Building capacity for urban policies: Challenges and Potentialities of PAC-UAP (Slum Upgrading Program)

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Introduction

- Fundamental: ability of a government to do what it intends to do

- Policy capacity to make and implement public policies is here viewed as a set of analytical, operational and political resources and competences necessary for developing policy functions at three different levels – individual, organizational and systemic (WU, RAMESH, HOWLETT, 2015).

- However, considering that public policies are increasingly decentralized and co-produced, the article argues that further research is needed for a more comprehensive understanding of shared policies’ functional requirements and their proper addressment.

- The need to understand and develop subnational governments’ capacity becomes more pressing in federative contexts that are characterized by local governments assuming the role of welfare providers (STOKER, 2011) and by high inequality (socioeconomic and institutionally).

“Conferral of authority and responsibility in the absence of capacity is a recipe for failure”

(SAGUIN, RAMESH, 2018: 5).
• Heterogeneity of municipal capacities and the high level of decentralization after 1988 required coordination policies to minimize inequalities in the access to public services and good (FARAH, 2011; SOUZA, 2002)

• Two main strategies to tackle this situation: federative coordination + improvement of local governments capacity through intergovernmental arrangements (national systems)

• Despite these advances, claims that the lack or inequality of municipal capacity hinders policy production in Brazil are still common (VASQUEZ, 2012; GRIN, 2016; BRASIL, 2006)
GOAL:
Bridge the debates on policy capacity and implementation of shared policies, investigating how the launching of federal policies influences the development of local governments’ capacity (particularly in policies outside national systems)

RESEARCH QUESTIONS
• (1) Considering all the stakeholders involved, do these public policies encompass all the necessary resources and skills required for proper implementation?
• (2) How do these public policies impact on local governments’ strengthening or development of capacity?
Empirically, this article will analyze the capacity for implementing urban policies in Brazil, using the Program of Acceleration of Growth as a case study, specifically its modality of Slum Upgrading (hereinafter PAC-UAP)

Methodology: document review, literature analysis, semi-structured interviews

PAC-UAP has particular features that justifies its choice as a case study.
1. Interdependence and intergovernmental cooperation (Municipalities tend to ‘run’ federal programs)
2. Inexistence (ineffectiveness) of national social housing system
3. Local governments’ institutional capacity for implementing housing policies
4. Subnational governments were the leading figures in PAC-UAP
5. Program known for implementation problems and low execution rates
PAC-UAP

- Average execution rate in the contracts between municipalities and federal government reached only 65%, and merely 32% of the contracts had reached more than 95% of implementation in December 2017 (LIMA-SILVA, 2018)
- Argument that justifies this fact often lies on the limited capacity of local governments, affecting their capacity to elaborate slum upgrading projects and to manage their execution (DENALDI ET AL, 2016, PETRAROLLI, 2015, BRITO, 2015, CAMPANHONI, 2016, CIRERA, GOMES, 2013)

“The fact is that, considering the institutional capacity installed in municipalities today, you have a lot of trouble executing the money that is available. Our execution in PAC-UAP is 1% per month, it is desperate (LIMA-SILVA, 2014: 101)”
Local capacity for slum upgrading policy (1930s on)

From nonexistence (forced removal) to gradual complexity of interventions: increase of legitimacy and complexity in terms of actors involved and skills and resources required.

Guarapiranga Dam, São Paulo
<table>
<thead>
<tr>
<th></th>
<th>Period</th>
<th>Characteristics</th>
<th>Actors and institutions</th>
<th>Required skills</th>
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<tbody>
<tr>
<td>1</td>
<td>Eradication &amp;</td>
<td>1900s to 1970s</td>
<td>From the 1930s on, with a focus on building new houses: Federal government (IAP, Fundação Casa Popular, BNH)</td>
<td>Basic knowledge of slum areas and their population&lt;br&gt;Technical expertise to building new houses and moving displaced population to them</td>
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<td></td>
<td>Removal</td>
<td>Clearance of families as the ideal answer. Hygienist and authoritarian policy</td>
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<td>2</td>
<td>Upgrading &amp;</td>
<td>1980s to 1990s</td>
<td>Municipal governments as pioneers and leading figures (&quot;decentralization by absence&quot;)&lt;br&gt;1990s: Federal government launches upgrading projects (reduced scale)&lt;br&gt;International organizations: BID</td>
<td>Analytical: diagnosis of slum areas and their population, as well as main infrastructure deficits. Ability to develop projects (1990s)&lt;br&gt;Operational: administrative skills, funding, staffing, coordinated decision-making&lt;br&gt;Political: social participation, creating legitimacy to slum upgrading policies</td>
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<td>Consolidation</td>
<td>Emergency and punctual intervention to acknowledge land tenure and improve infrastructure condition.&lt;br&gt;Guarantee of ‘minimum social rights’&lt;br&gt;1990s: slum upgrading project becomes valuable and quality increases</td>
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<td>3</td>
<td>Integrated</td>
<td>2000s on&lt;br&gt;HBB- BID, PAC-UAP&lt;br&gt;Slum upgrading as an integration tool, linking the settlement to the city. Importance of the slum upgrading project&lt;br&gt;Removals, when necessary&lt;br&gt;Federative coordination. Definition of standards for the execution of services and works Implementation of participatory management tools</td>
<td>Federal government (MCidades): designs programs, provide guidelines, finances&lt;br&gt;CAIXA: national bank that manages the programs' operationalization&lt;br&gt;Subnational governments: elaborate and implement slum upgrading interventions&lt;br&gt;Construction companies and infrastructure governmental agencies: building and installation of basic infrastructure</td>
<td>Analytical: data collection and analysis; specific technical knowledge for project elaboration, execution and monitoring&lt;br&gt;Operational: administrative skills, funding, staffing, coordinated decision-making, monitoring and control, accountability, inter and intraorganizational coordination, bidding experience&lt;br&gt;Political: social participation, level of trust and legitimacy of slum upgrading and public agencies</td>
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<td>Upgrading</td>
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PAC-UAP and its policy capacity

- PAC-UAP: the program and its policy capacity
  - Federal coordination
  - Turning point: agenda and investment (PAC 1 - 3,133 projects for slum upgrading were contracted, corresponding to investments of R$ 20.8 billion)
  - Detailed analysis of PAC-UAP shows that municipal capacity was a serious issue in the program implementation, but it also suggests that there are many other issues to be taken into consideration.
## PAC-UAP and its policy capacity

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<tr>
<th>Individual resources</th>
<th>Organizational resources</th>
<th>Systemic resources</th>
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<tbody>
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<td><strong>Analytical skills</strong></td>
<td>Selection of low-quality projects due to the need to initiate program</td>
<td>Low in parts of the country: unavailability of specialized professionals</td>
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<td>Most municipalities: problems with the existence and/or quality of technical team for data collection and analysis, project elaboration and implementation. Small ‘elite’ of municipalities with adequate capacity. <strong>With PAC-UAP: gradual improvement</strong></td>
<td>Complex process for project management, review and for biddings</td>
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<td><strong>Operational skills</strong></td>
<td>General problem with inter-agency coordination and hired external companies</td>
<td>Unexpectedly high, negative effects: oversight by control bodies</td>
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<td>Many municipalities had problems with financial resources and management</td>
<td>Problems with excessive bureaucratic control and discretion (CAIXA)</td>
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<td><strong>Political skills</strong></td>
<td>Municipalities gradually lost Federal government’s support</td>
<td>Gradual loss of public legitimacy and trust, impacting on the priority in the agenda (MCMV)</td>
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<td>Some municipalities had communication and negotiation problems regarding the project (slum dwellers)</td>
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PAC-UAP and its policy capacity

PAC and Municipal Capacity – double consequence

(1) Selection of incomplete projects → delays and problems

“You never prepare a public policy without clear expectation of resources. The resources become available and then people start to prepare the projects. So there really wasn’t updated and complete slum upgrading projects after 20 years without investments, there were no projects in the pipeline. Therefore, the first selection of projects within PAC was made with incipient projects, with proposals, with ideas… (INTERVIEWER B, 2018)”.
PAC-UAP and its policy capacity

PAC and Municipal Capacity – double consequence

(2) Many municipalities accessed for the first time federal resources for large scale slum upgrading, which had positive impact on their political and analytical capacity

“According to Mauá’s Deputy Secretary of Works, Milton Nakamura, the availability of resources for the execution of the slum upgrading in the Chafick / Macuco Complex was what enabled the project in this settlement (which has more than 7,000 resident families) to become a priority among his many activities as the city’s Secretariat of Works (PETRAROLLI, 2015: 90).”
PAC-UAP and its policy capacity

PAC and Interorganizacional management of the implementation process

Commonly mentioned operationalization problem were related to excessive oversight by external control bodies, coordination with other agencies and immoderate bureaucratic (and discretionary) monitoring by CAIXA

“(…) as the slum upgrading interventions evolved and the resources increased, so did the control and the fear of the bureaucrats who were involved in the transfer and control of these resources. And this started to slow down the execution of the projects a lot. And we also had many problems with the discretion of CAIXA’s employees. They analyzed the projects, and when something was not very explicit in the norms, the technician often decided to take the decision on his own, saying ‘I will not approve because of this, because of that’, even when the project was correct. Then we had a huge controversy: CAIXA’s employee thought the project was not right, those who made the project argued it was right, and many projects were damaged because of discussions like this (INTERVIEWER C)”.

PAC-UAP and its policy capacity

PAC and Factors exogenous to the policy

Legislation that are too stringent, impacting especially on the process of land regularization tasks, environmental licensing and the bidding processes. **Systemic capacity:**

“In one of these talks [about the difficulties in implementation], he asked: do you know how many pachymetry experts there is in the whole Northeast? How many offices there is? The region only has two specialized offices, and they are loaded with work, because there are sanitation works, the transposition of the São Francisco River... There are two huge projects, and these offices only have an open spot in their agenda in four months from now, there's nothing I can do. (...) We have a distribution of professionals, skills that is very unequal, both in the public sector but also in the private sector (INTERVIEWER A, 2018).”

Last, but not least, another very influencing element was that, shortly after its launch, PAC-UAP and the theme of slum upgrading lost systemic legitimacy (WU, RAMESH, HOWLETT, 2015), failing to consolidate itself as a priority in the national agenda (KLINTOWITZ, 2015; DENALDI ET AL, 2016).
Final comments

- Incomplete fit between shared policies’ functional requirements and their proper addressment
  - View that municipalities lacked abilities and resources is partially correct
  - Low operational and political capacity have proved to be useful to understand PAC-UAP’s low execution rates

- PAC-UAP has helped to insert the slum upgrading issue on the local political agenda, contributing to the development of municipalities’ individual, organizational and policy capacity

- Sustainability of the recently built capacity for slum upgrading policies?

Thanks!