement for Urban Reform, civil society was able to introduce a chapter on urban issues in the 1988 Constitution, which was to be further developed with the enactment of the City Statute. Over more than twelve years following the adoption of the 1988 Constitution, social movements struggled within and outside the National Congress, protesting and pushing for the adoption of the City Statute.

- **Federal Constitution (1988):** The Federal Constitution protects the individual's house (Article 5, Item XI) and defines housing as a social right (Article 6). It represents a very significant milestone in Brazil's history as at that time of its enshrinement, the country was transitioning from more than two decades of military dictatorship. Slums were still seen as illegal and were heavily discriminated against in most large urban centres. The Constitution also recognizes the shared competence of the Union, State, and Municipal governments in respect to implementing housing policies, urban upgrading and sanitation programmes (Article 23, Item IX) and gives cities significant autonomy.
- **City Statute (2001):** The Federal law 10.257 from 2001 is the legal framework governing urban development and management, and its central theme is the social function of land. In short, the law seeks to define how to regulate urban property so that real estate businesses do not constitute an obstacle to the right to housing – and to the city itself - for all, in order thereby to combat segregation and territorial exclusion. The other two main guiding principles of the Statute are the fair distribution of the costs and benefits of urbanization and the democratic management of the city. Within this perspective, the City Statute has recognized several mechanisms to ensure participation, such as participatory budgeting, public consultation and the creation of councils at the municipal, state and national levels through which civil society is involved in defining policies and priorities for public spending. Another pro-poor instrument

formally introduced by the City Statute is a particular form of adverse possession (*usucapião*), whereby land in urban areas with more than two hundred and fifty square meters, occupied for at least five years without interruption or opposition by low-income population for housing purposes (and where one cannot identify /delimitate the land occupied by each squatter) are susceptible to being possessed individually and collectively, as long as the squatters are not owners of other urban or rural property. Another important aspect of the Statute rests in effectively empowering municipalities with tools to plan urban development. This action represented a realization of the constitutionally acknowledged role designated to cities to plan and address urban challenges. One of the main challenges for the implementation of the "right to the city" - as it was recognized in the City Statute - lies exactly on the fact that it was defined as being part of the mandate of municipalities through the development of Master Plans and the implementation of participatory and pro-poor mechanisms at the local level. Therefore, the full realization of this right depends – to some extent – on the capacity, resources and political will of municipal governments.

- **Law 11.977/2009:** This Federal law sanctions the launch of the My House My Life Programme, but – most importantly – it establishes innovative tools to facilitate land regularization in informal settlements. The Delimitation Act (*Auto de Demarcação*) for example, enables the national State, regions and municipalities to recognize an informal land occupation and regularize it through the concession of a certificate of Tenure Legitimation (*Legitimação da Posse*) which can be upgraded to a Land Title within 5 years through adverse possession (*usucapião*).

Relevant Institutional Arrangements:

Grassroots movements managed to continuously mobilize different sectors of the society, in particular social movements, for affordable housing, academia and trade unions. They managed to push the national government to implement institutional frameworks to allow for their effective participation in the development of pro-poor urban policies. Capitalizing on the tone set by the new Constitution and the City Statute, as well as on the struggle of social movements (in particular the National Forum for Urban Reform), the Ministry of Cities was created, reassigning the responsibility of the national Government on urban issues and taking further action to reinforce urban and housing programmes and tools. The creation of the Ministry of Cities was followed by the establishment of the triennial National Conferences of Cities and the Council of Cities aimed at contributing to the implementation of the principle of democratic management of the city advocated in the City Statute. These channels of participation represent venues through which slum dwellers can participate in the negotiation and development of policies and programmes affecting their lives.

- **Ministry of Cities:** Created in 2003 based on a set of proposals (*Projeto Moradia*) elaborated by academics and social movements and under the guidance of the Workers' Party (PT) before they won national office in 2000. Its main goal is to regain and assert the state's ability to formulate and manage urban development policies. It constitutes the Government body responsible for elaborating the guidelines, setting priorities and defining the strategy for the implementation of the National Urban Development Policy, the National Housing Policy and sectorial policies for housing, sanitation and mobility. The Ministry is responsible for both the participatory process and the elaboration of a federative pact for the development and implementation of the National Urban Development Policy. Since 2007, the Ministry is also responsible for the general management, monitoring and evaluation of investment programmes dedicated to slum upgrading and social housing (PAC-Slum Upgrading and My House My Life) and it coordinates technical support activities offered to municipalities and state governments responsible for implementing these programmes. Within these programmes, the Ministry is also in charge of designing and promoting mechanisms for participation and social control.



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- **Conference of Cities:** is a public forum aimed at promoting 'bottom-up' urban planning and participatory decision-making in the areas of housing, environment, sanitation, transport and urban mobility, and territorial planning. The Conferences, held every three years, allow for the participation of many representatives from the civil society (social movements, academia, trade unions, among others) in the definition of national priorities and formulation and implementation of the new National Urban Development Policy. The first Conference was called by the President in 2003, and had more participants than the government had expected. Municipalities and state governments had to organize Conferences at the local and regional levels in preparation for the National Conference, and over 3,000 (out of the 5,571 existing municipalities) and all 27 federated states successfully organized conferences with the participation of a very broad and vocal group of participants. These participants settled on some initial policy directives which were then brought to the National Conference by 2,500 delegates who agreed on a specific set of proposals on urban policies and on the creation of the Council of Cities, with representatives of all sectors of stakeholders, in order to make it hard for the national government to ignore the demands and suggestions made by participants at these events.
- **Council of Cities (ConCidades):** Civil society organizations lobbied for and formed the constituency base for the Council of Cities (ConCidades) established in 2004 which was then further institutionalized with the adoption of the National Urban Development Policy in 2005. The council is a consultative body that aims to monitor and make recommendations for the implementation of the National Urban Development Policy. It has also become part of the consultative structure of the Ministry of Cities and. It represents the materialization of an important tool for the democratic management of the city, as the participants come from the a broad range of civil society groups: the private sector; social movements; NGOs; professionals, academic and research institutions; trade unions; and government agencies. The Council has become an important outlet for the representatives of social movements and slum dwellers to participate in the decision-making process and negotiate the policies implemented by the Ministry of Cities. Despite great progress, however, many challenges persist, as the national government does not necessarily translate the Council's deliberations into budgetary provisions.
- **National Housing Policy (2004):** The housing policy is considered pro-poor and supportive of a slum upgrading agenda, and is underpinned by the Right to Adequate Housing¹³. The main objectives of the National Housing Policy are the integration of urban slums into the formal city and their upgrading, the provision of housing and the integration of the Housing Policy into a broader National Urban Development Policy. It includes a long-term strategy for urban and housing action in Brazil (2023), based on the provision of social housing and slum upgrading with the aim to address the country's housing backlog. The National Housing Policy articulates and brings together discussions on land and housing finance, therefore being dependent on the cooperation between different levels of the federation incorporating the various thematic areas. The policy subsequently led to the formulation of both an action plan (PlanHab) and the "My House My Life" national housing programme for the provision of housing units targeting low-income groups in cities throughout the country. Another important milestone for the consolidation of an integrated and participatory model for the management of the housing policy, was the creation of the National Social Housing System (SNHIS) and the National Social Housing Fund (FNHIS), in order to enable and manage a subsidy policy for social housing.
- **National Housing Plan (PlanHab 2008):** is one of the most important tools for implementing the new National Housing Policy in Brazil. The PlanHab comprises a strategic plan and an action plan, with tools that are operational and should be implemented over the short, medium and long-term (2023). The implementation of the PlanHab is divided into four areas: (a) finance mechanisms and subsidy; (b) urban and land policies; (c) institutional framework; and (d) the construction supply chain focused on social housing provision. It makes a clear statement in support of in-situ upgrading and regularization of informal settlements and the production of new affordable housing units and it was responsible for establishing the basis of both the PAC-Slum Upgrading and the My House My Life programmes.

Financing Initiatives for affordable housing and slum upgrading activities:

Since 2007, Brazil has been implementing one of the major slum upgrading programmes in the world, PAC-Slum Upgrading, reaching as of today, approximately 2.5 million families. A national housing programme was introduced in 2009, called My House My Life, aiming to increase the supply of new affordable housing units for low and middle income households. Together, these programmes aim to contribute to address the large housing backlog in the country and support in-situ slum upgrading projects.

An important trigger to the development of these programmes was the economic context of the 2009 international economic crisis. The contracted economic environment was one of the main determinants to the decision of the government to invest heavily in the construction sector, creating programmes for the provision of housing (My House My Life) and infrastructure (PAC). The investments were almost to act as an emergency action to support the private sector and boost the construction sector, at the same time avoiding unemployment.

Relevant National Policies and Plans:

The Policies and Plans on housing and urban development adopted by Brazil include important principles and long-term strategies and goals for urban and housing action in the country, including guidelines for state and local governments to intervene. They constitute the basis for the conception of financing initiatives at the national level for both slum upgrading and low-income housing provision. Moreover, they recognize the strategic role of land policy in the provision of social housing and security of tenure for the most vulnerable, and the importance of implementing instruments foreseen in the City Statute, such as progressive property tax and the establishment of Special Zones of Social Interest (ZEIS), which may override with the pricing logic adopted by the real estate.

- **National Urban Development Policy (2005):** consists of a set of principles, guidelines and goals built democratically during the 1st and 2nd National Conferences of Cities - in 2003 and 2005 respectively - to guide investment in housing, environment, sanitation and urban mobility. Leveraging from the pro-poor principles and sentiments of the Constitution and City Statute, the National Urban Policy promotes an inclusive land policy and aims at strengthening the role played by Brazilian cities in the promotion of adequate housing, pro-poor planning, urban upgrading, security of tenure, among others. One of its main contributions to pro-poor planning is that it has defined the channels of participation - where particular attention should be given to the most vulnerable - through which citizens can contribute to the planning (development of Master Plans, participatory budgets, among others) of their cities and regions.



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- PAC- Slum Upgrading:** Created in 2007, the Growth Acceleration Programme (PAC) mobilized unprecedented federal government resources for a series of investments for leveraging the overall infrastructure of the country. Slum upgrading was considered a key part of this broader economic growth package rather than an additional investment project (World Bank 2015). As highlighted by the World Bank, the positioning of slum upgrading as a mechanism for growth was a major breakthrough. Like other infrastructure initiatives, slum upgrading became a fundamental mechanism for economic and social development in the country, recognized as an investment rather than a social expenditure programme. PAC-Slum Upgrading promotes complete (holistic) and integrated upgrading in slums through the provision of water and sewage networks, paving of streets, relocation from risk areas, public facilities and access to economic opportunities¹⁴. In its first phase (2007-2010), the programme managed to reach scale: a total of 759 slum-upgrading interventions have benefited 1.62 million families nationwide. In 2010, the federal government announced the second phase of the programme (2011-2014) with planned investments of BRL 30.5 billion (USD 16.5 billion) for slum upgrading interventions in 393 cities and 26 states. Its reach today is to approximately 2.5 million families with investments of around USD 20 billion, representing one of the major slum upgrading programmes (UN-Habitat 2014). Despite the increase in scale and scope of slum upgrading represented by the PAC-Slum Upgrading programme, there is a persistent low rate of project implementation throughout the country, since the majority of the interventions foreseen for the period of 2007-2009 had not been finalized by 2014. This is mainly due to the complex location of many informal settlements where many of the permanent housing units are located in Environmental Protection Areas (APAs, according to the National System of Conservation Units). It is also due to the fact that many municipal governments simply don't have the capacity to implement the programme (and there is not a strong capacity development strategy to overcome this) combined with the long standing challenge of national bureaucracy which is compounded when capacity at the municipal and local levels are limited. Land regularization and security of tenure are also ongoing challenges and have not kept pace with the upgrading efforts, despite the national policies and programmes in place.
- Minha Casa Minha Vida (My House My Life):** A national housing programme called *Minha Casa Minha Vida* (My House, My Life) was introduced in 2009, based on the provision of cheap loans to house builders and households wanting to buy their own homes and aiming to address the large housing backlog in the country. The Programme has a pro-poor approach, as it assigns greater focus to the lower-income groups (families with incomes from zero to three minimum wages), with a substantial increase in the amount of subsidies. Thanks to government subsidies to the construction of social housing for these groups, the portion paid by the beneficiary is only 5% of their monthly income. The Programme also promotes social housing provision through self-construction options. Through a modality called *Minha Casa Minha Vida - Entidades* (My House, My Life - Entities), it offers subsidies and finance opportunities for individuals and families associated with social organizations such as a

cooperative, a community-based organization, or social movements which aim to produce social housing units through mutual help or collective-management systems. In the past seven years, more than 4.2 million housing units have been contracted, and 2.6 million of these have been delivered, benefiting over 10.4 million people. The program has already reached 96% of Brazilian municipalities (5,330 cities). One of the main challenges faced by the programme is to avoid the spread of mass low-income housing developments remote from the job market and public facilities and thus repeating the mistakes of the past. Within this perspective, core adverse aspects of the programme's housing production are linked to the location of projects in the urban fabric and the challenges of urban integration, as - particularly in cities where there is limited land available and the price of the land is very high - the programme has been criticized for delivering housing units that are too disconnected from the rest of the city. Within this perspective, it is worth noting that the My House, My Life programme has not always been synchronized with the vision of the National Housing Policy. In its current design for example, the programme leaves room for land speculation and has sometimes resulted in the location of housing in the most peripheral urban areas - both outcomes which were not envisioned in the National Housing Policy.

The role of municipal governments in Slum Upgrading in Brazil

Many of the innovative experiences adopted by the national government through the City Statute (such as the participatory budget and a tool called Special Zones of Social Interest- ZEIS) and programmes such as PAC-Slum Upgrading had in fact already been implemented by municipalities. It is therefore important to note that municipal innovations have been quite important in promoting participatory city-wide slum upgrading in Brazil. For instance, the Special Zones of Social Interest (ZEIS), foreseen in the City Statute (2001) as a key instrument in Master Plans to ensure the recognition of informal settlements in the city and the establishment of special planning standards to promote the legal regularization and physical upgrading of these settlements, as well as to ensure that vacant land could be reserved for the construction of social housing units, were already an instrument used in Recife during the 80s and in Sao Paulo during the 90s.

The same is true in relation to slum upgrading: many municipalities were already implementing slum upgrading before the national government created the PAC-Slum Upgrading programme. For instance, the region known as ABC, composed by four municipalities (Santo Andre, Sao Bernardo do Campo, Sao Caetano and Diadema) located in the metropolitan region of the State of Sao Paulo, have been implementing innovative slum upgrading projects since the 80s. Diadema was one of the first Brazilian cities to establish (in 1983) a comprehensive slum upgrading policy and promoted an integrated approach to slum upgrading instead of merely "one-off interventions". In the municipality of Sao Bernardo do Campo, the first slum upgrading programme was structured in 1989 and focused on the provision of security of tenure to slum dwellers and



access to sanitation.

Among these experiences, it is also worth mentioning the case of Rio de Janeiro, since a programme created by the municipality of Rio de Janeiro and funded by the Bank Inter-American Development (IDB) called *Favela-Bairro* (1994-2008) constituted an important laboratory for the PAC-Slum Upgrading programme itself. The programme *Favela-Bairro* was initiated in 1994 and had the clear goal of re-integrating slums into the city through the provision of urban infrastructure and services. The programme invested USD 650 million mainly in urban upgrading and provision of social facilities and over 710,000 slum dwellers have benefitted directly from these improvements¹⁵. *Favela-Bairro* was the most comprehensive and ambitious programme for integrated slum upgrading implemented in Brazil before PAC-Slum Upgrading and has inspired interventions in several cities in Brazil and Latin America. To a certain extent then, many of the PAC-Slum Upgrading guidelines were inspired by the work done in Rio de Janeiro, in particular under the *Favela-Bairro* programme. As the programme was criticized for not involving the community in the decision-making process and for lacking a stronger social component, these were the main innovations adopted within the national slum upgrading programme.

Consolidating Brazil's momentum to upgrade slums

Brazil is globally recognized as a country that has made significant and lasting efforts to improve the lives of slum dwellers. To sustain the slum upgrading momentum, Brazil could consider:

- **Maintaining current levels of investment in upgrading and tenure regularization:** the combined economic environment and a very enabling political environment in the last decades promoted the prioritization and allocation of considerable resources for slum upgrading. The combination has been critical to Brazil's success. As the PAC-Slum Upgrading programme approaches its end, efforts must be made to ensure that substantial levels of investment are at the least, maintained and at best, increased.
- **Aligning urban and environmental agendas:** as many slums are located in Environmental Protection Areas (APAs), in particular close to important water sources, the country should promote regulatory frameworks that can allow municipalities to intervene in these areas under the scope of slum upgrading projects. Many projects under PAC-Slum Upgrading were delayed (on average 4-6 years) or unable to be concluded due to the need to get an environmental license beforehand. These licenses are a mandatory procedure for all urban interventions that can cause damage to the environment. In some slum upgrading projects however, the guidelines are considered very rigid and almost impossible to implement without risking the movement of significant numbers of people, which in itself raises another set of challenges. Further, some have argued that the guidelines should permit some upgrading activities as the process of slum upgrading and the development of official sewage connections for example, would actually contribute to the protection of the environment.
- **Aligning and integrating slum upgrading with other public policies, such as public safety, education and health promoting a coordinated strategy for improving the lives of slum dwellers:** many slums dwellers in Brazil remain susceptible to violence, especially women and girls, and have limited access to employment, school and health facilities. Slum upgrading programmes must be better integrated with other key health and service access initiatives via increased coordination with other key Government departments and institutions for maximum change impact.
- **Improving mechanisms to support and ensure that municipalities and regional governments implement the**

participatory approach of PAC-Slum Upgrading: the Ministry of Cities is in charge of designing and promoting mechanisms for participation and social control in the programme, as well as a list of indicators to support municipalities and state governments in the implementation of the "social work". However, many local and regional governments struggle with the skills and human resources needed to carrying out these activities often hiring private consultancies to engage with the communities. More work needs to be done to systematically roll out training and capacity development opportunities for local level stakeholders, including the municipal staff but also other key local actors. The monitoring and evaluation systems of the "social work" activities should be improved to ensure that slum dwellers are truly engaged in the process.

- **Elaborating a National Slum Upgrading Strategy:** in order to support and integrate/synergise current national frameworks and to create a national focused 'slum upgrading' enabling environment across the country. Effort must be directed at developing a national slum upgrading strategy to direct, connect and track improvements to the lives of slum dwellers in Brazil. This could strengthen the development and implementation of city-wide slum upgrading projects at the local level in particular, and promote positive changes in the mind-set towards slums and slum dwellers of municipal governments.
- **Supporting municipalities and regional governments to address challenges in the implementation of slum upgrading projects at the local level:** while there has been an important progress at the national level, there is a need to reinforce the role played by municipalities and regional governments at the local level, mainly through capacity-building, as national investment programmes depend on the capacity of the municipalities to be implemented. In many cases, due to the lack of technical knowledge and low technical skills of municipal staff, cities cannot implement effective slum upgrading projects. The national government has been providing technical support activities to train municipal staff (such as distance learning), but there are still many municipalities and other key stakeholders important in the broader group of actors required for sustainable slum upgrading, that lack the adequate skills to engage on concrete slum upgrading projects. City to city dialogues could be a strategic way of ensuring that municipalities that have been implementing slum upgrading policies, share their experience with other municipalities in order to learn from each other and inspire municipalities that are still struggling with similar challenges. An important outcome of these exchanges could be the elaboration of a catalogue of good practices that could be made available online by UN-Habitat. Other actors that should be considered as they could play an important role in this capacity-building process, including NGOs and universities.

Conclusion

Brazil's slum upgrading experience to date shows how significant achievements in the national legal and institutional frameworks ruling urban development and housing agendas in the country have directly



- **Modernizing and improving the cost effectiveness of civil construction, meeting demands on technological infrastructure, sustainability, and professional qualification:** based on the high costs of the PAC-Slum Upgrading programme, there is also a need to strengthen opportunities for small-scale construction companies to participate in the process, as it has been predominantly controlled by large-scale companies.

Conclusion

Brazil's slum upgrading experience to date shows how significant achievements in the national legal and institutional frameworks ruling urban development and housing agendas in the country have directly contributed to building a framework for slum upgrading that has improved the lives of slum dwellers. These changes were made possible due to the important role played by social movements, progressive mayors and academics and through protests and struggles within the National Congress. It was also due to the political will of key decision makers who were willing to insist on institutionalizing important pre-conditions for slum upgrading (pro-poor policies linked with economic growth), and inclusive mechanisms to do so (avenues of participation for all including slum dwellers themselves).

The City Statute formalized the principle of democratic management of the city and recognized that all citizens should be consulted with regard to all urban interventions that could affect their lives – including slum dwellers. It also recognized the principle of the social function of land and the importance of security of tenure, reaffirming the responsibility of municipalities to regulate urban property in order to prevent that investments from the real estate market as well public interventions threaten to the social right to housing and to the city. In addition to the recognition of these principles, the Brazilian government has also launched national investment programmes targeting mainly low-income groups with unprecedentedly high investments and extremely broad coverage and has adopted mechanisms to ensure broad participation in these processes. Together, these policies and programmes placed slum upgrading as a key core component of broader social and economic empowerment initiatives and urban development programmes - and not just an “add on” programme for the poor alone.

At the same time, many challenges remain for Brazil as significant numbers of people live in slum conditions and thus the need for change and inclusion is still critical for sustainable urbanization. The key question is - how can Brazil continue with the innovation and the momentum created by recognizing the rights of slum dwellers and leveraging on the capacity and financial investment put into slum upgrading? Arguably perhaps one of the most critical steps is to put in place measures which improve the technical and institutional capacities of many municipalities and associated key stakeholders so that they can effectively respond to and implement key national programmes. The current economic recession and political instability in Brazil also poses an important challenge to the continuity of these programmes. It would be important for Brazil to hold onto the policy and programmatic gains made even if political priorities change. The institutionalization of pro-poor instruments and channels of participation in the development of urban policies was a major milestone for Brazil – which must be preserved and improved to continue to include and benefit the most vulnerable.

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Endnotes

1 These slum figures are from the 2016 World Cities Report and refer to UN-Habitat's definition of a slum household as a group of individuals living under the same roof that lack one or more of the following deprivations: access to improved water, access to improved sanitation, access to secure tenure, durability of housing, and/or sufficient living area. According to the Brazilian Census (2010), there are over 11.2 million people – about 6% of the population - living in informal settlements. The variation in relation to UN-Habitat figures are due to different methods and definition, as the Brazilian Census classifies as “subnormal agglomerations” (or informal settlements) blocks that satisfy the following three conditions: (i) an area (group) made up of over 50 housing units, (ii) land occupation is illegal, and (iii) meets at least one of the following criteria of (a) urbanization in a disordered pattern (for example, narrow and winding roads) and/or (b) lack of essential public services and utilities (such as garbage collection, sanitation, water, electricity or public lighting).

2 Note that slums and informal settlements tend to be used synonymously in Brazil.

3 It is important to note that innovative planning instruments adopted at the municipal level, such as the Special Zones of Social Interest - ZEIS, enabled municipalities to intervene in slums located in public and private lands despite the fact that the government did not owe the land, in particular on grounds of “public health issues”. ZEIS refer to a planning instrument that enables municipal governments to delimitate areas in their municipal plans that will be reserved for social housing or for the upgrading of informal settlements, depending on whether the land is vacant or already occupied.

4 The National Movement for Urban Reform brought together social movements, trade unions, academia and think tanks, NGOs, members of the Catholic Church, as well as mayors and progressive parliamentarians. The group also played a key role in getting a pro-poor agenda into the Constitution. Their agenda was in fact proposed as a Popular Initiative for Constitutional Amendment to the National Constituent Assembly, and was adopted as a chapter in the Federal Constitution dedicated to urban policy (Articles 182 and 183), mentioning the concepts of social function of the city and social function of land. The level of cohesion attained by the group (despite their internal differences), combined with their capacity to maintain political focus on improving the lives of slum dwellers, was a significant and fundamental achievement. It became a ‘trigger for change’ and for moving the adoption of the City Statute forward - which would ultimately contribute to the regulation of the principles foreseen in the urban chapter of the Constitution.

5 Slum Upgrading is understood as the “Urbanization of Slums” in Brazilian Portuguese, as it refers to a process through which informal areas are improved (through the provision of basic services and infrastructure) and regularized, contributing to their incorporation into the city itself.

6 The programme was therefore named as Habitar Brasil-BID (HBB)

7 For more information on the role of civil society on this process: Fernandes, E. (2007). Implementing the urban reform agenda in Brazil. *Environment & Urbanization*, Vol 19(1): 177-189.

8 It is important to note that the Federal Law known as “City Statute” was the instrument adopted to regulate the ‘urban chapter’ of the Constitution. It is therefore a legal instrument connected to (and regulating) articles 182 and 183 of the constitution.

9 During the formulation process of this new policy there were many representatives of slum dwellers, mainly through social movements such as “National Movement for Housing - Movimento Nacional de Luta pela Moradia (MNLN)”, the “National Union for Social Housing - União Nacional por Moradia Popular (UNMP)”, the “National Federation of Residents’ Associations - Confederação Nacional das Associações de Moradores (CONAM)” and the “Union of Social Movements- Central de Movimentos Populares (CMP)” who joined the meetings at the municipal, state and national levels, as well as who became members of the Council of Cities, where they could be directly involved in the formulation of urban policies and monitoring of the implementation of the new policy.

10 For more information on the Brazilian option for security of tenure instead of full land tenure legalization: Handzic, K. (2010). Is legalized land tenure necessary for slum upgrading? Learning from Rio's land tenure policies in the Favela Bairro Program. *Habitat International* 34: 11-17.

11 It is worth mentioning that slum upgrading as a national policy implies not only the

upgrading of existing housing units but also the construction of new housing units, as most of the slums in Brazil are characterized by their heavy density and cannot be upgraded without the relocation and resettlement of certain residents. When slum upgrading projects are implemented in metropolitan areas, there is a relocation rate of 30%, which can become a challenge if slum upgrading programmes do not foresee a budget for this component.

12 According to the Ministry of Cities, social work is defined as the “exercise of participation” by communities and the “promotion of activities for their social inclusion”, and it has four main axes. The first one is defined as “mobilization, organization and social strengthening”, which foresees a process of information, mobilization and capacity-building within the community, aiming at promoting their autonomy and social activism, as well as the formalization of existing and new organizations and associations within the community as official channels of participation. The second is “social monitoring and management of the intervention”, which includes communication and negotiations with the community in order to minimize the negative aspects and highlight the gains and positive aspects of the intervention, contributing to its implementation. The third is called “environmental education”, as it aims at changing the way the community uses and protects the environment (physical and natural). The last one is “social and economic development”, which aims to coordinate public policies, expanding the community access to job opportunities that can help them overcome their situation of social exclusion. (Ministry of Cities 2014: 82).

13 For more information: Cities Alliance (2010). The City Statute of Brazil. A commentary Available at < http://www.citiesalliance.org/sites/citiesalliance.org/files/CA_Images/CityStatuteofBrazil_English_fulltext.pdf> last access on 11/10/2016

14 As mentioned earlier, slum upgrading does not comprise only interventions for the provision of basic infrastructure in informal settlements, but also the need to build housing units for the households that were relocated as part of the slum upgrading process. One of the problems faced by local and regional governments implementing PAC-Slum Upgrading is that from the moment the Federal Government launched My House My Life (MCMV) all the resources for building housing units for families that were relocated were concentrated at MCMV, which is a programme being implemented by private investors.

15 Perlman, J. (2012). Favela: Four Decades of Living on the Edge in Rio de Janeiro.



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The integration of slum upgrading programmes with countrywide planned urban development is the sustainable way to make a difference in slum areas of cities (Dr Joan Clos, Executive Director, UN-Habitat (2015). *A Practical Guide to City-Wide Slum Upgrading*. p.7).



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