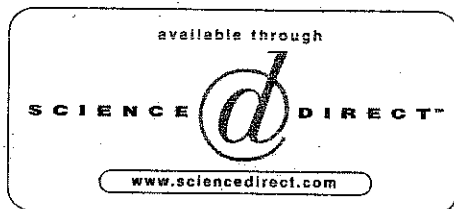


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Reviewing urban revitalisation strategies in Rio de Janeiro: from urban project to urban management approaches

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Abstract

This paper describes key urban development strategies pursued during the last seven years by the Municipality of Rio de Janeiro, the second largest city in Brazil. It discloses internal processes, organisational restructuring of the municipality and institutional changes geared to increase effective urban management and resource mobilisation required to implement multiple sector programmes and key projects in several locations in the city like Favela Bairro and Rio Cidade Programmes, The Rio Strategic Plan, etc. It is argued that the formation of interdepartmental working groups for better horizontal articulation of policy making and implementation, the creation of the financial and accounting unit, the decentralisation of authority towards sub-municipality levels, and capacity strengthening of its personnel – among other things – have made a positive impact on the performance of local government. The paper further highlights a significant change towards policies of urban consolidation and revitalisation of declined areas of the city supported by heavy public investments and the effort towards broader civil society involvement in municipal projects. Municipal autonomy, problem-solving and result-oriented type of planning and management and organisational change are some of the lessons pinpointed by the paper for a city of that size and complexity. © 2001 Published by Elsevier Science Ltd.

Keywords: Urban revitalisation projects; Management and organisational change; Urban governance

1. Introduction

This paper describes key urban development strategies pursued by the Municipality of Rio de Janeiro over the last seven years during which the local government undertook innovative actions that resulted in noticeable improvements in urban management. One of the objectives is to disclose some of the internal processes and measures taken by the local government in order to generate resources and forge effective management needed to put into motion multiple sector programmes and projects in several locations in the city. The indirect involvement of the author with the Rio Cidade and Favela Bairro programmes via a long-term capacity building programme allowed for participant observation and on-the-job assessment with those municipal staff who are in charge of different projects. Without any ambition to formulate a theory on urban management the author explicitly intends to present to a wider audience the peculiarities and specific characteristics of the

programmes and to show how some of them were managed and the results accomplished. It is an intention to recover lessons learned and an institutional memory that otherwise would be circumscribed to the municipality and to those directly involved in the programme.

The paper suggests that there have been fundamental changes in policies towards the city. It argues that these changes could not be brought about without supportive measures, capacity building and organisational restructuring and institutional changes needed to support new approaches to urban problems. It is argued that organisational restructuring, the formation of interdepartmental working groups for better articulation of policy making and implementation, the decentralisation of authority towards sub-municipality levels, and capacity building of its personnel – among other things – have resulted in noticeable improvements in local government performance. The analysis of this experience is particularly important given the fact that the population has expressed widespread approval of current urban development policies. This resulted in a remarkable outcome of the 1996 election that guaranteed the continuation of a governing political party for the first time

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in the history of the city. The paper argues that this provided for continuity in staffing, policies and organisational culture which in practice sets the basis for successful urban revitalisation processes and long-term development planning.

The most substantial changes that these programmes present in relation to previous policies relate to the involvement of civil society organisations in the project preparation and implementation phases and regarding the promotion of 'urban consolidation' principles. Though the level of participation cannot be compared to what is found in more politically progressive Brazilian local governments like for example Porto Alegre where an institutionalised participatory budgeting practice actually empowers public participation in public policy definition via prioritisation of municipal investments in the city. In Rio de Janeiro, neighbourhood associations were given a more limited space to participate in project preparation allowing at times for rejection of proposals formulated by the municipality. But this represents a step forward in municipal policies in the city. There is another remarkable change in attitude towards the favelas – informal settlements. For the first time, a city-wide favela upgrading – with heavy public investments and private sector participation in project planning and implementation – recognised the social and physical exclusion and the opportunities for consolidation and integration of these settlements into the city. Through the programme called 'Favela Bairro' the municipality abandoned the ideas of resettlement, eviction and 'blind tolerance' that characterised municipal policies until the beginning of the 1990's.

The paper describes some organisational and management settings established to make the municipal government more financially efficient. It also presents an analysis of different programmes and strategic interventions such as the Strategic Plan of the City, the Favela Bairro – Informal Settlement Upgrading Programme – and the Rio Cidade – Urban Revitalisation Programme. These are city-wide interventions that brought significant changes in the urban fabric with noticeable improvements in the functioning of the city. The articulation between these programmes, the actors involved and the co-ordination mechanisms as well as civil society participation are further described. The successes as well as the shortcomings are assessed in the light of possible future directions and issues are identified that still need to be addressed for the development of the city.

2. The urban, social and political context

Rio de Janeiro is Brazil's second largest and one of its two most important cities with São Paulo. The city is

known by its peculiar beauty and natural environment – between sea and mountain – having its geographic setting as its most important asset and an image that attract tourists from all over the world. It is also the seat of many important knowledge-based institutions and a significant industrial park especially in the petrochemical and naval sectors. It is also an important commercial and financial centre with a well established service sector especially in the financial and technological domains, offering a wide range of services in culture, leisure and tourism that gives the city an international profile. In 1960 Rio lost to Brasilia its status as capital of Brazil and seat of the national government but still retains the headquarters of many central government agencies. Without a doubt Rio is the most important cultural and tourist centre of Brazil.

In economic terms the GNP of the municipality of Rio de Janeiro is nearly US\$50 billion for a population of 6 million inhabitants. Rio's metropolitan region has 11 million inhabitants distributed among 13 municipalities within a total area of 7.4 thousand km² (Municipality of Rio de Janeiro included) and with a GNP of nearly US\$80 billion (IPEA, 1998). Altogether, the municipalities of Rio de Janeiro and São Paulo accommodate nearly 20% of the total Brazilian population of 160 million inhabitants and their economy are responsible for more than 20% of the total GNP of the country. The Rio–São Paulo axis of 429 km is in fact the heartland of Brazil's industrialisation and the engine of Brazil's development.

Despite its economic potentials the metropolitan region of Rio de Janeiro is marked by sharp inequalities. The disparities between the metropolitan core and its periphery exacerbate social exclusion and poverty. It is in the peripheral municipalities where a significant proportion of low income families and an unskilled labour force find housing accommodation and have access to cheap land. This phenomenon further materialises a severe social spatial stratification at the metropolitan level. The concentration of wealth, employment, services and entertainment in the core municipality result in a sizeable and continuous commuting from the periphery to Rio de Janeiro.

In the beginning of the 1990's Rio de Janeiro was confronted with an increasing social tensions and direct social impacts from the serious recession faced by the country as whole. Low-income settlements and more specifically the favelas had become the focal point of violence and insecurity with the 'narcotrafic' practically establishing a parallel power and local control to the detriment of municipal norms and the rule of law. The squatter residents' associations that were so active during the 1980's were under continuous strain and the local residents were subject to intimidation, fear and were often caught in the middle of gun fire from gangs and police forces.

The city was facing social and spatial disintegration when a new municipal government took office in 1993 with the determination to re-establish urban governance and to tackle at its roots what it called the 'urban disorder and social exclusion'. The decision was to act firmly and to take advantage of spontaneous popular mobilisation and demonstrations against all sorts of urban problems, the violence and insecurity in the city.

The informal sector had taken over the streets with street vendors mushrooming throughout the city putting the public realm at stake. Public spaces and pedestrian areas, even in such world-famous neighbourhoods as Copacabana and Ipanema, had been taken over by street vendors, cars and illegal extensions of shops and businesses leaving no space for pedestrians to walk. Municipal finance was not well organised and lacked efficiency due to the fact that the city cadastre had become obsolete after years of neglect and lack of updating. Revenue collection had declined and the local government structure showed signs of stagnation, failing to respond to the challenges faced by the second largest city in Brazil. The population had no confidence in the local government and the morale of the personnel was low, with salaries not matching the responsibilities (Acioly and Andreatta, 1998).

There was a plea to bring safety, harmony and liveliness to public spaces. Civil society organisations were united to recapture the image of the city and to fight for social order. There were a series of public manifestations that created opportunities for the population and its organisations to get involved in the development of a vision of the city and its future development. There was also a change in the external economic and political contexts caused by the National Economic Recovery Plan – Plano Real – which managed to control inflation and to bring stability to prices and monetary policy – something the Brazilians had been awaiting for an entire decade. The municipal government took advantage of these externalities to play a pro-active role against what it called urban disorder.

Municipal action was also facilitated by the substantial degree of political, administrative and financial autonomy that a Brazilian municipality enjoys in comparison to many other developing and even developed nations. As noted by Davey, Brazilian municipalities have such powers that make them potentially among the most comprehensive and independent in the world (Davey, 1996). Municipalities in Brazil have a constitutionally protected autonomy and the power among other things to determine their own organisation and functions, have mayors and vice-mayors directly elected, have the power to determine their own municipal constitution (Lei Orgânica) and laws and have the autonomy to exploit their revenues. A city like Rio de Janeiro has a tremendous potential to generate its own resources and revenues if proper management and sound policies

are put into place. Paradoxically, municipal autonomy represents a bottleneck within a context of conurbation and a metropolitan region like Rio de Janeiro because it makes it very difficult to achieve the required close co-operation and co-ordination between independent local governments in sectors such as urban environmental management, public transport, infrastructure provision and economic development planning.

3. Measures to accomplish institutional performance and improved public sector management

The municipality restructured itself internally and a new matrix management structure was established to facilitate and increase cross-sector and horizontal co-ordination. First-ranked municipal officials and head of municipal departments met regularly with the mayor to accomplish a cohesive policy formulation and implementation. This group was called 'G54' and the second-ranked municipal official's group was named 'G260'. These numbers indicate the number of officials involved in each working group. The setting up of these groups and their operation thereafter proved to be an important management and communication tool for the mayor within the municipal government. The role of each group was clearly defined. G54 was geared to policy and had a strong political character while G260 was executive in character and was geared to operational issues. Nevertheless it helped to build ownership and high commitment of the staff to the municipal policy goals and strategies designed.

Five macro-function groups were formed according to key development areas: social development, economic development, urban development, city management and finance. Each group had one municipal secretariat as a leadership to conduct governmental policies and to achieve an articulated municipal strategy and was therefore accountable to the mayor for its organisation and implementation. The urban development group was lead by the Secretariat of Urbanism under the leadership of a distinguished architect, Luis Paulo Conde, who was later elected and is currently the mayor of the city running for re-election in October 2000.

The emphasis was given to urban policies geared to the rehabilitation of public spaces and the integration of informal settlements into the urban fabric. Municipal action should be equally divided among all territory meaning that municipal budget expenditure should be spread spatially abandoning previous practices of selective and populist types of interventions. The principle was to tackle the discrepancies found between neighbourhoods in terms of public investments, infrastructure, and the quality of space and quality of life and to reverse the processes of decline via public investment.

This approach was articulated with the actions and programme initiatives undertaken within the scope of the social and economic development macro-function groups.

Horizontal linkages and co-ordination were arranged, geared to efficiency in resource use, decision-making and setting of common goals. Top municipal management meetings occurred regularly (at least once a month) and were organised around themes. In these meetings, the subjects were discussed and public policies defined, establishing the roles of each secretariat and municipal agency, streamlining co-ordination and resource allocation. The mayor and the top official heading the municipal secretariats engaged in strategic discussions and developed common visions at the G54 meetings that were further worked out in operational and administrative terms at the lower level of the municipal administration. All this was linked with creating strict financial management and efficient revenue collection and a good city information system, aiming to provide the mayor with the necessary and up-to-date information for decision-making.

One of the most innovative measures was the establishment of the 'Controladoria Geral do Município - CGM' or 'financial control unit' that was legalised in December 1993 nearly one year after the new administration took office (Law 2.068/1993). This was inspired by the General Accounting Office of the American Government an autonomous entity that takes care exclusively of the public accounting. The CGM in Rio de Janeiro was an important tool created by the mayor – who was a professor of economics – to control municipal expenditures, incomes and provide timely financial statements to allow proper municipal investment planning. Every programme, action or initiative that required municipal resource allocation were properly checked and immediately integrated into the budget control and financial projections. This initiative brought transparency to the municipal government, vis-à-vis the other political powers like the Elected Municipal Council (Municipal Chamber), the Tribunal of Accountant and the population in general. This was an instrument used by the mayor to prevent corruption and minimise fraud within his administration. Rio was in fact the first municipality in Brazil to have such an entity exclusively in charge of internal control of municipal finances. The main role of the CGM is to exercise accounting, budgetary, operational and patrimonial control of the entire municipal administration safeguarding the efficiency in the management and use of public revenues. It also supports the tribunal of accounting that is the place where municipal finance receives the final auditing. The mission of CGM is to make the municipal administration transparent while helping to reduce public expenditure and promote efficiency and efficacy in the activities of the municipality. This paid off as the municipality managed to generate a

sizeable surplus that allowed it to self-finance several urban interventions.

One of the most important systems of the CGM is the Management Information System (SIG-Sistema de Informações Gerenciais). The SIG can provide within a matter of few seconds strategic information for decision making. For example, the total value of revenues collected via each one of the main taxes (municipal, state and federal), the total revenue and expenditures of each month indicating whether there is deficit or surplus, the expenditures incurred by different municipal organisations and functions of the government, etc. Even the degree of liability of the municipality on a daily basis as well as of the 10 major projects under implementation by the municipality can be provided through SIG.

Although some of the re-organisational measures were never formalised in terms of municipal decree approved by the Elected Municipal Council, their actual implementation gained a *de facto* character. This was the case with the founding of sub-municipalities defined as decentralised territorial branches of the municipal government. Each sub-municipality was assigned to one or more administrative region. It became an important level of interface between local demand, local political processes and the municipal government. The 'sub-mayor' was appointed by the mayor – as a position of confidence – and was assigned the task to articulate the actions of different municipal agencies within its territory, work out municipal response to local demand and channel them into the municipal apparatus. A critical bottleneck in this decentralised form of urban management was the lack a decentralised municipal budget and the lack of authority of sub-mayors to actually decide on resource allocation.

The changes in policies and financial management practices were meant to make the municipality more responsive to externalities and facilitate quick decisions regarding policy, investments, programmes, public security and the modernisation of the municipal apparatus. Besides the co-ordination within the macro-function groups and the active management of municipal finance, the municipality launched a strategic planning process through which civil society organisations took part and new ideas and new approaches to improve living conditions in the city were designed. The strategic plan of the city involved civil society organisations, neighbourhood associations, squatter residents' associations, private sector organisations, public sector agencies, universities, churches representatives, professional unions, etc. The strategic plan's permanent assembly gathered more than 1500 representatives in continuous discussions that lead to solutions of many of Rio's urgent problems (Strategic Plan for the City of Rio de Janeiro, 1996). This was the first strategic plan formulated in Latin America to present a pragmatic view of the opportunities and threats faced by Rio. Several

other programmes were designed and immediately put in the pipeline. One achievement is the construction of the strategic urban highway 'Yellow Line', linking the western and northern areas of the city, an investment of US\$250 million managed by a public-private partnership (PPP) arrangement.

4. A municipal agency with a private sector performance: IPP (former IPLANRIO)

In order to enhance performance of its apparatus a municipal government must have to hand institutional mechanisms and organisations capable of flexible and timely responses to urban problems. This is exactly the case of IPLANRIO, the Municipal Planning and Information Agency. It is a municipal institution subordinated directly to the mayor's office and responsible for the development and management of urban indicators and for the formulation and implementation of urban revitalisation projects, information dissemination, and for the maintenance and updating of the fiscal and physical cadastre of the city. In 1997, IPLANRIO was restructured and split into two agencies. One strictly concerned with the informatics, fiscal cadastre and financial accounting and the other called IPP – Municipal Urban Institute Pereira Passos concerned with urban planning, urban indicators, strategic projects, and urban sector studies and programme management. The city's digital cadastre and the management of the social and economic indicators as well as the monitoring of the favelas (informal settlements) are part of the myriad of tasks performed by IPP. IPP works in close liaison with private sector organisations and community-based organisations in the implementation of several urban revitalisation projects like the *Rio Cidade* and the *Favela Bairro* programmes.

The role of IPLANRIO and now IPP has been instrumental and strategic in modernising information management within the municipality and in creating a decision-support system for the municipality. With direct access to the mayor's office and with a flexibility and mobility similar to private sector organisations IPP manages to attract qualified professionals and to maintain a position of leadership within the municipal apparatus. It elaborates urban projects, contracts out project formulation and implementation, and supports the implementation of these projects working together with other municipal departments like the municipal secretariats of Public Works, Housing, Urban Affairs and also the Traffic Authority and Municipal Light Company. IPP is an active member of Macro Functions Interdepartmental Working Groups like the one for urban development. IPP is currently responsible for the 'informatisation' of the city's land register, the database organisation, the computerised property-tax register and

service-tax register, and the collection and distribution of key economic, physical and social data.

IPP has been also instrumental in the development and updating of the city land register and a geographically referenced database linked to the property-tax basis. Today, this represents a significant source of municipal revenue, which amounts to nearly US\$1 billion. The Municipality of Rio hardly depends on transfers from the Federal and State Governments, which today represent only 32% of the municipal budget. Local revenue collection had increased to a level that allowed the municipality to build a reserve of US\$1 billion for investments by the end of 1995 that were used to launch the *Favela Bairro* and the *Rio Cidade* programmes. The city also issued municipal bonds and sold them in the international market, generating a small surplus of US\$125 million. These revenues were fundamental for launching municipal development programmes as well as to finance its investment plans. The income derived from applications of the reserves in the financial market increased from US\$26 million in 1993 to US\$323 million in 1995. In 1998, municipal revenues accounted R\$3.6 billion Reais or US\$2.1 billion.

Two key programmes gained popular support, so much so as to influence significantly the results of the municipal election of 1996 when a governing party was re-elected for the first time in the history of Rio de Janeiro providing for continuity in policies, politics and in staffing. The 'Favela Bairro Programme' focused on the upgrading of the favelas (informal settlements) and its social, juridical and physical integration in the city via public investment in infrastructure, community facilities, public space management, participation and legalisation of land tenure. The 'Rio Cidade Programme' aimed at the revitalisation of key corridors and focal points of consolidated neighbourhoods of the city by means of public investment geared to modernisation of infrastructure and recovery of their image and urban character. New designs were implemented in public lighting, urban furniture, visual signalling of streets and public spaces, traffic management, pavement, pedestrian routes, bicycle paths, etc.

Both programmes featured new forms of urban and architectural design in the reshaping of the built-up environment, as well as stimulating private-sector involvement in the conception of projects and in the implementation thereafter. This means that the municipality had to strengthen the capacity of its technical staff to properly guide and oversee programme and project implementation, which involve a multitude of public, private and community actors. A programme- and project-management structure were setup to monitor the entire project cycle, from its conception and development to implementation and final delivery to the population. The bulk of these programmes were financed directly from the municipal budget. The *Favela Bairro* programme received counterpart (40%) finance

from the Inter American Development Bank (nearly US\$180 million).

5. Rio Strategic Plan: innovating plan making and implementation

The Strategic Plan of Rio was based on the same approaches and planning methodologies used in the formulation and implementation of Barcelona's Strategic Plan. In fact, several consultants from Barcelona worked in the elaboration of the plan of Rio. A vital part of the process was the direct involvement of civil society organisations during the entire process and the mobilisation of financial resources from the private sector in order to finance the entire strategic planning process. Several working groups were established and had among its member's representatives from universities, churches, residents' associations, private sector industrial and commercial associations, professional organisations, etc. The working groups prioritised issues, clarified a new vision to the city and actually set up the mechanisms for action.

The plan reports the direct involvement of 305 people on the City Board and Board of Directors of the plan representing renowned public, private, academic and community organisations. One-hundred and nine persons actively participated in the preparation of the diagnosis of the city while 323 got involved in the analysis of the proposals for the city. Twenty-five different specialists were hired to prepare sector studies (Strategic Plan for the City of Rio de Janeiro, 1996).

The plan mobilised agencies from the state and federal governments and increasingly involved private sector actors not only in the financing of the plan but also in the implementation of several strategies and projects. An active working group that assembled various economists formed the basis for the creation of a new 'Municipal Secretariat' strictly concerned with labour questions. The new secretariat focused on capacity building of workers and labour markets that resulted in Rio having one of the highest rates of employment among the major cities in Brazil. The unemployment rate in the city is 5.8% against the national rate of 7.7% (O Globo, 2000).

6. Urban revitalisation: recapturing public spaces via the Rio Cidade programme

The main objective of this programme was the urban restructuring and revitalisation of vital commercial streets situated in consolidated neighbourhoods of the city and which are significant for local image making and that of the city of Rio de Janeiro. Previous studies conducted by IPP revealed that physical deterioration

and economic decline in these areas were going hand in hand. Poor quality of the urban environment and deficiencies in street lighting, urban furniture, landscape planning, and inadequate provision of infrastructure and public spaces for pedestrians and vehicles demanded urgent public intervention. The programme was particularly addressing the inadequacy and obstructive character of public spaces and amenities that make the circulation of pedestrians an unpleasant and at times a dangerous endeavour.

The municipality decided to open the process of planning and the design of alternatives to private sector organisations providing a unique chance to consultants, engineering and planning firms to participate in the reshaping of the city's public spaces. Together with the IAB – Institute of Architects of Brazil – the municipality organised via the IPP a public competition to develop methodological suggestions, ideas and urban revitalisation strategies. The response was overwhelming.

In the first phase of Rio Cidade Programme there were 15 planning and architectural offices that were selected and hired afterwards to further develop their ideas and transform them into actual projects. IPLANRIO (now IPP) co-ordinated the process on behalf of the municipality and articulated concerted actions with other municipal agencies. IPP played a vital role in cross-sector co-ordination between municipal public utility agencies as well as other public, private and community stakeholders required to manage and implement a programme of this magnitude. For each project, a project manager was assigned to manage the entire project cycle until the final delivery of its output to the city. Rio Cidade's project managers were responsible for the entire process of project formulation and implementation playing a pivotal role in the articulation between the various private, public, community and political actors. This was an innovative step that helped to make the programme efficient in problem resolution, time management and resource use when compared to other experiences of the municipality.

Different from other revitalisation projects previously implemented in the city the Rio Cidade Programme stimulated the involvement of the neighbourhood associations who actively participated throughout the entire project cycle, from project conception till final implementation. This was an important new aspect of the programme. It was a rather new step in getting more transparency in plan making and implementation via a consultative process. Several suggestions and objections from residents and shopkeepers and business associations were incorporated into the final projects. At times, projects were totally rejected and forced to reformulation. This provided a new dynamics to civil society participation and strengthened public ownership of the programme. This channel of communication allowed the IPP to monitor more closely how local residents and

small businessmen were developing more interest in municipal works at their residential areas and presenting a more articulated demand in public space management. The increasing interest and desire to voice opinions during public meetings and consultations can be regarded as a sign of increase in self-esteem among the population directly affected by the projects. On top of that, IPP keeps a continuous channel of communication with residents of project areas (and outside as well) through which letters, telephone calls and conversations are recorded, filed, channelled through the municipality – if it involves other departments – and finally responded back to the citizen involved.

The principal points of the policy were to promote urban consolidation in key areas of the city and to abdicate from the 'comprehensive city urbanism' and urban redevelopment approaches that characterised previous municipal interventions. The programme sponsored a series of simultaneous strategic revitalisation projects but took into account the linkage between them and the neighbourhood where they were situated. The Rio Cidade Programme relies on indigenous creativity and local resources directly drawn from the city's budget. The entire city was subject to urban revitalisation actions and the idea was to irradiate urbanity surrounding the focal points of interventions of the programme. The local business community increasingly got involved in the revitalisation process and responded positively with a significant amount of private investments in building improvement, renewal of facades, face lift of shopping streets, business appeal and public space management. All 15 projects of the first phase were implemented resulting in complete renewal of infrastructure networks, public space planning and management, redesign of urban furniture and circulation with high degree of popular approval. 150 squares and public parks were rehabilitated within the process.

A new competition was organised and 20 other areas are now subject to urban revitalisation initiatives with a solid public investment programme behind it. Actually, the municipality via the IPP has a data bank of urban projects sufficient to keep the city in continuous process of urban renewal for the coming 10 years. Financial resources have been allocated to finance the second phase of Rio Cidade Programme which is equal to the first phase – costing the equivalent of US\$150 million – drawn directly from the municipal budget. Evolving from the experience and lessons learned with this programme the municipality launched the RIO-MAR (literally, Rio-Sea) waterfront management programme geared to rehabilitate the public spaces situated in the waterfront of the city. The upgrading of the world famous Parque do Flamengo – designed by Architect Burle Marx and known as one of the largest urban parks in the world – is now undergoing a pro-

cess of conservation and restoration. This implies the recovery of its plant stock and public amenities, the refurbishment of the Museum of Modern Art, the upgrading of public sports facilities and improvements in public safety.

7. Integration of informal settlements: recapturing citizenship rights

In 1994, the municipal government created a Municipal Housing Secretariat (SMH) whose goal was to formulate and implement a municipal housing policy that could provide sustainable solutions to the various facets of the housing problems unearthed in the city. Different programmes were designed to address problems of low income families residing in irregular settlements or illegal land subdivisions; management and maintenance problems found in existing public housing estates implemented within the framework of the national housing finance system (1964–85). Also the problems of the families living in settlements situated in high risks areas and the homeless people living under viaducts were also addressed by the new housing policy. A specific programme was designed to address the problems of the informal settlements – favelas – called the Favela Bairro Programme (SMH, 1995). The programme was launched and financed by the municipal budget but at a later stage the municipality managed to increase its budget to more than US\$300 million thanks to a loan given by the IADB – Inter American Development Bank provided that the investments would not exceed US\$2500.00 per family (first phase of the programme).

The programme did not start from scratch since the knowledge about the problems of the favelas was well internalised in the municipal apparatus. The 1991 census survey had already disclosed the existence of 412 favelas. Two years later an IPLANRIO's survey unveiled 570 settlements lodging an estimated population of 1.3 million low income inhabitants or 21.6% of Rio's population. It revealed poor infrastructure provision and public services and in cases there was a total absence of any kind of municipal services. Most of the favelas were densely occupied with poor accessibility and with an irregular urban configuration that lacked open public space. Land tenure was not regularised. The surveys disclosed a noticeable change in the type of materials utilised for the construction of the dwellings. A decrease in wood and recyclable materials and increase of ceramic bricks and concrete structures were evidence of a consolidation process tolerated by previous municipal governments. The favelas have increased in density and have expanded onto steep hills and higher areas causing deforestation, environmental degradation and increased

risks of landslides. The 1995 heavy rains showed the vulnerability of many favelas causing substantial material damage and loss of life.

The selection of the settlements for improvements followed a clear set of criteria that took into consideration (1) the size of the favela, (2) the degree of difficulty for physical upgrading, (3) the level of infrastructure in place, and the (4) needs of the inhabitants. This would have a direct effect on (5) the overall cost of upgrading. Urbanisation indicators were developed and in the end more than 100 favelas were excluded and 85 favelas were prioritised for immediate action.

The main objective of the Favela Bairro programme is to integrate informal settlements into the formal city via settlement upgrading initiatives. This is meant to transform favelas into liveable neighbourhoods where one would find roads and accesses, land titling, community and public services and amenities as in any other place of the city. The municipality tackled social exclusion with a solid public investment package that involved the local population, various municipal agencies, non-governmental organisations and professional associations and private consulting firms. Similarly to the Rio Cidade Programme, the municipality also innovated in a number of aspects. In 1994, a public competition of ideas and methodologies for favela upgrading was organised in partnership with the Brazilian Institute of Architects – IAB, based on which the SMH drew the first 15 best proposals submitted by local planning and architecture offices. These were awarded a contract to develop upgrading plans in pre-selected settlements with a clear instruction to work closely with the communities in the design of plans and for delineating action plans (see Fig. 1).

The programme stimulated physical integration as a first step of the upgrading process meaning that there was an emphasis on accessibility, opening and paving of roads and the definition of public spaces. The programme focused on public space management leaving the household/private domain out of its priority packages. A settlement layout plan was a must and clearly defined the public and private realms as an essential step for the formalisation of land tenure and the citizenship rights of the inhabitants. Real estate assets of favelas' residents accordingly become part of the real estate property cadaster and subject to the city's taxation but at the same time their rights to demand access to and the provision of infrastructure and public services are consequently enhanced. The principle of the programme is based on the axiom: citizenship implies rights and obligations for both the citizen and the state (Acioly, 1997).

In order to implement the programme the SMH created a programme management structure and established cross-sector and inter-agency co-ordination mechanisms to oversee the entire planning process from plan formulation to final implementation and completion of the works in each of the selected favelas. Like the Rio Cidade Programme, project managers are assigned important roles to guarantee that the development of the projects and their implementation are carried out according to the established principles and norms for public tendering in Brazil. As showed in Fig. 1, the project managers are the pivots of the management system, linking different types of activities and the actors responsible for their execution e.g. planning teams (elaboration of projects and intervention plans), the building contractors (construction activities) and the community associations (final users and beneficiaries).

Rio de Janeiro's Upgrading Program - Favela Bairro

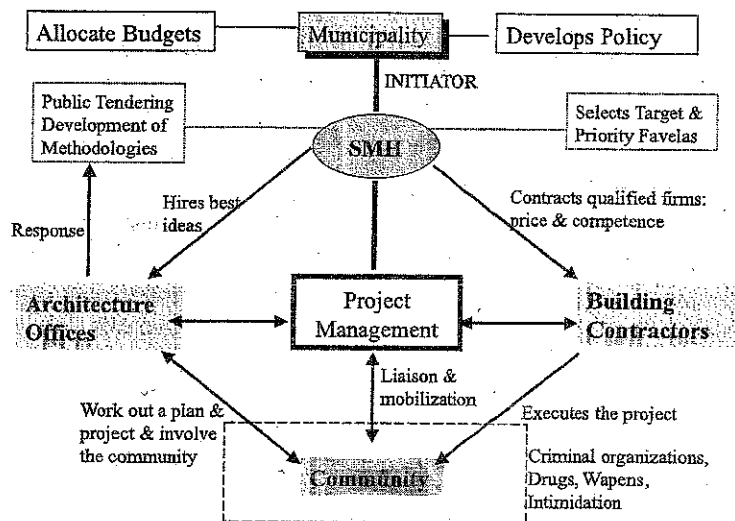


Fig. 1. Programme management structure.

The implementation process is also subject to public tendering with the contractors selected in conformity with their experience, capability statement, prices and management capacity to execute public works of this nature.

Until this date more than 450,000 residents have benefited from the programme. In total, the Favela Bairro Programme, together with the *Bairrinho* Programme and the Improvement Programmes carried out in the four Largest Favelas like Rocinha for example, benefited 115 settlements at a total cost of US\$450 million. US\$180 million was mobilised through a loan from the Inter American Development Bank, US\$28 million from the National Savings Bank – CEF and the European Union (allocated to *Bairrinho*) and US\$80 million financed by the CEF for the improvement of the large favelas. The remainder is drawn directly from the municipal budget. The second phase of the Favela Bairro Programme prioritised 70 favelas while the *Bairrinho* 30 favelas nearly reaching a total of 120 settlements. The estimated cost is US\$320 million for a total population of 400,000 people.

The Favela Bairro Programme achieved a high degree of satisfaction of the direct beneficiaries and also public approval by the city's population. Follow-up supervision shows that municipal investments are generating individual private investments in housing improvement and in building renewal. The residents are also getting involved in management and maintenance of the benefits provided by the programme. In some settlements, local community leaders and municipal staff report that the narcotraffic is relocating to other sites as opening of roads and better accessibility corroborate to total physical integration of the favelas to the surrounding neighbourhoods. In the Boreu and Chácara do Céu favela complex it is obvious that greater spatial transparency and easy access of the police and public security forces to higher and previously inaccessible parts of the settlements have resulted in less violence and drug trafficking. "An underlying, but not often explicitly articulated, objective of the Favela Bairro Programme has been to neutralise the influence of organised crime in the favelas of Rio and to bring back the presence of the State to these areas, reinstate governance and restore municipal authority, along with its laws, norms and values after decades of neglect" (Acioly et al., 1999). The Municipality of Rio de Janeiro seems to have been successful in doing this.

8. Attempts to become a global city in the 21st century

Needless to say that the experience gained with planning and managing complex urban projects, environmental programmes and large-scale infrastructure

projects during the last eight years strengthened the local government capacity not only to steer the future development of the city but also to co-ordinate the participation of various actors and stakeholders. Besides that the institutional framework has been significantly improved as a result of a noticeable effort to establish a professional management structure within the municipality. Municipal finance has been well organised as well placing the municipality in a comfortable position when compared to other Brazilian cities. This has increased the credibility of the local government in relation to International funding agencies such as the Inter American Development Bank and the European Union, facilitating access to loans (and financial resources) of certain magnitude and allowing the continuation of important municipal programmes. Rio de Janeiro's tax base has improved and is reasonably accurate with a direct linkage between the physical and the fiscal cadastre and the city information system. An on-going digital mapping programme under the responsibility of IPP is creating an accurate cadastral basis and should provide local government's decision making with immediate feedback and scenario's based on a GIS – Geographical Information System. All these management and administrative initiatives depict an outstanding effort of the municipality to mark the position of Rio de Janeiro in the global network of cities.

The Elected Municipal Council (Municipal Chamber) has endorsed and approved the local government initiatives to expand private sector participation in the management of particular municipal services. Public concessions up to 10 and 30, and in some cases 50 years have been approved for construction and management of underground parking facilities, the sewerage network at Barra da Tijuca, Yellow Line Urban Highway (with first urban toll system in Brazil), the optic fibre network, etc. Public-private partnership – PPP has been also applied in the transfer of development rights helping to promote redevelopment and preservation projects in several locations of the city. The city strategic plan is another tool focusing on mobilisation of private sector resources – nationally and internationally – in order to allow the city to continue investing in the research and knowledge sectors, infrastructure as well as in its tourism and natural environmental assets. The local government wants to consolidate an image of a well-functioning city that is concerned with the quality of life of its inhabitants, a fact that explains the special attention given by municipal interventions to the quantity, quality and image of its public space. Like Rotterdam and Berlin and other major European cities, Rio de Janeiro is launching selective design competitions to attract well-known foreign architects to help the local government to design flagship projects for the inner-city revitalisation programme which includes the realisation of teleport projects, revival of housing in downtown

areas and the waterfront redevelopment. The legislation has been adjusted paving the way for densification and revitalisation and the return of housing to downtown areas. The municipality is particularly attentive to developments in the Mercosur, the common market of the South Cone of Latin America, and intends to use its image to attract the establishment of branches and headquarters of important trans-national corporations. On top of that, the city administration is always prepared to host big events like the Olympic Games (lost to Sydney), the recent Simeira of Chief of States, the world congress of IULA – International Union of Local Authorities and other types of sport events that provide additional fuel in city marketing.

While one must give credit to the current city administration for the apparent success in urban renewal and physical revitalisation that have a direct effect on the economic positioning of the city, there is still a lot to be done to resolve social exclusion and urban poverty. Despite the fact that Rio de Janeiro has the lowest unemployment rate of the major urban agglomerations in Brazil it is still far from resolving critical inequalities within its urban fabric particularly when its metropolitan region is taken into account. There is hope for changes when one considers the establishment of the Municipal Secretariat for Employment and the various capacity building initiatives geared to increase the quality of the labour force in the city. Another challenge for the local government remains the public safety and the problems of criminality and violence that still co-exist with all these success stories that lead Rio de Janeiro to the 21st century.

9. Conclusions and lessons learned

On the political side, the continuity in policies, staffing, organisational culture and team work within the municipality can be regarded as one of the keys to the success of the urban revitalisation process in Rio de Janeiro. Opinion polls carried out within the recent political campaigns underscored a significant public approval for the positive changes introduced in the city by the current administration. According to research undertaken by JB-DataUFF-America Online, the current mayor has a remarkable level of approval by 68.6% of the population who considers his administration good or excellent (JB, 2000). This trend may result in his re-election in the upcoming municipal election (2000) and would provide an unprecedented continuity of the governing party for three terms of four years or a total of 12 years since 1993. Few cities in Brazil have enjoyed this situation. Curitiba is the most well known case with mayor Jaime Lerner occupying the mayor's seat for three different terms of four years since 1971 while

managing to name his successor on most occasions guaranteeing a unique continuity in policies and municipal administration. The success stories of Curitiba and its urban and environmental management are a function of this continuity. Porto Alegre is another city that has been governed for three consecutive terms of four years by the same political party – PT (Labour Party) allowing the city administration to enjoy continuity and substantial popular support. The population of both cities reports high levels of satisfaction with the municipal administration that is validated in the local elections and that has paved the way to institutionalisation and long-term planning at the local government level.

On the management side, the restructuring of municipal finance and the tight control on municipal revenues and expenditures that were established in the beginning of the first administration (1993) in Rio provided the municipality with the fundamental in-house resources to launch city-wide revitalisation programmes. Additional funding from national and international funding agencies were tapped into the programmes. In fact, the availability of resources combined with an action-orientated type of planning supported by a truly autonomous municipality and political will propelled the changes experienced by Rio de Janeiro. These elements should be considered as a *sine qua non* condition for successful urban interventions in a city of the magnitude and complexity of Rio de Janeiro. Innovations at the programme and project management levels as described for Rio Cidade and Favela Bairro Programmes should also be regarded as an integral effort to establish an effective and result-oriented public sector management at the municipal level. This paper pinpoints the linkage between management change and public sector efficiency but there is a need to further investigate these linkages and unearth concrete evidences and empirical data that may help local governments to improve their response to its external environment.

On the planning side, the experience of Rio de Janeiro gives further evidence that to cope with a fast growing and dynamic metropolis of this size, a local government must move away from the traditional city-wide prescriptive master planning. It must abandon the paradigms of modernism that advocates among other things strict zoning regulations, demolition and resettlement of informal settlements. A flexible type of planning that recaptures the principles of action plans and large integrated projects focused on strategic sites of the city seem to provide better instruments to urban restructuring and citizen involvement. However, one must bear in mind that the municipal apparatus with its traditions and more than 500 laws and norms in use represented a paramount bottleneck to overcome. The case of Rio shows that organisational restructuring, cross-cutting

co-ordination, strong leadership and training of municipal personnel are the keys to surpass the barriers of tradition and institutional stagnation. Furthermore, the strategic plan of the city encouraged the deregulation and 'flexibilisation' of planning and managed to establish an important link between economic thinking and private and public investments to urban planning intervention.

When it comes to tackling social exclusion and urban poverty via the upgrading and integration of favelas into the formal city then some limitations of the approach start to become evident. The recognition of the potential of informal settlements and the design and implementation of a city-wide informal settlement upgrading and regularisation programme is indeed a breakthrough in the management of the city especially when one considers that this is only one of the various programmes that form the municipal housing policy. The mobilisation of additional funding from the Inter American Development Bank and the European Union to implement the Favela Bairro and Bairrinho programmes is a guarantee for the continuation of a large scale and multi-settlement project. However, it proved that the Secretariat of Housing was not prepared to take this paramount responsibility and had to contract out programme management to a private management consultant (*gerenciadora*). This is a risk for capacity building of indigenous resources and institution building and may affect the 'internalisation' of management processes and procedures. The approach used by IPP to undertake the Rio Cidade programme provides better indications that the public sector is perfectly capable of managing the entire project cycle in a multi-project urban revitalisation program, including neighbourhood consultations.

The Favela Bairro projects still focus on physical improvements and heavy infrastructure investments limiting the participation of the residents to the project preparation phase although the orthodoxy of public investments generating private investments holds in the cases of both Favela Bairro and Rio Cidade projects. It is worth noting that the second phase of the programme emphasises social economic development and addresses employment generation and supports the establishment of micro-enterprises in a well-structured manner. Another shortcoming of the programme is that the final 'regularisation' and juridical integration has not been realised despite the fact that nearly 22,000 families have received their land title in different informal settlements. Complex and time consuming land regularisation procedures are impeding the total integration of the favelas into the formal city thus impeding the Favela Bairro programme achieving one of its most fundamental objectives.

It is noticeable that a significant amount of the municipal budget has been allocated to areas and

neighbourhoods that were never recipients of heavy public investment. Nevertheless the disparity still remains between the southern and northern zones of the city. And despite the apparent success of several municipal programmes like the Favela Bairro Programme and the packages of heavy public investments in poorer areas of Rio de Janeiro the municipal government is far from resolving the critical levels of social, physical and economic exclusion in the city. Furthermore, the dichotomy between Rio de Janeiro and its metropolitan region has further stretched and may drive urban violence to levels that severely affect public safety in the city.

The economy of Rio de Janeiro has partially recovered and the relatively low level of unemployment gives optimism to its population that is responding positively to the urban revitalisation programmes. Violence has decreased in the informal settlements where municipal intervention took place has not ceased in the city as a whole. The question remains whether a single local government has the means and instruments to resolve a problem that is structural of the Brazilian society and that goes beyond the jurisdiction of its territory. Several other problems that cannot be resolved alone by Rio's local government such as environmental problems, traffic congestion, public transport, sewerage systems remain unresolved because they require working in close liaison with municipalities of the metropolitan region. The solution to industrial pollution, water source contamination, the sedimentation of the Guanabara bay and the air quality depend on co-ordination of the city government with other levels of government and also with its neighbouring municipalities of the metropolitan region. Despite the successes of municipal programmes, attempting to solve its major problems alone will not provide Rio with a sustainable solution to many of its problems and will put at stake its position as a global city in the 21st century.

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