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ABSTRACT

In contrast to the “eradication and resettlement” approach of the 1960s and 1970s, and the implementation of isolated public-works projects in the 1980s, the 1990s in Rio have brought a comprehensive upgrading approach to the favelas. Such local innovations in Brazil began to emerge after the enactment of the 1988 Constitution that gave municipalities the power to formulate urban policies and laws at the local level. We examine the Favela-Bairro Program, in particular, highlighting its five central features: (1) projects designed to integrate favelas with planned neighborhoods (bairros), (2) urban redevelopment plans that embody a comprehensive approach, (3) an emphasis on coordination among municipal agencies, (4) utilization of a participatory approach, and (5) the use of private sector firms in executing public works projects. © 1998 Published by Elsevier Science Ltd. All rights reserved

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INTRODUCTION

Symbols of universal homogenization delivered by transnational flows of capital, culture, and ideas abound in “global” cities in less developed countries (LDCs). On the surface, the central business districts of LDCs appear more closely connected to the world’s financial centers than to their own immediate surroundings. As a result, one hears proclamations of New York or Los Angeles or Miami as the new capitals of the “Third World”. In these same cities one also observes, if one looks closer, a sharp polarization in wealth, access to economic opportunities, and quality of life between those who claim a stake in the world’s finance capital and the urban poor (Leaf and Pamuk, 1997). Nowhere in the world probably these contrasts are as sharply displayed as in Rio de Janeiro. The dim lights emanating from the favelas on the hillsides in Rio stand in sharp contrast to the bright lights of Copacabana, the entertainment and cultural capital of Latin America. The increasing concentration and visibility of the urban poor in the “South” (e.g. Rio de Janeiro, Buenos Aires, Mexico City) as well as in the “North” (e.g. New York, Los Angeles, Miami).
show that both regions have recorded limited success in alleviating urban poverty. Local and homegrown initiatives, on the other hand, offer some hope.

In this paper, we argue that in order to understand the underlying effects of social and economic disintegration and restructuring in “global cities” such as Rio de Janeiro (manifested physically and socially in its favelas), and in formulating alternative poverty alleviation strategies one must focus on local governments, local actors, and local innovations. We further argue that the institutional changes those local actors design in “global cities” should be analyzed as they evolve amidst local institutional arrangements (formal and informal) but with powerful interactions with global factors (e.g. international lending agencies, nongovernmental networks, and even the media). Our analysis is grounded in the case of Rio de Janeiro that exhibits complex interactions between global and local factors that play out in the redevelopment of its favelas (housing settlements of the poor on occupied land).

The paper starts with a discussion of the macroeconomic and global context in which favelas have emerged. We discuss briefly various government approaches to the favela in the past three decades in Rio, and their impact on the poor. Then, we focus on a specific municipal initiative that seeks to integrate favelas into the social and urban fabric of Rio since 1993, the Favela—Bairro (FB) Program, which is being implemented in 90 targeted favelas partially financed with an Inter American Development Bank loan. We outline overall program objectives, financial profile, and discuss issues of operational characteristics, intergovernmental coordination, and citizen participation. We discuss preliminary lessons from the implementation experience, and end the paper by articulating the extent to which the new generation of locally designed upgrading programs, such as the one being implemented in Rio, differ from those that were advocated by international agencies in the late 1970s around the world and their potential in reducing poverty while improving living conditions of the urban poor.

The data and information to examine these questions come from the Favela—Bairro Program Unit of Municipal Secretariat of Housing, 1PLANRIO (the municipal planning agency), and personal interviews with favela residents, planners, and contractors undertaking the upgrading projects in Rio.

**FAVELAS IN A GLOBAL AND MACROECONOMIC CONTEXT**

According to United Nations projections, the world’s most highly populated cities in the year 2000 will be located in less developed countries (LDCs). Of the top 16 “mega cities,” two of them, Sao Paulo and Rio de Janeiro will have 22.1 million and 12.5 million people respectively in their metropolitan regions by the year 2000 (UN, 1991). These cities will reach these phenomenal population levels as a result of economic transformations in rural areas that continue to fuel migration to cities (at a slower pace), and subsequent urban population growth. These demographic and economic changes will require new housing areas and redevelopment of existing neighborhoods. Ironically, these cities are already experiencing great difficulties in meeting the challenges of rapidly expanding cities of the past century.

In the case of Rio de Janeiro, nearly 25% of the population currently live in more that 1200 informal housing settlements (573 favelas and 688 loteamentos irregulares) with serious infrastructure deficiencies. Many of the inhabitants live in standard conditions without proper sanitary conditions and in unsuitable areas such as steep slopes, riverbanks, and swamplands. Poor physical and social conditions in these settlements significantly reduce the quality of life and economic productivity of the urban poor while increasing their vulnerability (Wratten, 1995). Moreover, in the past 15 years many of them have become privileged territories for drug dealers who defy authorities and spread terror among favela dwellers. While these
settlements continue to grow (Valladares and Ribeiro, 1994), the national debt crisis, and clientelistic politics (Gay, 1990; Banck, 1986) in the last decade have severely hampered and continue to challenge the municipality's ability to manage this massive growth. The City of Rio alone (excluding the metropolitan area) is expected to reach a population level of 5.6 million by the year 2000 that will exacerbate already serious infrastructure deficiencies in these settlements.

The past several years have brought some improvement in economic conditions in Brazil that is likely to accelerate urban redevelopment in its large cities even further (mostly in informal housing settlements if current trends continue) and will put additional pressures on infrastructure capacity. The management of this process will require a comprehensive approach to redeveloping favelas, integrating them to the rest of the urban fabric, and building upon community-based institutional arrangements already in place in the favelas. The FB program in Rio has begun engaging residents in the design and implementation of upgrading projects, has adopted an integrated urban redevelopment approach, and has secured the cooperation of various governmental agencies (discussed later). To what extent will the FB program, reaching four percent of Rio’s favelas, improve housing and living conditions in these settlements, reduce favelados’ vulnerability, and alleviate urban poverty citywide? The past three decades indicate that macroeconomic conditions played a significant role and will continue to affect the lives of favelados.

Brazil’s current situation is rather paradoxical. While it ranks as one of the top 10 countries with the highest GNPs in the world (mainly as a result of the gigantic dimensions of its territory and its rich natural resources), it ranks very poorly in terms of social development already in place in the favelas. The FB program in Rio has begun engaging residents in the design and implementation of upgrading projects, has adopted an integrated urban redevelopment approach, and has secured the cooperation of various governmental agencies (discussed later). To what extent will the FB program, reaching four percent of Rio’s favelas, improve housing and living conditions in these settlements, reduce favelados’ vulnerability, and alleviate urban poverty citywide? The past three decades indicate that macroeconomic conditions played a significant role and will continue to affect the lives of favelados.

Brazil’s economy has started showing signs of decline following the “oil crisis” in the late 1970s, and continued throughout the 1980s despite the introduction of a set of IMF-financed structural adjustment policies by the government. Looking back, Latin Americans refer to this period as “the lost decade” during which social and economic conditions noticeably worsened (Melo, 1995). Unemployment and under-employment combined soared to 36.6% in 1989 in Rio (IBGE/PNAD, 1990), and regional inequalities increased. A combination of hyperinflation, uncontrollable foreign debt, and a large public deficit led to a decline in manufacturing investments that fundamentally weakened the economy. National economic crisis had severe consequences for metropolitan areas (Rocha, 1995). The 1991 census reported that 75% of Brazilians were already city-residents, and a large portion of them were living in unhealthy conditions (Nations and Rebhun, 1996). The city of Rio de Janeiro, in particular, experienced the effects of an aggravated and prolonged macroeconomic crisis very strongly. It had already got accustomed to its lost status as the federal capital since 1961 but, the loss of its fiscal and political advantages as a city-state (in 1975) meant that it had weaker institutional and financial clout while being faced to accommodate a growing number of its population living in poverty. Its weak industrial base to support its economy combined with an underdeveloped agricultural base in the hinterland made the situation worse. The 1988 Constitution, however, transferred power to govern urban affairs to localities, which forms the basis for current municipal initiatives.

Late 1980s and early 1990s, furthermore, marked a period where the deterioration of the social fabric was dramatic and surfaced in the form of street violence among children (Schep-P Hughes and Nancy, 1992). The conditions of misery,
hunger, criminality and despair are certainly not unique to Brazil, and are widespread throughout Latin America, but Rio captured a unique spotlight perhaps due to its visibility through the international print media (Washington Post, 1995) and popular culture.

After a decade of unsuccessful efforts to curb inflation, manage the fiscal crisis, and to open and modernize the economy under structural adjustment measures, Brazilians recently introduced a homegrown “Real Plan” (July 1994) that links the Brazilian currency (the “Real”) to the US dollar opening Brazil to foreign investments. According to a recent study completed by IPEA (Neri and Pinto, 1996), the “Real Plan” is the first Brazilian plan that holds the potential to reduce inequality of income distribution without jeopardizing economic growth. Just before the introduction of the plan (in April 1994), the income of the 20% wealthiest households were nearly 4.5 times the poorest 50% of the households. By August 1996 this difference had dropped to about 3.9 times. Inequality is, however, still very notable. In 1995, while 10% of the wealthiest households accounted for almost 50% of the income, 10% of the poorest households enjoyed only 1%. Some analysts have pointed out that this growth is basically happening because industries are re-utilizing existing productive capacity that sat idle due to the crisis of the previous decade, and that there have really been no new investments to expand the existing industrial base. None the less, the new plan so far seems to be succeeding in keeping the currency stable and sustaining economic growth without inflation but, it is too early to tell its real impact. These macroeconomic changes have profound effects on Brazilian cities, Rio de Janeiro in particular.

**SOCIO-ECONOMIC PROFILE OF RIO**

Rio de Janeiro, with close to 5 million 400 thousand inhabitants in 1991, is the second largest city in Brazil and the core of the nation’s second largest metropolitan region (following Sao Paulo). It has always been a center that spreads ideas and public experiments throughout Brazil. It has a strong cultural presence in the national context ever since the days when it was the capital of colonial Brazil. Today it is an autonomous municipality and capital of the state of the same name. Legally it enjoys full powers to organize local public services, collect taxes and make its own laws. Its economy is primarily based on the tertiary sector (trade and non-specialized services), with a small industrial base (unlike Sao Paulo whose economy is based heavily on industrial production). Tertiary sector in Rio contributes to over 70% of the municipal gross domestic product (GDP) while the contribution of the industrial sector is only 30%. The city's GDP is about US$32 million implying a per capita income of about US$5,850 (IPLANRIO, 1996). At the state level, the city exerts unquestionable leadership, with the municipality’s GNP representing over 65% of the state income (Rio de Janeiro City Govt., 1993). Most of the residents of the metropolitan region depend directly or indirectly on the labor, commerce and services provided in the capital city.

Rio has experienced high rates of population growth since the 1940s but rate of growth has slowed down recently. While its population grew by about 8% between 1980 and 1991 (from 5,090,700 people in 1980 to 5,480,767 in 1991) at an annual average rate of 0.77% (IPLANRIO, 1993), between 1991 and 1996 population grew by only 0.2% per year. Urban and metropolitan population growth rates nationwide have slowed down, and birth rates in Rio have declined (1.9 child per woman in urban Rio) (Taschner, 1997; Valladares and Coelho, 1995). *Favela* population, on the other hand, grew at higher rates than the overall population.

Rio's population is spatially very concentrated, and land for new housing developments can only be found at great distances from the city center. The topography presents serious challenges for new development. The 5 million 400
thousand cariocas (Rio de Janeiro residents) live in an area of 1,171 km² divided by three important mountain ranges that are as high as 1000 m, a lake system in the south and the Atlantic Ocean on the eastern and southern coastline. Spatially, the city can be divided into four zones: central, south, north, and west. The central and southern zones, where middle and upper income neighborhoods are located, includes the best natural sites of the city, with spectacular beaches and mountains. This is the highest-priced part of the city, possessing the best urban infrastructure, commerce, services and various modes of transportation. Nearly 15% of all this area’s 1 million 800 thousand inhabitants are favela dwellers (that have escaped the “clean up” of the 1960s and early 1970s, discussed later) who benefit from being near to the center of the city, which is still the area that concentrates most labor-intensive jobs. Favelados are drawn to this part of the city by numerous jobs that require low skills, primarily in tourism and entertainment oriented retail and service sectors. Southern zone has also experienced population loss during 1980 and 1990 except in its favelas where densification or “verticalization” has been observed.

The northern zone, where neighborhoods first emerged as the railroad system expanded from the center towards the north, is another area where low-income households are concentrated. The concentration of industries in this area and its close proximity to the center has historically attracted the working poor to this area since the 1960s and 1970s. Around 20% of the 2 million 300 thousand inhabitants live in favelas in the northern zone. Several very large favelas in this part of the city are in the size of towns with populations reaching 50,000 inhabitants (e.g. Complexo do Alemão, Jacarezinho, Complexo da Maré). Many of these settlements, like those of the south zone, are quite old. They have been consolidated into stable neighborhoods where housing prices and rents are high in comparison to favelas in other zones. Middle income households that are unable to afford the high costs of housing in the south zone live in the suburbs of the north zone.

Lack of developable land in central and southern Rio, and high housing costs in central locations have led to sprawl type of development in the west. When the options of low-income households to locate in the favelas of the north and south zones have withered, they too have started locating in the rural west zone. Most of these settlements are loteamentos irregulares, settlements that have been subdivided illegally by private owners (see note 3). The layout of loteamentos irregulares is relatively more orderly than that of the favelas but skill lacks paved streets, water and sewage systems that are typically provided by public agencies in planned regular settlements; and they are far from the city’s center. Today the west zone, which occupies about 75% of the municipal territory, houses about 1 million 300 inhabitants, half of whom live in loteamentos irregulares plots with a far lower density (95 inhabitants per hectare) than in favelas in the northern zone (412 inhabitants per hectare) (IPLANRIO, 1993). Recently, a large number of organized and spontaneous land invasions took place in the western zone. These new favelas shelter the “poorest of the poor” who live in extremely poor sanitary conditions amidst serious environmental hazards. The expansion of the poorer segments toward the west zone (along with high-income residential and commercial developments) is a current public policy concern (Magalhães, 1997; IPLANRIO, 1996).

**MEANINGS OF FAVELA IN BRAZILIAN SOCIETY**

Regardless of the spatial pattern displayed by favelas, the prevalent view among non-favela residents is that they represent a “break” in the cityscape and that this fact reflects the characteristics of the social groups living in them. When one refers to something as a favela, one implies that such a place is “irregular”, “poor”,
### Table 1. Comparison of select characteristics of favela and nonfavela residents/dwelling units

<table>
<thead>
<tr>
<th>Characteristics of residents/Dwelling units</th>
<th>Favelas</th>
<th>City-wide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of household heads with less than 4 years of schooling</td>
<td>20.6</td>
<td>17.2</td>
</tr>
<tr>
<td>Percent of household heads with 15 years or more of schooling</td>
<td>1.0</td>
<td>16.7</td>
</tr>
<tr>
<td>Percent of household heads with income over 10 minimum wages</td>
<td>0.6</td>
<td>15.1</td>
</tr>
<tr>
<td>Average income of household heads (in minimum wages)</td>
<td>1.7</td>
<td>5.8</td>
</tr>
<tr>
<td>Percent illiteracy of people over 15 years old</td>
<td>15.3</td>
<td>6.1</td>
</tr>
<tr>
<td>Percent of houses without proper water supply</td>
<td>15.4</td>
<td>3.9</td>
</tr>
<tr>
<td>Percent of houses with inadequate sewerage system</td>
<td>36.7</td>
<td>8.9</td>
</tr>
<tr>
<td>Percent of houses with inadequate garbage collection</td>
<td>21.3</td>
<td>4.3</td>
</tr>
<tr>
<td>Average number of rooms per household</td>
<td>4.1</td>
<td>4.8</td>
</tr>
<tr>
<td>Average number of persons per household</td>
<td>3.9</td>
<td>3.5</td>
</tr>
</tbody>
</table>


“disorganized”, and “dangerous”, i.e., full of problems. Brazilian Portuguese even has a special term for the residents of favelas: “favelados”.

In addition, the general public has always viewed favelas as a source of “social blight” or “urban cancer”, in short, a problem that should be eliminated. The “break” in the urban fabric mentioned above is interpreted by Cariocas through such dualistic verbal expressions as “split city”, “divided city”, and “the world of the hills versus the world of the paved streets”. In the common jargon of Rio de Janeiro, “to go to the favela”, means to fall to one of the lowest rungs on the social ladder. Such views entail serious misconceptions and reinforce existing prejudices in such a way as to broaden the huge chasm already existing between social groups in Brazil.

Nearly one third of Rio’s population live in poverty, and most of the poor is spatially concentrated in the favelas. The co-existence of favelas and wealthy neighborhoods in close proximity to one another in Rio has resulted in “perverse integration” (Ribeiro, 1995). Different income groups live side by side not because of a better distribution of wealth spatially, but rather due to the overall impoverishment of the city’s population (Valladares and Coelho, 1995). The conditions in the favelas sharply differ from that in planned settlements. A recent study carried out by Rio’s municipal planning agency, IPLANRIO (1997), by using different social indicators based on the 1991 census, shows that the situation of favelas dwellers is far worse than that of the city dwellers as a whole (Table 1) (IPLANRIO, 1997). Dwelling units in the favelas, for example, are four times as likely to lack adequate sewerage connections compared to nonfavela units throughout the city.

### PAST APPROACHES TO THE FAVELAS IN RIO DE JANEIRO

Past approaches to the favelas in Rio de Janeiro can be examined in three time periods marked by key political and institutional changes: (a) the eradication and resettlement approach during the 1961–1975 period, (b) policy vacuum during the 1975–1983 period, and (c) the favela upgrading approach during the 1983–1994 period.

Early interventions focused on “eradication” of favelas and “resettlement” of favelados. This approach intensified following the military coup d’etat in 1964. During the 1961–1975 period, there was a considerable degree of disagreement at the local level about the “eradication and resettlement” approach. Rio enjoyed local autonomy as a city-state during this period and was not reluctant to voice its discontent with this approach but a flood of new financial resources from the national military administration for urban projects was too irresistible. The municipality launched a large favela resettlement program that gave priority to those
settlements adjacent to upper-income neighborhoods and areas reserved for industrial use. Residents were relocated to the city’s periphery that lacked good means of transportation, adequate social infrastructure, commerce and services. *Vila Kennedy, Vila Aliança* and *Vila Esperança* are the three largest and most well-known examples of such resettlement communities. These housing projects (*conjuntos habitacionais*) were built with funding secured from the United States Agency for International Development (USAID) during the 1961–1965 period.

One of the institutions introduced during the military rule, the National Housing Bank (BNH) (which went bankrupt in 1986) got high visibility by its programs in Rio. BNH was created to finance social housing programs nationwide, and aimed to ease social unrest that was predicted following the replacement of a populist government that had an agenda focused on the needs of the urban poor. The first BNH president was one of Rio’s state government secretaries who personally gave priority to the *favela* eradication program in Rio in order to demonstrate the feasibility of BNH’s policies. Reactions from *favelados* grew but federal and state government support for the eradication and resettlement approach continued until 1975. A federal agency, CHISAM, led the *favela* eradication program in the 1960s and 1970s throughout the metropolitan region (financed by USAID), and aimed to eradicate all slums in Rio within a decade (Perlman, 1976).

The 1975–1983 period can best be described as a period of policy vacuum with regards to the *favelas*, except for the implementation of “*Project Rio*” that aimed to upgrade six favelas with more than 75,000 people in 1980. Following the intense *favela* removals (1962–1973) even the housing finance agencies began exploring alternative strategies for low-income communities (Valladares, 1982). In this policy context, the Church encouraged the rebirth of the *favela* association movement in the 1970s (Valladares, 1997; Fernandes, 1997). The Church, through the Pastoral das Favelas, emerged as an important actor in providing legal assistance to *favelados* in land dispute cases.

This period also saw some administrative reorganization. Rio became a municipality in 1974 (by a central government decision without consultations at the state and local levels) as well as the capital of a new state created by the amalgamation of two states (Rio de Janeiro and Guanabara). While authoritarianism generally prevailed during this period, public opposition to inaction grew particularly after 1978 that eventually led to the creation of a Social Development Secretariat (SMDS) in 1980 within the municipality of Rio. SMDS was charged with developing programs for *favela* improvement, working with the urban poor, and mobilizing the local labor force (*mão de obra local*) in small-scale self-help public works projects (projeto mutirão).

*Favelas* regained priority in the public sector agenda following the first elections for state governors in Brazil since 1965 that took place in 1982 and brought to power, Leonel Brizola, who was well-known for his interest in social issues and politically liberal orientation (Gay, 1990). During his popular term (1983–1987) Brizola created a special unit (PROFACE) under the auspices of the state’s water and sewerage company (*CEDAE*) that focused on the *favelas* (Cavallieri, 1994). The new mayor of Rio who was appointed by the governor strengthened this renewed emphasis on the *favelas* by launching the *Favela-Upgrading* program and abandoning the idea of eradication altogether.

The period from 1983 to 1994 marks transitioning to democratic institutions throughout Brazil, and a period of decentralization. The 1988 Constitution provided a new framework under which municipalities began developing urban laws at the local level. The new Constitution transferred power of developing urban laws to the municipalities, required cities with more than 20,000 people to approve a master plan, and approved the right to occupy privately owned lands of up to 250 m² after only 5 years of uncontested possession (Fernandes, 1997). For Rio, the adoption of a new master plan in 1992 with this new power marked the beginning.
of a new generation of locally design programs for the *favelas*. The 1992 plan adopted the philosophy of *favela* preservation and upgrading rather than *favela* eradication and resettlement. The *Favela–Bairro* Program was created under this new philosophy.

### THE *FAVELA–BAIRRO* PROGRAM

The *Favela–Bairro* Program, launched in 1993, draws its legal justification from the 1992 Master Plan that was approved by the City Government after lengthy discussions and negotiations among city councilpersons, organizations representing civil society and the executive branch of the city (Cavallieri, 1994). It aims at integrating various municipal programs that have physical and social impacts. The Program was drafted by GEAP (Executive Group for Popular Settlements) that consists of representatives from all municipal agencies. The main objectives of the program are improving living conditions for the people of the city of Rio de Janeiro and integrating *favelas* into the rest of the city (Rio de Janeiro City Govt., 1994). More specifically, the program seeks (1) to furnish the *favelas* with basic sanitation services at acceptable standards that can be officially maintained by government agencies, (2) to spatially reorder the *favelas* by connecting their streets to surrounding city streets and creating areas for collective use, (3) to provide social services aimed at various low-income segments of the population, and (4) to legalize land tenure.

The Municipal Housing Secretariat (created in 1994) is the leading agency for the implementation of the *FB* program, and it is charged to formulate and implement housing policy and programs that focus on the housing needs of the urban poor. The *FB* program differs from past approaches that focused on housing finance alone (e.g. *BNH*) that had no consideration for integration of *favelados* to the rest of the urban fabric (Rio de Janeiro city Govt., 1995).

The *FB* program has secured a US$180 million loan from the Inter-American Development Bank to finance the first stage of the program (IDB, 1997). A project Execution Unit (Urban upgrading of Popular Settlements Program or *PROAP-RIO*) is in charge of introducing the program in 90 communities in four years. A total investment of about US$300 million is allocated by the municipality not only for physical improvements in the *favelas*, but also for the design of sanitary education programs, and for institutional strengthening within the municipality (conditions that are congruent with IDB’s urban lending policies) (Raias, 1995). Project investments that are planned for the four planned phases of the program are summarized in Table 2 (Rio de Janeiro City Govt., 1996).

The program has four main components that is being implemented in each of the phases and correspond to project objectives: (1) sanitation infrastructure, (2) spatial reorganization, (3) social services, and (4) land tenure legalization.

### Table 2. *Favela–Bairro* program: a summary of investments

<table>
<thead>
<tr>
<th>Phase</th>
<th>Period</th>
<th>Number of favelas</th>
<th>Population</th>
<th>Cost of projects (US$ 1,000)</th>
<th>Costs for works (US$ 1,000)</th>
<th>Costs per capita (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>1995–97</td>
<td>22</td>
<td>53,030</td>
<td>$1,626</td>
<td>$43,126</td>
<td>$844</td>
</tr>
<tr>
<td>2nd</td>
<td>1996–97</td>
<td>27</td>
<td>100,259</td>
<td>$3,597</td>
<td>$89,932</td>
<td>$933</td>
</tr>
<tr>
<td>3rd</td>
<td>1997–98</td>
<td>24</td>
<td>79,107</td>
<td>$2,787</td>
<td>$69,865</td>
<td>$916</td>
</tr>
<tr>
<td>4th</td>
<td>1998–99</td>
<td>17</td>
<td>80,362</td>
<td>$2,781</td>
<td>$69,584</td>
<td>$900</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>90</td>
<td>312,758</td>
<td>$10,792</td>
<td>$272,327</td>
<td>$905</td>
</tr>
</tbody>
</table>

*Source: Rio de Janeiro City Government (1996).*
The sanitation infrastructure component includes various public works projects aimed at providing safe water supply, trash collection, reforestation, public lighting, and mail service. The spatial reorganization component consists of the tasks of connecting the favelas to the surrounding street system and aims to improve the circulation of pedestrians as well as to improve vehicular access to the favelas on steep hillsides. The social services component seeks to link favelados with existing municipal social services, especially women and children. At least one daycare center per 100 children at age zero to six years is planned for each favela. Poor youngsters are targeted by the Rio-funk project that trains young favela residents in tasks that are both a source of income for them and an extension of the entertainment and social life (“world of funk”) prevalent in the favelas.

The land tenure legalization component consists of legalizing both the ownership of plots of land used for residents’ individual units and common areas. When land in the favelas is owned by the public sector it is transferred to residents by issuing a title called “concession of actual right to use” which grants residents full powers over utilization of the plot. Legal ownership remains in government hands. In cases where land is owned by private individuals the City Government can assist occupants in making a legal claim to possession (usufructuary or adverse possession) provided that they can prove uninterrupted (and uncontested) occupation of the land (a maximum of 250 m²) for at least five years. When occupants do not meet the five year occupancy requirement established by the legislation, the municipality can expropriate the land from private owners in order to transfer them to the occupants (i.e. provide “concessions of actual right to use”).

As part of this land clarification process the FB Program carries out legalization according to prevailing municipal urban planning guidelines. First, the entire land area occupied by the favela is declared a Special Social Interest Area (AEIS) which is a legal city zoning provision introduced in the 1992 Master Plan. Second, special urban planning and building codes that fit local conditions are specified. Third, boundaries of public and private areas are demarcated in alignment plans (PAL) clarifying individual and state ownership of land. This process is lengthy and complex but, it is a critical process in formulating appropriate design standards that fit unique conditions in each favela, and facilitating subsequent legalization.

**STRENGTHS OF THE FAVELA BAIRRO PROGRAM**

Upgrading of the favelas is not a new approach in Brazil. The Favela–Bairro program, however, does present a different course of action in Rio. The central themes and strengths of the FB program that distinguish it from past approaches are (1) projects designed to integrate favelas with planned neighborhoods (bairros), (2) urban redevelopment plans that embody a comprehensive approach, (3) an emphasis on coordination among municipal agencies, (4) utilization of a participatory approach, and (5) the use of private sector firms in executing public works projects.

First, the emphasis on integration of favelas and neighborhoods (bairros), both from spatial and social points of view, is very strong. Mayor’s Office stresses the goal of integration by stating that “Favela–Bairro Program has as its starting point the recognition of efforts made by low-income groups in the production of their housing, and aims to foster and complement this. This approach allows for the broadening of ordered access to the city” (Rio de Janeiro City Govt., 1996, p. 7). The theme of integration underscores the reduction of this gap not only physically and spatially, but socially as well. Contrary to policies of the past, the goal is to incorporate the favela communities and not to “wipe the favelas off the city map”. The program also emphasizes extending “urban rights” to residents of favelas in order to make them not only city-dwellers but also citizens. The provision of urban
services and infrastructure, clarification of land tenure, and property taxation (extending all benefits of urban upgrading to favela residents) are expected to allow them to become both inhabitants of the city and individuals who have full civil rights.

Another aspect of integration is to supply favelas with social services and programs to help reduce their vulnerability. This includes daycare centers, training for start-up work cooperatives, vocational training, and a number of other social and community-oriented services. The aim is to invert the situation of social exclusion by offering the “City” to that segment of the population that has long been isolated. It is both a matter of physically integrating the favela to the rest of the urban fabric by preparing it to receive the benefits of modern urban living, and to integrate the residents to mainstream society by preparing them to join the existing formal markets through the support provided by the social programs implemented, and investments in human capital.

Second, the program is not restricted to a mere series of public works projects but rather adopts a comprehensive approach. It combines interventions in different spheres of life in the favela communities (e.g. spatial reorganization, land-ownership clarification, and social projects). The practice of drawing up an overall master plan (urban redevelopment plan) to articulate the proposals for all sectors of the favela prior to execution of public works projects is introduced. This alters the former municipal practice of producing isolated improvements in the favelas that ignored the interconnections.

Third, it emphasizes coordination among different municipal agencies (Secretariats of Social Development, for Labor, of Education, of Public Works, of Urban Development, of Environmental Affairs, Company of Garbage Collection Service, etc). This changes the former style of governing significantly. The Favela–Bairro Program holds the potential to serve as a model of cooperation in the implementation of social programs for the poor by the various units of the Municipal Government. It also attempts to eliminate the past stigma attached to interventions in the favelas among municipal government staff.

Fourth, it adopts a participatory approach to project development and implementation. Professionals outside of the cadres of the City Government are invited to participate with their creative ideas. In the early phase of the Program (1994), for example, the Municipality invited the Brazilian Architects’ Institute to help set up a special design competition. Many interdisciplinary teams participated (e.g. architects, urban planners, engineers, sociologists, designers), and offered different methodological approaches to regularizing favelas (Rio de Janeiro, City Govt., 1996).

The planning process is also designed to be participatory. The development of an urban development plan allows urban planning solutions to be proposed that would not have been possible in the old way of operation that focused on isolated public works projects. This process lasts about six months facilitating the participation of favela residents who see their ideas mature through interactions with the designers contracted and the City Government team of technicians.

Urban upgrading projects are being drafted in each favela with close consultation with local residents participating in the process. While the views of technical “experts” (urban planners, architects, engineers, and sociologists) are used as a conceptual point of departure for the upgrading approach to be adopted a genuine effort is being made to engage residents in decision making.

Fifth, contractors are hired for the public works projects rather than relying on residents to provide their sweat equity. In the past, the residents did the works themselves with technical guidance from the architects and engineers of the City Government. This practice is replaced by contracting of work to professionals particularly to engineering firms that have never operated in the irregular favela areas before. These firms are invited to apply their technology and incorporate their
standards of quality of favela redevelopment. The participation of mainstream architecture, urban planning and engineering firms is new and changes the type of input used in regularizing favelas. The City Government now utilizes same methods used in the rest of the city to prepare projects and execute the works. This also means breaking down the resistance of those companies that always alleged tremendous difficulties in working in favelas because of the morphological irregularity of the sites.

The five features of the program discussed above have already attracted the attention of other localities in Brazil. Many municipalities and the federal government are examining the program for its potential replicability. The most important of all is perhaps the positive message that the program sends out to other government agencies and to civil society institutions (Souza, 1997). It signals that it is possible to tackle the redevelopment of favelas directly, and introduces a new sense of hope in Rio.

CHALLENGES IN PROGRAM IMPLEMENTATION

The challenges faced by a program with the scope and institutional complexity of the Favela–Bairro program are many. The main challenge, from the municipality’s perspective, is that of its sustainability, both from the political–institutional and financial point of view. The program appears to be widely accepted by various stakeholders in Rio, and the professional and academic community in Brazil. The program does have a solid legal and political foundation to proceed as planned. First, the Master Plan of 1992 approved in the government provides a base of legal support and legitimacy for the Favela–Bairro Program. Second, the Strategic Plan of 1995, developed as a new municipal agreement, identifies it among its main priorities, and provides political backing. The program, furthermore, has enjoyed “political centrality” (Randolph, 1996) both in the old (1993–1996) and the new (1997–2000) municipal administrations, and was accepted unanimously by the chief candidates of Rio’s City Government during the election campaign of 1996. Third, GEAP (the consultative group made up of the heads of the municipal agencies involved with housing) continues to be actively engaged by the Secretariat of Housing in order to keep inter-governmental cooperation alive.

Despite this apparent political support there is some resistance to change within the municipality itself. The municipality enjoys relative flexibility in the national administrative context but, it is not immune to internal resistance posed by the “carioca municipal machine”. Conceptualizing favelas as new city neighborhoods that should receive its full benefits while maintaining their peculiarities is a difficult task for the techno-bureaucratic mentality that has always seen it as completely outside of the legal framework of the municipality. It is not just new planning and building standards that needs to be created but, also the prevailing administrative practices must be adapted to implement favela redevelopment successfully.

CONCLUSIONS AND LESSONS DRAWN FROM THE RIO CASE

The legal authority to develop urban development plans at the local level in the past decade in Brazil, the political/popular support to implement these plans in Rio, and the management capacity to conceptualize an ambitious redevelopment program such as the FB program holds the potential to result in significant improvements in living conditions of the urban poor in Rio. The analysis of the Favela Bairro program in this paper shows the potential of innovations at the local level. Even in the short four year history of the program there are noticeable improvements in the favelas that are being upgraded. The theme of integration of
the *favelas* to the rest of the neighborhoods in Rio is central, and resonates powerfully with the *favela* movement in Rio that has long fought to reverse the conditions of social, political, and economic marginality.

The subsequent phases of the project however need to consider several key issues that have been widely discussed in the upgrading literature since the 1970s. First, targeting certain neighborhoods in the city, applying special planning standards for them, and channeling infrastructure investments into these settlements will raise property values in these select *favelas* compared to other *favelas*. This phenomenon in other countries have led to the realization of windfall gains by few entrepreneurs\(^4\) rather than creating a stable community for existing residents. The FB program does appear to have addressed this problem however by keeping land ownership in the public domain rather than transferring title to the residents. This would allow improved *favela* dwellings to remain as part of the permanently affordable housing stock rather than being sold to other individuals for profit.

Second, the FB program, as a place-based (and targeted) poverty alleviation strategy, does provide an opportunity for various municipal service delivery agencies to establish partnerships. The intergovernmental cooperation framework offered by the FB program executing unit in the municipality supplemented by field offices in select *favelas* should improve the flow of information among residents about their rights and obligations. The replicability of this framework city-wide remains a challenge that has to be overcome.

Third, income generation opportunities are supported in the *favelas* not only by providing physical space for their existence (e.g. community centers) but also, by providing training for new businesses. The fruits of such institutional strengthening activities are more likely to spread to the rest of the city rather than be confined to select *favelas* that benefit from physical improvements. This mode of thinking clearly differs from the purely public works orientation of the earlier upgrading projects in Rio that have utilized residents as sources of self-help (and free) labor for construction,\(^4\) and attempts to engage residents in strengthening the social institutions/capital in their neighborhoods while building business skills, and creating jobs.

Finally, an integrated redevelopment approach in the *favelas* does explicitly consider that problems related to housing, health, income generation, and the environment are inter-linked, and needs to be addressed simultaneously. This approach is markedly different from the conventional economic treatment of poverty that focuses on income alone, and is more likely to result in sustainable solutions in the long term.

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NOTES

1This type of popular settlement differs from favela in that the dwellers do not invade a piece of property owned by others (state in most cases) but rather buy a plot from the owner who has subdivided the land without complying with government rules. Under current laws in these settlements they cannot obtain title to their lands.

2Poverty line in Río is defined as 1.1 minimum wage per person in 1990 (S. Rocha, 1995, Table 6).

3Personal correspondence with Suzana Pasternak Taschner, December 1997.