

Communities and Local Government

Three Case Studies in São Paulo, Brazil

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Contents

Acronyms	ii
Summary/Résumé/Resumen	iii
Summary	iii
Résumé	iv
Resumen	vi
Introduction	1
The Participatory Budget	2
Participatory administration of municipal budgets	2
Municipal-level responses in São Paulo	4
Cooperativa dos Catadores de Materiais Reaproveitáveis	7
The emergence of a national catadores movement	7
The consolidation of COOPAMARE	8
Apuanã	10
Transformations of housing movements	10
Apuanã: “Deconstruction” and the slow return	12
Final Considerations	14
Bibliography	15
UNRISD Programme Papers on Democracy, Governance and Human Rights	17
Table	
Number of municipalities with participatory budgets in Brazil	2

Acronyms

CDHU	Companhia de Desenvolvimento Habitacional e Urbano <i>(Housing and Urban Development Company)</i>
CONOP	Conselho do Orçamento Participativo <i>(Participatory Budget Council)</i>
COOPAMARE	Cooperativa dos Catadores de Materiais Reaproveitáveis <i>(Recyclable Materials Collectors Cooperative)</i>
CSO	civil society organization
CUT	Central Única dos Trabalhadores <i>(Central Workers' Union)</i>
FGTS	Fundo de Garantia por Tempo de Serviço <i>(Guarantee Fund for Time Worked)</i>
MNCMR	Movimento Nacional dos Catadores de Materiais Recicláveis <i>(National Movement of Catadores of Recyclable Materials)</i>
NGO	non-governmental organization
OAF	Organização de Auxílio Fraternal <i>(Organization for Fraternal Assistance)</i>
PT	Partido dos Trabalhadores <i>(Workers' Party)</i>
UBS	<i>unidade básica de saúde</i> (basic health unit)
UMM	União dos Movimentos de Moradia <i>(Union of Housing Movements)</i>

Summary/Résumé/Resumen

Summary

This paper describes the fate of three forms of collaboration between the local government of São Paulo, Brazil, and civil society groups begun during the administration of Mayor Luiza Erundina (of the Workers' Party, or Partido dos Trabalhadores/PT) from 1989 to 1993. These three instances of collaboration fell into and remained in disfavour during two subsequent conservative administrations (Paulo Maluf, 1993–1997 and Celso Pitta, 1997–2001). Nevertheless, the work begun by the community groups, civil society organizations (CSOs) and local authorities during that first PT administration survived the decade and contributed to important social and political advances that are still in progress not only in São Paulo, but also in many other parts of the country.

After a brief review of São Paulo's political transitions during the 1990s and the first years of the new century, Raquel Rolnik and Renato Cymbalista present brief case studies of the three collaborations from their inception during the Erundina administration up to the end of 2002. The first case is that of the participatory budget, a citywide process that involved hundreds of CSOs, tens of thousands of residents and a large contingent of civil servants and PT activists. The second is the case of the Recyclable Materials Collectors Cooperative (Cooperativa dos Catadores de Materiais Reaproveitáveis/COOPAMARE), a cooperative of homeless and near-homeless men striving to create employment and decent working conditions for themselves as collectors and recyclers of materials discarded by other members of society. The third case is that of Apuanã, a revolutionary model for self-governed mutual assistance housing cooperatives.

The administrative rupture that occurred in the municipality of São Paulo at the beginning of 1993 had a negative impact on virtually all partnership initiatives between public authorities and civil society in the city. Instead of seeking political, economic and social arrangements aimed at making rights effective and achieving social inclusion, a type of urban management based on clientelism and corruption came into practice. From the point of view of public investment, the so-called "inversion of priorities" that occurred during Erundina's PT administration gave way under the Maluf administration to a reconcentration of investment in the southwest of the city, historically the area that had benefited the most from public investment and that contained the population with the highest income.

São Paulo was also affected by national-level policies. The city was one of the areas hit worst by the 1993 Real Plan, for example, which led not only to economic decline, but also to an increase in social inequalities related to the loss of formal employment, especially in the manufacturing industry. From the perspective of urban development, the loss of employment and income was reflected in the rapid growth of the most deprived areas of the city. Between 1994 and 1998, the number of people living in *favelas* (shanty towns) increased significantly.

In 1997, supported by an aggressive marketing campaign and in spite of strong accusations of corruption, Maluf succeeded in electing his successor, Celso Pitta. The finances of the city government were in a very precarious position, with investment capacity almost nil. Moreover, Pitta's political support remained weak throughout his term, as did his ability to institute any changes to improve the city's economic and social situation. As a result, voters of all economic and social sectors of the city abandoned him in the next election in favour of the candidate of the PT, Marta Suplicy. Suplicy took office in 2001 in the middle of a situation widely acknowledged to be a grave economic and institutional crisis.

The new mayor's freedom of action was extremely limited, due both to external factors and to factors linked to the political approach that was adopted, that is, the wide spectrum of alliances made by the PT during the campaign and within the city council that resulted in a more conciliatory approach than had been adopted by Erundina from 1989 to 1993. This pacifying approach was similar to the one adopted nationally by the PT in recent years and which has

become more inclined toward social pacts than social conflict, a fundamental element in Luis Inácio Lula da Silva's successful campaign for the presidency of Brazil.

The significance of the recent history of São Paulo city lies in the fact that the policies implemented in the period from 1989 to 1993 were highly exceptional, even in the context of the policies of the PT itself. Nonetheless, the partnerships between civil society and the municipal authorities formed during this period were not irreversibly dismantled by administrative discontinuity. As Rolnik and Cymbalista show in this paper, each of the three experiences of partnership between the city government and CSOs that originated during Erundina's term in office subsequently suffered in the face of demobilizing conservative municipal power. Yet, to a large extent due to the political relevance of social leadership in the municipality of São Paulo, the adverse context did not prevent the exchange of information about experiences between cities or the establishment of links at the national level. Thus the experiences did not come to an end; and in order to understand the complexity of their evolution, it is necessary to look at the broader arrangements that emerged. This paper considers these forces of tension and investigates the consequences of the experiences at the local and national levels.

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Résumé

Ce document décrit le sort qu'ont connu trois formes de collaboration entre les autorités locales de Sao Paulo, au Brésil, et des organisations de la société civile lorsque Luisa Erundina (Partido dos Trabalhadores/PT ou Parti des travailleurs) était maire de la ville, soit entre 1989 et 1993. Ces trois formes de collaboration sont tombées et demeurées en disgrâce pendant les deux administrations suivantes, qui étaient conservatrices (Paulo Maluf, 1993-1997 et Celso Pitta, 1997-2001). Pourtant, le travail entrepris par les organismes communautaires, les organisations de la société civile (OSC) et les autorités locales pendant cette première administration du Parti des travailleurs a survécu à la décennie et a contribué à des progrès sociaux et politiques marquants, qui se poursuivent, non seulement à Sao Paulo, mais aussi dans beaucoup d'autres régions du pays.

Après avoir brièvement examiné les transitions politiques à Sao Paulo pendant les années 90 et les premières années du nouveau siècle, Raquel Rolnik et Renato Cymbalista présentent de courtes études de cas des trois collaborations, depuis leurs débuts pendant l'administration de Luisa Erundina jusqu'à fin 2002. La première étude est celle du budget participatif, opération à laquelle ont participé à l'échelle de toute la ville des centaines d'OSC, des dizaines de milliers d'habitants et une forte proportion de fonctionnaires et de militants du PT. La deuxième porte sur la Coopérative de ramassage de matières recyclables (Cooperativa dos Catadores de Materiais Reaproveitáveis/COOPAMARE), coopérative de sans-abri ou de quasi-sans-abri qui s'efforcent de créer un emploi et des conditions de travail décentes dans le ramassage et le recyclage de matières rejetées par les autres membres de la société. Le troisième cas est celui d'Apuanã, modèle révolutionnaire de coopératives de logements et d'entraide autogérées.

La rupture administrative qui s'est produite à la municipalité de Sao Paulo début 1993 a eu des répercussions néfastes sur pratiquement toutes les initiatives de partenariat entre pouvoirs publics et société civile dans la ville. Au lieu de se mettre en quête de mécanismes politiques, économiques et sociaux propres à favoriser la réalisation des droits et à lutter contre l'exclusion sociale, la nouvelle administration a assis son pouvoir sur le clientélisme et la corruption. S'agissant des investissements publics, la prétendue "inversion des priorités" qui s'était produite pendant l'administration du Parti des travailleurs, lorsque Luisa Erundina était maire, a

cédé la place, pendant l'administration de Paulo Maluf, à une reconcentration des investissements dans le sud-ouest de la ville, soit le quartier qui, historiquement, avait profité le plus des investissements publics et où habitaient les plus riches.

Sao Paulo a été également affectée par les politiques adoptées au niveau national. La ville a été l'une des régions les plus durement touchées par le Plan Real de 1993, par exemple, qui a entraîné non seulement un déclin économique mais a aussi creusé les inégalités en supprimant des emplois, en particulier dans le secteur manufacturier. De la perspective de développement urbain, la perte d'emplois et de revenus s'est traduite en ville par l'expansion rapide des quartiers les plus défavorisés. Entre 1994 et 1998, le nombre de personnes vivant dans les *favelas* (bidonvilles) a sensiblement augmenté.

En 1997, soutenu par une agressive campagne de promotion et malgré de fortes accusations de corruption, Paulo Maluf a réussi à faire élire son successeur, Celso Pitta. Les finances de la municipalité étaient dans une situation très précaire et la capacité d'investissement presque nulle. De plus, n'ayant pu compter pendant toute la durée de son mandat que sur de faibles appuis politiques, Celso Pitta n'a guère eu les moyens d'introduire des changements pour améliorer la situation économique et sociale de la ville. Aussi les électeurs de tous les horizons sociaux et économiques de la ville l'ont-ils abandonné aux élections suivantes au profit de la candidate du Parti des travailleurs, Marta Suplicy. Celle-ci est entrée en fonctions en 2001 alors que tout le monde s'accordait à qualifier la situation de grave crise économique et institutionnelle.

La marge de manoeuvre de la nouvelle mairesse était extrêmement limitée, en raison à la fois de facteurs externes et de facteurs liés à la démarche politique adoptée, c'est-à-dire le large spectre des alliances conclues par le PT pendant la campagne et au conseil municipal, qui l'a obligée à se montrer plus conciliante que ne l'avait été Luisa Erundina de 1989 à 1993. Cette démarche de pacification n'est pas sans rappeler celle que le PT a adoptée à l'échelle nationale ces dernières années, en se montrant plus enclin aux pactes sociaux qu'au conflit social, démarche qui s'est révélée déterminante pour le succès de la campagne du candidat Luis Inácio Lula da Silva à la présidence de la République fédérative du Brésil en 2003.

L'intérêt de l'histoire récente de la ville de Sao Paulo tient au fait que les politiques appliquées entre 1989 et 1993 étaient tout à fait exceptionnelles, même par rapport à celles du Parti des travailleurs. Néanmoins, les partenariats conclus pendant cette période entre la société civile et les autorités municipales n'ont pas été irréversiblement démantelés par les changements d'administration. Comme le montrent Raquel Rolnik et Renato Cymbalista dans cette étude, chacun des trois partenariats noués entre la municipalité et des OSC pendant le mandat de Luisa Erundina a souffert de la démobilisation dont ont fait preuve les conservateurs lorsqu'ils ont été au pouvoir. Pourtant, en grande partie grâce à l'intérêt politique que présentait la direction sociale de la municipalité de Sao Paulo, le contexte défavorable n'a pas empêché les échanges d'information entre villes sur ces expériences, ni l'établissement de liens au niveau national. Ainsi, les expériences ne se sont pas arrêtées. Pour comprendre la complexité de leur évolution, il faut tenir compte des mécanismes plus larges qui se sont institués. Les auteurs se penchent ici sur ces forces de tension et enquêtent sur les conséquences des expériences aux niveaux local et national.

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Resumen

En este documento se describe el destino de tres diferentes formas de colaboración entre el gobierno local de São Paulo (Brasil) y grupos de la sociedad civil creados durante la administración de la alcaldesa Luisa Erundina (Partido de los Trabajadores o Partido dos Trabalhadores/PT) de 1989 a 1993. Estas tres formas de colaboración fueron desaprobadas y siguieron siendo desaprobadas durante dos administraciones conservadoras sucesivas (Paulo Maluf, 1993–1997 y Celso Pitta, 1997–2001). No obstante, la labor iniciada por los grupos comunitarios, las organizaciones de la sociedad civil (OSC) y las autoridades locales durante aquella primera administración del PT sobrevivió el decenio, y contribuyó a importantes logros sociales y políticos que siguen avanzando no sólo en São Paulo, sino también en muchas otras partes del país.

Tras una revisión concisa de las transiciones políticas que tuvieron lugar en São Paulo en el decenio de 1990 y en los primeros años del nuevo siglo, Raquel Rolnik y Renato Cymbalista presentan breves estudios de caso de las tres formas de colaboración, desde sus inicios durante la administración de Erundina, hasta finales de 2002. El primer caso es el del presupuesto participativo, un proceso que abarca toda la ciudad y en el que participaron cientos de OSC, decenas de miles de residentes y una gran parte de funcionarios y activistas del PT. El segundo es el caso de la Cooperativa de Recuperadores de Materiales Reciclables (Cooperativa dos Catadores de Materiais Reaproveitáveis/COOPAMARE), integrada por hombres sin techo o prácticamente sin techo que luchan por lograr unas condiciones de empleo y de trabajo dignas como recuperadores y recicladores de materiales desechados por otros miembros de la sociedad. El tercer caso es el de Apuanã, un modelo revolucionario para cooperativas de vivienda por ayuda mutua de carácter autónomo.

La ruptura administrativa que tuvo lugar en el municipio de São Paulo a principios de 1993 tuvo consecuencias negativas en prácticamente todas las iniciativas de asociación entre las autoridades públicas y la sociedad civil en la ciudad. En lugar de esforzarse por alcanzar acuerdos políticos, económicos y sociales para hacer efectivos los derechos y conseguir la inclusión social, se puso en práctica un tipo de administración urbana basada en el clientelismo y la corrupción. Desde el punto de vista de la inversión pública, la llamada “inversión de prioridades” que tuvo lugar durante la administración del Partido de los Trabajadores de Erundina dio paso, durante la administración de Maluf, a una reconcentración de la inversión en el suroeste de la ciudad, zona que históricamente se había beneficiado en mayor grado de la inversión pública y en la que residía la población de ingresos más elevados.

São Paulo también se vio afectada por políticas nacionales. La ciudad fue una de las zonas que más sufrió los efectos del Plan Real de 1993, por ejemplo, el cual no sólo provocó el declive económico, sino también el incremento de las desigualdades sociales relacionadas con la pérdida del empleo formal, especialmente en la industria manufacturera. Desde la perspectiva del desarrollo urbano, la pérdida de empleo y de ingresos se reflejó en el rápido crecimiento de los barrios más desfavorecidos de la ciudad. Entre 1994 y 1998, el número de personas que vivían en *favelas* (chabolas) aumentó considerablemente.

En 1997, apoyado por una agresiva campaña de marketing y a pesar de las graves acusaciones de corrupción, Maluf consiguió elegir a su sucesor, Celso Pitta. Las finanzas del gobierno de la ciudad se encontraban en una situación muy precaria, con una capacidad de inversión prácticamente inexistente. Asimismo, el apoyo político a Pitta siguió siendo débil durante todo su mandato, al igual que su capacidad de introducir cambios para mejorar la situación económica y social de la ciudad. En consecuencia, los votantes de todos los sectores económicos y sociales de la ciudad lo abandonaron en las siguientes elecciones en favor de la candidata del PT Marta Suplicy. Suplicy tomó posesión del cargo en 2001, en medio de una situación reconocida ampliamente como una grave crisis económica e institucional.

La libertad de acción de la nueva alcaldesa era sumamente limitada, debido tanto a factores externos como a factores vinculados con la orientación política que se adoptó, es decir, el amplio espectro de alianzas establecidas por el PT durante la campaña y dentro del Consejo de

la Ciudad, que redundó en un enfoque más conciliador del que había adoptado Erundina de 1989 a 1993. Este planteamiento más pacífico era similar al adoptado a escala nacional en los últimos años por el PT, y que se ha inclinado más a favor de la firma de pactos sociales que por el conflicto social, elemento que fue clave en la exitosa campaña electoral de Luis Inácio Lula da Silva por la presidencia de Brasil en 2003.

La importancia de la historia reciente de la ciudad de São Paulo radica en el hecho de que las políticas aplicadas entre 1989 y 1992 fueron sumamente excepcionales, incluso en el contexto de las políticas del mismo PT. No obstante, las asociaciones entre la sociedad civil y las autoridades municipales constituidas durante este período no fueron desmanteladas irreversiblemente por la discontinuidad administrativa. Como Rolnik y Cymbalista muestran en este documento, cada una de las tres experiencias de asociación entre el gobierno de la ciudad y las OSC que tuvieron lugar durante el mandato de Erundina acusaron posteriormente los efectos de la desmovilización del poder municipal conservador. Sin embargo, en gran parte debido a la importancia política del liderazgo social en el municipio de São Paulo, el contexto adverso no impidió el intercambio de información sobre las experiencias entre las ciudades, ni el establecimiento de vínculos en el plano nacional. Así pues, las experiencias no llegaron a un fin; y para poder entender la complejidad de su evolución, es necesario examinar los convenios más amplios que surgieron. En este documento se analizan estas fuerzas de tensión y se investigan las consecuencias de las experiencias en los planos nacional y local.

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Introduction

This paper describes the fate of three forms of collaboration between the local government of São Paulo, Brazil, and civil society groups begun during the administration of Mayor Luiza Erundina (of the Workers' Party, or Partido dos Trabalhadores/PT) from 1989 to 1993. These collaborations fell into and remained in disfavour during the administrations of two successive conservative mayors, Paulo Maluf from 1993 to 1997, and Celso Pitta from 1997 to 2001. Nevertheless, the work begun by the community groups, civil society organizations (CSOs) and local authorities during the PT administration survived the decade and contributed to important social and political advances that are still in process not only in São Paulo, but also in many other parts of the country.

After a brief review of São Paulo's political transitions during the 1990s and the first years of the new century, we present brief case studies of the three collaborations from their inception during the Erundina administration up to the end of 2002. The first case is that of the participatory budget, a citywide process involving hundreds of CSOs, tens of thousands of residents and a large contingent of civil servants and PT activists. The second is the case of the Recyclable Materials Collectors Cooperative (Cooperativa dos Catadores de Materiais Reaproveitáveis/COOPAMARE), a cooperative of homeless and near-homeless men striving to create employment and decent working conditions for themselves as collectors and recyclers of materials discarded by other members of society. The third case is that of Apuanã, a revolutionary model for self-governed mutual assistance housing cooperatives.

The administrative rupture that occurred in the municipality of São Paulo at the beginning of 1993 had a negative impact on almost all the initiatives aimed at creating partnerships between public authorities and civil society in the city. Instead of seeking political, economic and social arrangements aimed at making rights effective and achieving social inclusion, a type of urban management based on clientelism and corruption was put into practice. From the point of view of public investment, the so-called "inversion of priorities" that occurred during the first PT administration (1989–1993), headed by Erundina, gave way under the conservative Maluf administration to a reconcentration of investment in the southwest of the city, historically the area that had benefited the most from public investment and that contained the population with the highest income (Fix 2001). In 1993, Minister of Finance Fernando Henrique Cardoso launched the Real Plan, which resulted in his election as president. In São Paulo, during the final two years of Maluf's administration, the Real Plan resulted in monetary stability but at the cost of a high interest rate policy and a massive growth in public debt.

The city of São Paulo was one of the areas worst hit by the economic changes, not just through economic decline, but also through an increase in social inequalities related to the loss of formal employment, especially in the manufacturing industry. From the perspective of urban development, the loss of employment and income was reflected in the rapid growth of the most deprived areas of the city. Between 1994 and 1998, the number of people living in *favelas* (shanty towns) increased by 57 per cent (Amaral 2002).

In 1997, supported by an aggressive marketing campaign and in spite of strong accusations of corruption, Maluf succeeded in electing his successor, Celso Pitta. The finances of the city government were in a very precarious position, with investment capacity almost nil. Moreover, Pitta's political support remained weak throughout his term, as did his ability to institute any changes to improve the city's economic and social situation. As a result, voters of all economic and social sectors of the city abandoned him in the next election in favour of the PT candidate.

The candidate of the PT, which was increasingly moving toward the centre, was the psychoanalyst and federal deputy Marta Suplicy, the attractive, rich wife of a well-known party senator. In addition, Suplicy was extremely familiar with the media, having started her career on a well-known women's television programme in the 1980s. Suplicy took office in 2001 in the middle of a

situation widely acknowledged to be a grave economic and institutional crisis. At the beginning of 2002, the city government's debt amounted to 2.2 times the annual city budget.¹

The new mayor's freedom of action was extremely reduced, due both to external factors—the new Law of Fiscal Responsibility (Lei de Responsabilidade Fiscal) that restricts municipal expenditures and has heavy penalties for those who fail to observe it; the economic situation of the city; the recently concluded renegotiation of municipal debt with the federal government and the resulting agreement in which 13 per cent of gross municipal revenues were to be automatically handed over to the federal government—and to factors linked to the political approach that was adopted, that is, the wide spectrum of alliances made by the PT during the campaign and within the city council that resulted in a more conciliatory approach than had been adopted by Erundina from 1989 to 1993. This pacifying approach was similar to the one adopted nationally by the PT in recent years, the party having become more inclined toward social pacts than social conflict, a fundamental element in Luis Inácio Lula da Silva's successful campaign for the presidency of Brazil.

The significance of the recent history of São Paulo city lies in the fact that the policies implemented in the period from 1989 to 1993 were highly exceptional, even in the context of the PT's own policies. Nonetheless, the partnerships between civil society and the municipal authorities formed during this period were not irreversibly dismantled by administrative discontinuity. As will be seen in this paper, each of the three experiences of partnership between the city government and CSOs that originated during Erundina's term in office subsequently suffered in the face of demobilizing conservative municipal power. Yet, and to a large extent due to the political relevance of social leadership in the municipality of São Paulo, the adverse context did not prevent the exchange of information about experiences between cities or the establishment of links at the national level. Thus the experiences did not come to an end, and in order to understand their evolution in their full complexity, it is necessary to look at the broader arrangements that emerged. This paper addresses these forces of tension and investigates the consequences of the experiences at the local and national levels.

The Participatory Budget

Participatory administration of municipal budgets

Though the participatory budget—the initiative that depended most on public authorities—was totally dismantled in the municipality of São Paulo during the eight years of the Maluf and Pitta administrations, during the same period this policy made significant impacts on other municipalities. These new experiences were not the direct result of the participatory budget in São Paulo; rather, the broader context of the nationwide growth of the participatory administration of public budgets has to be taken into account. The table below shows the evolution of the number of municipalities with participatory budgets in Brazil.

Number of municipalities with participatory budgets in Brazil	
Period	Number of municipalities
1986–1988	2
1989–1992	12
1993–1996	36
1997–2000	130

Source: Fórum Nacional de Participação Popular (2003).

¹ For more detailed figures about the city's debt and budget, see Caldas (2002a).

Participatory budgets now occur in municipalities of all sizes, but it is significant to note that there is a relation in percentage terms to the size of the population: of the 15 municipalities with a population above one million inhabitants, four have participatory budgets; while of the approximately 4,000 municipalities that have up to 20,000 inhabitants, only 32 using this practice have been identified. Initially common only in municipalities run by the PT, this practice has now been copied by city governments from at least nine different parties (Fórum Nacional de Participação Popular 2003).

The proportion of the budget that is submitted to public debate has also increased. Initially the participatory budget only included a small percentage of municipal resources—investments that rarely amounted to more than 10 per cent of municipal budgets. However, in some municipalities up to 40 per cent of municipal expenditures were decided through participatory budgets, possibly indicating that this system is also used in dealing with the difficult municipal questions of maintenance expenses and payroll.

The best-known experience of the participatory budget is that of Porto Alegre, the capital of the state of Rio Grande do Sul in southern Brazil, which has been governed by socially progressive authorities without interruption since 1989. In this case, around 45,000 people—almost 5 per cent of the population—take part every year in discussions related to the participatory budget.² Porto Alegre, which has influenced similar experiences throughout Brazil, is divided into 16 regions with the existing infrastructure used as the basis for calculating the resources that each region will receive as investments: the greater the needs, the greater the resources provided. In addition to the territorial basis, a proportion of investment is allocated by area: culture, economic development, education and leisure, health and social welfare, transport, and urban development.

Other cities have different experiences of participatory budgets. Belém, for example, a state capital in northern Brazil, has a youth participatory budget in which only the young population participates by selecting the priorities for the city. Obviously, the priorities in this case will be different from the traditional ones and less linked to basic necessities such as housing, paved roads and sanitation,³ and more related to public spaces for leisure (Martins 2000). Paranavai, a city of 75,000 inhabitants in the southern part of the country, has a *mirim* (kids') participatory budget in which children are elected as "kid councillors" and, together with the community, define the educational priorities for the population of the municipality.⁴ Belo Horizonte, capital of the state of Minas Gerais, granted the housing participatory budget a large part of the decision-making power over municipal investment in housing (Ribeiro 2001). The participatory technique has even been implemented in areas where no public investment is available. In Mauá, a municipality in the metropolitan region of São Paulo, the city government began involving the population in issues related to the public budget in 1997, due to the need to inform and discuss with the population the dramatic situation that had been inherited from the previous municipal government, a practice which was called "participatory debt" (Carvalho and Felgueiras 2000).

More interesting, perhaps, has been the use that various segments from civil society have made of the practice. For instance, in Campinas, a city with around one million inhabitants in the state of São Paulo, only organized social segments can take part in the participatory budget. The city government initially held discussions with the traditional organized social segments such as community associations, and housing and health movements; in other words, sectors that had long been legitimate interlocutors with the municipal authorities in the development of the city. However, new groups such as the homosexual community and the hip hop movement also demanded the right to participate in the debates. In an interesting decision, the city government decided that homosexuals were a social group and, therefore, had the right to vote in decisions

² <http://www.portoalegre.rs.gov.br/op>, accessed on 3 August 2002.

³ These have been some of the main historical priorities of the participatory budget of Porto Alegre. See <http://www.portoalegre.rs.gov.br/op/index.htm>.

⁴ http://www.fundabrinq.org.br/redeprefeitocrianc/1997_2000/premio/catalogo2000/paranavai.pdf, accessed on 3 August 2002.

related to the participatory budget. The hip hop movement, on the other hand, was considered a cultural group and as such did not have a right to vote in the assemblies.⁵ This example in which the non-existence, on the part of the city government, of a clear definition of what is cultural and what is social was quite significant and points to how the practice has come to penetrate different types of social organizations.

Brazilian experiences with participatory budgets directly related to those in Porto Alegre have been influential in attempts to democratize decision making related to public budgets in Rosario (Argentina), Brussels (Belgium), Toronto (Canada), Saint-Denis (France), Barcelona (Spain) and Montevideo (Uruguay).⁶ Discussions about implementing a similar policy have also begun in Buenos Aires.⁷ Furthermore, the participatory budget has been recommended by the World Bank as a practice to be followed by municipalities.⁸

Despite the widespread diffusion and reproduction of the participatory budget, various weaknesses have been observed. In percentage terms, the resources that are submitted to the participatory budget are still quite limited. In many municipalities, the dispute over the more significant funds takes place outside the ambit of the participatory budget (Teixeira et al. 2002). Another limitation is excessive pragmatism. Since decisions are made only in relation to the budget for the following year, this may be considered a short-term vision that takes only the immediate needs of the population into account, with no consideration given to long-term planning (Teixeira et al. 2002). The process is also susceptible to manipulation by city councillors who are able to mobilize part of their electorates to vote for their interests in the participatory budget, further reproducing the structure of power of the municipal council. A further weakness is the rudimentary system used for monitoring whether the decisions are implemented.

Even with these risks and challenges, the participatory budget is spreading and has become accepted as a positive practice of public administration. Its self-regulatory character, or non-legalistic nature, allows its rules to be continually revised in order to meet the challenges that arise out of experience. Article 4 of a new and much-celebrated federal law that regulates federal, state and municipal urban policies – Federal Law 10,257 of 2001, known as the *Estatuto da Cidade* (City Statute) – makes participatory budgeting obligatory in all municipalities.

Municipal-level responses in São Paulo

As previously mentioned, in 2001 the municipality of São Paulo made a great effort to bring back the participatory budget after a period of eight years without it. In the process, it became clear that the participatory budget was not a ready-made formula, but rather a way to allow participation in the administration of the budget, whose specifics had to be constructed at the local level by balancing the opportunities and constraints faced each year.

The participatory budget emerged as one of the main commitments of the mayor elected in 2000. As the new mayor, Suplicy assumed office on 1 January 2001 and had to work with a budget prepared by her predecessor. Few of the specialists who had worked with the participatory budget process in Erundina's administration were included on Suplicy's team. One exception was Felix Sanches, the coordinator of the participatory budget. The structure for the participatory budget was quite small, comprising an inter-secretarial working group of only 15 specialists. The participatory budget is under the responsibility of the Participatory Budget Coordination Committee (*Coordenadoria do Orçamento Participativo*). This committee was initially subordinated to the secretary of public participation, although it subsequently became an autonomous committee that is the direct responsibility of the secretary of city government who, in turn, is subordinated to the mayor's office.

⁵ Information collected during field research in Campinas.

⁶ <http://www.portoalegre.rs.gov.br/op>, accessed on 3 August 2002.

⁷ These discussions began with a seminar on Brazilian experiences, according to a statement from Ana Claudia Teixeira, a researcher from the Instituto Pólis and one of the participants in the seminar.

⁸ According to an interview in August 2002 with Maria Teresa Augusti, director of Instituto Florestan Fernandes, an NGO supporting Suplicy.

During 2001, the new participatory budget was implemented to decide part of the following year's budget. Initial organizational meetings were held in 15 regions, which helped to prepare the internal regulations for the participatory budget contained in the Budget Directive Law, a part of the legislation that laid down the guidelines for the following year's budget. A non-governmental organization linked to the municipal PT, Instituto Florestan Fernandes, helped the city government establish the methodology for 2001.⁹ Instituto Florestan Fernandes was created to support Suplicy's electoral campaign and received contributions from various specialists in public policy. It operated as a kind of "waiting room" for the PT's accession to power, drawing up several strategies that would later be adopted by the city government, including the methodology for the participatory budget. Sanches had previously been a member of the directorate of the Instituto Florestan Fernandes.

When Suplicy took office the municipality was in a precarious financial condition, with almost no resources for investment. In 2000, the municipality owed \$5.3 billion¹⁰ against annual revenues of \$2.4 billion. In other words, the debt was equivalent to 2.2 times the annual budget (Caldas 2002b). A creative solution was therefore needed. It was decided to implement the participatory budget progressively, beginning with two areas where the percentage of resources is fixed in the Municipal Lei Orgânica (Basic Law): education (30 per cent) and health (15 per cent). For 2002, there was \$1.12 billion available for these two areas. However, most of these resources were already linked to expenditures on maintenance, personnel and such. The amount that could be decided by the participatory budget corresponded to \$146 million, equivalent to approximately 5 per cent of the total municipal budget.¹¹ Participatory budget assemblies could therefore decide the destination of only part of the resources in these two areas. In addition to contributing to the solution to the shortage of resources, a limited participatory budget played an important role in helping to curb the growth of excessive expectations that would be beyond the city government's capacity to fulfil.

The Participatory Budget Council (Conselho do Orçamento Participativo/CONOP), the highest level of participatory budget administration, was also created. Each of the 28 administrative regions of the city, which were further subdivided into districts, appointed two councillors, who had the right to speak and vote, and two substitutes. In addition, eight councillors, with the right to speak but not to vote, represented the municipal administration. Also, in accordance with the regulations that were implemented, two rounds of assemblies were held in the 96 districts of the city. The first round provided information only, while decisions were made in the second round. One delegate was elected for every 20 voters, and each region chose three priorities for health and education. Investments were allocated to the different districts through the use of a weighted points system: the participation of the population had a weight of three; the number of inhabitants, four; and the needs of each region, three (according to the indicators of the secretaries of health and education).

After the district assemblies had been held, CONOP drew up the priorities in the Plan of Projects and Services (Plano de Obras e Serviços), which was then sent to the city council where it was approved—since the mayor had put together a support base among the councillors that guaranteed a majority of the vote—and incorporated in the municipal budget of São Paulo.

A survey of participants in the 2001 participatory budget carried out by the city government showed that a large number had a connection with a religious, political or community organization, revealing interesting information about those who wished to get involved in collective issues. On the other hand, it appeared that many participants went to the assemblies to represent their group or acquire information to pass on to their collective organization. For this reason, there was a large turnover in the participating population and few took part in the whole process. The city government did not oppose this type of participation and it went to

⁹ According to a statement from Maria Teresa Augusti, director of Instituto Florestan Fernandes, in 2002.

¹⁰ In January 2003, \$1 equalled 3.3 Brazilian reals; calculations throughout the paper are based on this exchange rate.

¹¹ Data from the city government of São Paulo.

great trouble to emphasize that the process was open to all citizens, irrespective of whether they were members of organizations or not.

Another important fact was the relatively high participation of the low-income population. Individuals earning up to two times the minimum salary—20 per cent of the population—accounted for 25 per cent of those participating in the assemblies. By contrast, individuals earning between five and 10 times the minimum salary—also 25 per cent of the population—accounted for only 17 per cent of the public in the participatory budget assemblies.

In 2001, decisions were made to allocate the \$146 million in the participatory budget for the construction of 10 primary schools, 12 crèches and three nursery schools, and 202 new contracts were given for the administration of already existing crèches, two hospitals and 23 basic health units (*unidades básicas de saúde/UBSs*). In addition, \$7 million was allocated for the rebuilding of health posts, hospitals and health units, and \$17 million for the improvement of health provision through new medical services in already existing UBSs and the creation of 500 teams for the Family Health Programme (Programa de Saúde Família).

According to data provided by the city government on the Internet, many of the projects approved in the 2001 participatory budget were under way by August, though the stage of the building projects varied: some had not yet started due to the lack of land or because they were still in the bidding process, while others were already finished. The UBSs were the most delayed, as almost all were waiting for land. The majority of completed projects were crèches. The latest data supplied by the participatory budget advisor, Ademir Angelo Castellari, showed that 70 per cent of the funds for the 2001 participatory budget had already been used. In 2002, the city government organized feedback meetings in each of the 28 administrative regions, during which information was given on the progress of the investments decided on in the previous participatory budget.

In 2002, when the process had become more established, thematic assemblies were introduced. The city government defined five themes and produced diagnoses in each of these sectors: (i) housing and urban development; (ii) transport and traffic circulation; (iii) citizenship, social inclusion and the fight against poverty; (iv) economic development and the generation of income; and (v) environmental sanitation and water resources. The diagnoses were presented in 45 thematic informative assemblies; each of the nine macro-regions of the city held one assembly for each theme. After this round, 45 deliberative assemblies were held in which five priority programmes were chosen for each theme. Despite the inclusion of additional areas, the total amount of resources allocated to the participatory budget was practically equal to that of 2001: \$148 million (*O Estado de São Paulo* 2002).

A procedural change related to the 2002 participatory budget was that territorial-based preparatory assemblies were held in 270 census areas instead of the 96 districts the previous year, reducing the number of participants in each assembly and increasing the depth of the process. This change allowed for meetings to be shortened, since they had been criticized for being too long, with some taking up to seven hours.

Participation has been increasing since the beginning of the project. In 2001, 9,000 people took part in the first round of the participatory budget, and 22,000 in the second round. In 2002, the number of participants in the first round of the participatory budget increased to 15,000 people. An additional 4,000 participants attended the first round of the thematic assemblies (held for the first time in 2002), and 12,000 attended the second round thereof. The increase in participation can be attributed to the publicity the city government gave to the process, as well as to the increase in its credibility following implementation of an increasing number of decisions.

The process, however, is not free of problems or challenges. According to the president of Instituto Florestan Fernandes, there is the risk of CONOP councillors becoming distanced from their grassroots constituencies, a hindrance since they are responsible for inspections and for en-

sure that the city government implements the budget. Another challenge is the relationship between the participatory budget and the new decentralized system of municipal administration and district governments, since the manner in which resources will be decentralized has yet to be defined, and in fact whether the creation of decentralized CONOPs will be necessary. Finally, a basic challenge is increasing the amount of the municipal budget that is submitted in the participatory budget.

Cooperativa dos Catadores de Materiais Reaproveitáveis

The emergence of a national catadores movement

The experiences of organizations and support for *catadores*¹² during the second half of the 1980s and the beginning of the 1990s, especially in street scavengers' associations such as the Association of Collectors of Paper, Cardboard and Recyclable Materials (Associação dos Catadores de Papel, Papelão e Material Reaproveitável) in Belo Horizonte and COOPAMARE in São Paulo, led to the increased organization of *catadores* throughout the 1990s, reproducing at the local level successful employment- and income-generating experiences and leading to the emergence of a new movement whose objective was to achieve rights for the group at the national level (MNCMR and Fórum Nacional de Estudos sobre População de Rua 2002:11).

In 1992, the National Forum of Studies on the Street Population (Fórum Nacional de Estudos sobre População de Rua) was officially created. The forum focused on the search for alternative forms of citizenship for the groups that lived and worked on the streets as the first step in the development of a broader movement of *catadores*. Several organizations became associated with the forum, including Caritas, Casa das Mangueiras from São Paulo, and the Federation of Recycling Associations of Rio Grande do Sul (Federação das Associações de Reciclagem do Rio Grande do Sul), increasing national visibility for the issues of *catadores*.

On 4–6 June 2001, representatives of *catadores* that were elected in state assemblies held the First National Congress of Catadores of Recyclable Materials (Congresso Nacional de Catadores de Materiais Recicláveis) in Brasília. The event revealed a new level in the organizational capacity of the movement, involving around 1,500 *catadores* and 200 specialists and social agents from all over the country (MNCMR and Fórum Nacional de Estudos sobre População de Rua 2002:12). The three days of debates covered organization, sales and working capital, among other things, with the objective of improving the practices of *catadores* and reducing the loss of income due to the lack of information and organization.

The result of the forum was the creation of the National Movement of Catadores of Recyclable Materials (Movimento Nacional dos Catadores de Materiais Recicláveis/MNCMR) with the objective of strengthening the *catador* as the legitimate agent in the process of collecting and recycling of solid residues. It also established a commitment to the eradication of *lixões* (illegal dumps) and the creation of alternative work for the *catadores* in the collection of pre-sorted litter. A special group, the National Commission of Catadores (Comissão Nacional dos Catadores), was elected with the mission of representing the movement and defending its interests. Other functions of the commission would be to campaign for pre-sorted litter collection in municipalities, to combat the privatization of these services and to promote the creation of a national solid waste policy.

As well as demonstrating the organizational capacity of the *catadores*, their first national congress was also important in attracting new partners, such as the National University of Brasília, the United Nations Children's Fund and the Ministry of the Environment (MNCMR and Fórum Nacional de Estudos sobre População de Rua 2002:13). The congress was also instrumental in improving communication with federal authorities; for example, a place on the National

¹² *Catadores* are collectors of recyclable materials, normally from rubbish. They may sort and select the materials themselves, or collect pre-sorted paper, cans and such.

Environment Council (Comissão Nacional do Meio Ambiente) was given to a representative of the *catadores* and a public hearing on related issues was held in Brasília by the congressional Labour Commission (Comissão do Trabalho). At the end of the first national congress, the movement brought together more than 5000 *catadores* in a march through Brasília.

By October 2001, *catadores* from the state of Minas Gerais, among the most organized in the country, presented Erundina, then a federal deputy for the Socialist Party and president of the Participatory Legislation Commission (Comissão Legislativa Participativa), with suggestions for amendments to the 2002 federal budget, which had the aim of getting funds for associations and cooperatives. In November of the same year, representatives of the MNCMR proposed 90 amendments—aimed at improving the law and guaranteeing the place of the *catador* in the collection of pre-sorted litter—to Emerson Kapaz, the federal deputy who reported on the preliminary project for a national solid waste policy (MNCMR and Fórum Nacional de Estudos sobre População de Rua 2002:13).

In 1998, a broad-ranging initiative emerged from the organized movements of *catadores*, which proposed actions in relation to the waste chain. This was the National Forum of Litter and Citizenship (Fórum Nacional Lixo e Cidadania), consisting of 53 governmental and non-governmental institutions. The forum has three main objectives: (i) to send the children and adolescents who work with litter to school and allow them to engage in other activities; (ii) to increase the involvement of *catadores* in society, preferably in programmes for the collection of pre-sorted litter; and (iii) to eradicate the so-called *lixões* and degraded areas where wastes accumulate. Through a series of different actions, the forum has managed to remove thousands of children from *lixões*, and from work in general. Many of the parents of these children have been organized in *catador* cooperatives and associations.

The need to meet the particularities of each state and to decentralize the actions of the National Forum of Litter and Citizenship led to the creation of forums in 16 states: Alagoas, Bahia, Ceará, Espírito Santo, Mato Grosso, Mato Grosso do Sul, Minas Gerais, Paraíba, Paraná, Pernambuco, Rio de Janeiro, Rio Grande do Norte, Rio Grande do Sul, Roraima, São Paulo and Sergipe. There are movements in several other states to create similar forums, and several forums have been created at the municipal level, including in the city of São Paulo.

The consolidation of COOPAMARE

After a period of growth during Erundina's administration, COOPAMARE ran into numerous problems with the new municipal authorities. When Maluf took office in 1993, among other things he threatened to evict the *catadores* from their places of work. However, COOPAMARE was able to meet these challenges, even without the support of the municipal authorities. COOPAMARE directed its efforts toward civil society and private enterprises, which resulted in an expansion in the amount of material recycled. There were also initiatives to increase the value-added of its products. Instead of only providing used paper for recycling, the cooperatives installed a recycling plant and manufactured processed products. As activities were diversified, some *catadores* stopped working on the streets and began to carry out internal functions in the cooperatives.

When the PT again assumed power in São Paulo in 2001, it found a strengthened cooperative. At the start of the party's term in office, COOPAMARE was included in the discussions about solid waste with the city government. The government made great advances in strengthening cooperatives, making them priority partners in the collection of pre-sorted litter. Through the Secretariat of Services and Buildings (Secretaria de Serviços and Obras), a group of *catadores* has been in contact with the municipal administration and has participated in the preparation of the project for establishing recycling centres in the city. This project involves a partnership between the municipal government and organizations that are linked to the collection of pre-sorted litter. Construction of one of the centres was planned for Avenida do Estado in the central region of the city in partnership with three cooperatives—COOPAMARE, Coopel and Recifran—which

would take care of administration and labour. The city government would be responsible for technical support, providing the plot of land, machinery, training and the transport of cooperative members.

After being threatened with expulsion in the administrations of Maluf and Pitta, COOPAMARE managed, in a number of public hearings at the beginning of Suplicy's term, to guarantee the official cession of the public space that it had been using for more than 10 years. According to Eduardo Ferreira de Paula, president of COOPAMARE, as of early 2003 the cooperative was waiting only for the official notification from the city government stating the duration of the land grant.

The city government has also been supporting cooperatives in the area of health. The Pinheiros regional administration, for instance, has allocated some health employees to give systematic assistance by carrying out occasional visits. Cooperative members are part of the Workers' Health Programme (Programa Saúde do Trabalhador) and have benefited from vaccination campaigns. With the support of the city government, a register was set up in Paula Souza Hospital to provide health care for cooperative members. Another advantage resulting from cooperativism has been in the area of housing. There are now almost no cooperative members living on the streets, although most live in the periphery of the city.

Another important improvement achieved by COOPAMARE is the support it has received from private enterprises that have included the cooperative in their productive chains. One paper producer, Companhia Suzano de Papel e Celulose, buys all the cardboard collected by the cooperative, using it to manufacture *reciclato*, the first 100 per cent recycled offset paper produced on an industrial scale in Brazil. Mazeto, Apropel, Latasa and other companies also buy material collected by the *catadores*. In addition, many companies, schools, businesspeople and citizens cooperate by separating and donating recyclable material.

The cooperative also receives some institutional support. Business Commitment to Recycling (Compromisso Empresarial para a Reciclagem) supplies a "*catador kit*", designed in partnership with the Organization for Fraternal Assistance (Organização de Auxílio Fraternal/OAF), and the National Commercial Training Service (Serviço Nacional de Aprendizagem Comercial) offers a basic distance training course in cooperativism, citizenship and recycling for *catadores* who want to form or join cooperatives. OAF currently provides eight teachers to assist and monitor the cooperative. Other organizations donate equipment and machinery such as scales and presses. The goal is to provide *catadores* with a new scale on which they may put their carts, thus eliminating the need to unload collected material for weighing. The cooperative has also increased its collections, which now reach approximately 150 tons per month.

However, there are also dilemmas. The success of initiatives of this type and their economic sustainability, combined with the rise in unemployment, have provoked the emergence of new *catadores* – the so-called *modernos* (new arrivals), as opposed to the *históricos* (old timers) – who have started to compete for the same recyclable materials. Some of the *modernos* use motorized open trucks or *combis* (mini-vans) that make it easier to collect the best materials, such as cardboard. This has reduced the collection by the *catadores* who work only with their carts. However, COOPAMARE has revised its strategy, reducing the amount of material collected in street pick-ups in relation to the total recycled, thereby increasing the amount that comes from previous agreements with partners. The cooperative also uses a truck and a *combi* to collect these donations, speeding up the process.

The cooperative's dynamism has also demonstrated a transformation in internal labour relations. Until 2000, the work of the members of COOPAMARE was restricted to sorting and collecting, but since then some members have been involved solely in the collection of pre-sorted litter. Others sort during the day and collect at night. Some former *catadores* have taken on the organization of the cooperative's work.

COOPAMARE has become much more active in national, regional and local forums, with members taking part in a range of events about recycling, environmental protection, *catadores* and street people. Institutional interaction is another of COOPAMARE's areas of activity. For example, it took part in the First National Congress of Catadores of Recyclable Materials, and participates in national and municipal commissions of *catadores* and the National Forum of Litter and Citizenship. It interacts with other *catador* cooperatives, assists the formation of new cooperatives and helps those who are organizing for this purpose. COOPAMARE's external relationships are the responsibility of its board of directors, with the assistance of a teacher from OAF. COOPAMARE's participation in these activities is seen as strategic and as a reference in the field, giving political weight to these relationships.

The small number of workers and the difficulties in gaining a significant income from recycling work is another major challenge. At the time of writing in 2002, there were 36 members, most of them male, literate, between 21 and 60 years old and living on the southern periphery of the city. There were also 12 associates not formally linked to the group, but who regularly participate in the cooperative. The associates faced some restrictions, such as limited hours and not being able to use the cooperative's amenities (such as showers). The monthly earnings of the 48 members and associates were less than \$91, and often much less than \$61.¹³ A cooperative fund is used to pay for administrative expenses related to the upkeep of the building and for the workers. The fund receives some support from enterprises and other organizations, but the majority of the resources come from the contributions of the members.

Another challenge, which has been one of the main demands of the *catadores*, is the recognition of their profession. This was one of the causes adopted during the First National Congress of Catadores of Recyclable Materials.

Apuanã

Transformations of housing movements

At the beginning of the 1990s, housing movements—operating on a national scale since the beginning of the process for drawing up the 1988 Constitution—prepared a proposal for a national housing and urban policy. The proposition was inspired, on one hand, by the health movement, which had achieved an important victory during the drafting of the Constitution in the creation of a Single National Health System (Sistema Único de Saúde). On the other hand, recent experiences in the shared administration of housing policies in various municipalities, notably São Paulo, provided the practical basis for the new proposal (Oliveira da Paz n.d.).

In São Paulo, experiences from 1989 to 1992 were decisive. After having gone through four years jointly building a policy, the housing movements from the city of São Paulo were able to formulate some ambitious proposals. The initiative for preparing a proposal for a law creating a housing system came from the Union of Housing Movements of São Paulo (União dos Movimentos de Moradia [UMM] de São Paulo), one of the central São Paulo housing groups. In 1991, the proposal was sent to other housing groups and movements, and representatives from housing movements held a march to Brasília (Oliveira da Paz n.d.).

The initial proposal was discussed, attracting support from various sectors of society and resulting in a proposal for a law that would create a National Fund for Popular Housing (Fundo Nacional de Moradia Popular). Among the innovations in this proposal were the recognition of associations and cooperatives as promoters of housing; the idea of meeting the demand for housing not just through the construction of new units, but also through a range of possibilities suited to the needs and peculiarities of each region; the creation of a housing fund administered

¹³ The minimum wage in December 2002 was \$61. According to the Departamento Intersindical de Estatística e Estudos Sócio-Econômicos, an institute financed by a group of labour unions that specializes in labour statistics, in December 2002 a family of four needed 6.9 times the minimum wage to maintain itself. For more figures and the methodology, see www.dieese.org.br.

by a tripartite deliberative council consisting of representatives from the government, users and enterprises; the decentralization of resources; and the participation of the population in all stages of the process.

With the decisive support of partners such as the Catholic Church, the Central Workers' Union (Central Única dos Trabalhadores/CUT) and the newspaper *Notícias Populares*, the proposal gathered thousands of signatures and became a Popular Initiative Bill (Projeto de Lei de Iniciativa Popular). This was formalized in Bill 2,710, which proposed a National Housing System (Sistema Nacional de Habitação) involving the creation of a National Housing Fund (Fundo Nacional de Habitação) and a National Housing Council (Conselho Nacional de Habitação). Various actors, including the media, the Church and politicians supported the proposal and it was sent to Congress in May 1992. Though the president of the Chamber of Deputies promised a speedy passage for the project, this did not happen (Oliveira da Paz n.d.).

Since 1992, the proposal has been discussed by various sectors and gone through several reformulations. Those most active in its negotiation were the housing movements—the UMM, the National Movement for the Housing Struggle (Movimento Nacional de Luta pela Moradia), the National Confederation of Housing Associations (Confederação Nacional de Associações dos Moradores) and the Centre for Popular Movements of Brazil (Central dos Movimentos Populares)—and CUT. Some sectors, such as the Brazilian Construction Industry Council (Câmara Brasileira da Indústria da Construção) and the Federal Savings Bank (Caixa Econômica Federal), opposed the housing movements' initial proposal and succeeded in altering it. One of the main changes was the structure of the proposed National Housing Council, where a tripartite council—with representatives from the government, housing financiers and builders, and beneficiaries of housing programmes including public movements and trade union organizations—replaced the previous proposal, which had included significant public representation. These concessions increased the dialogue with various sectors and the proposal was consolidated in broader terms.

From a financial point of view, this proposal involved the concentration of resources for housing in the National Housing Fund, which was composed of loans from the Guarantee Fund for Time Worked (Fundo de Garantia por Tempo de Serviço/FGTS), the savings fund for workers that pays interest to savers, and resources from the federal budget that do not need to be reimbursed. In this way, it would be possible to increase the resources for housing as well as to implement subsidized housing projects for low-income groups, among whom the largest part of the “housing deficit” is concentrated.

Bill 2,710 uses the concept of “housing deficit” broadly. The proposed system would not just be concerned with meeting the need for new housing, but would also establish a range of housing programmes involving the redevelopment of *favelas*, the improvement of slums, the renovation of obsolete housing stock, the implementation of infrastructure in precarious areas and the legalization of land ownership. The available housing should be quantitatively and qualitatively proportional to the deficit in each region, taking into account the costs for acquiring land and building in different areas. A series of programmes would be provided, including building new housing units and refurbishing already built housing, in addition to urban development (such as paved streets, sidewalks and street lights). In this proposal, the National Housing Council was to be responsible for the administration of the National Housing System, which would guarantee public participation in policy administration through the tripartite representation (five individuals from each sector) of public authorities (representatives from each of the federal, state and municipal levels); housing financiers and promoters; and civil society.

Despite the absence of an alternative to Bill 2,710, it has encountered stiff resistance, so much so that, like other proposals made by public initiative that confront deep-rooted political practices, it has been moving at a snail's pace through Congress. The result is that there is still no housing council at the federal level, except for the FGTS Trustee Council, whose function is more to ensure the profitability of workers' savings than to promote a general housing policy.

Nonetheless, the process of creating a viable model for the financing of housing resulted in greater professional development of all those involved. It stimulated the creation of councils and funds at the state and municipal levels, modelled on those proposed for the federal arena. Housing movements established a state cooperative housing building programme in São Paulo state, which, in contrast to the city government, has a large amount of resources for housing that are available through its own enterprise, the Housing and Urban Development Company (Companhia de Desenvolvimento Habitacional e Urbano/CDHU). In this new programme, 30 per cent of the financing for cooperative housing was allocated for subcontracted labour. This is much more than the 10 per cent allowed at the beginning of Erundina's administration in 1989 and is thus a victory for the housing movements, which could move beyond the limited concerns of actual building toward greater emphasis on self-management. Between 1995 and mid-2002, CDHU built 17,470 units in 102 cooperative housing projects, while at the time of writing another 9,879 were still under construction in 62 other projects. For the two-year period 2003–2004, the state government was intending to build another 25,000 units.¹⁴

However, housing movements obtaining financing for construction cannot be seen as a definitive victory over social exclusion. The new projects are mostly situated in locations where land prices are lower—in other words, poor peripheral areas with little infrastructure and where the population lacks opportunities for employment, income and personal growth that are available in the more central areas of the city.

In response to this issue, during the 1990s important social actors and housing movements in central areas of São Paulo demanded not just the right to housing, but also the “right to the city”. These movements were created with a powerful argument that took into account the structure of the city and possible solutions for the better use of the infrastructure that was already in place. Some public policies have taken this into account, and both the federal and state governments have begun housing programmes in central areas. At the municipal level, little was done during the eight years of Maluf and Pitta, but the repopulation of the central regions was one of the themes of Suplicy's electoral campaign.

Apuanã: "Deconstruction" and the slow return

The four years of Erundina's progressive government of São Paulo were years of intense learning and important achievements. However, in 1993, the new conservative mayor, Maluf, put great energy into weakening the housing movements linked to the PT. Maluf's main tactic was to cut the funds made available to cooperative building projects, using the pretext of alleged accounting problems with the projects. This was done through the Municipal Public Accounts Tribunal (Tribunal de Contas do Município), a legal commission whose original function was to inspect public expenditure, but which really had become a part of the scheme of corruption and favours in which Maluf played a central part.

Maluf's four years in office involved much tension between the housing movements and the tribunal, which constantly demanded additional documentation in an attempt to find irregularities that eventually proved to be nonexistent. Meanwhile, Maluf produced his own housing policy, the “Singapore Project” (“Projeto Cingapura”), which consisted of the construction of tower blocks to re-house the inhabitants of *favelas*. Although “Cingapura”—as it was known in Portuguese—was an effective public relations gimmick, it proved ineffective as a solution to the housing problem (Amaral 2002).

In 1998, when the last charges of irregularities against cooperative building projects were found to be groundless, the court ordered the city government to release blocked resources and to allow the building to recommence. The Apuanã construction works were then restarted, but at an extremely slow pace and with irregular payments. This has made planning impossible and forced the community to use its own restricted resources to continue construction.

¹⁴ According to CDHU's figures at www.cdhu.sp.gov.br, accessed on 3 August 2002.

The PT's return to power in 2001 did not reverse this situation. The city was almost bankrupt after the Maluf and Pitta administrations, and was not in a position to deal with issues that required large amounts of resources, such as investments in housing.¹⁵ In Apuanã, during Maluf and Pitta's terms of office, some units were finished only because of great efforts on the part of the housing movement and the community, which provided partial financing. Other units were occupied, although they were unfinished and still lacked proper water and electricity connections. At the time of writing, the infrastructure of the project remained unfinished, and completion was still an open question.

The North Zone Landless Movement (Movimento dos Sem Terra da Zona Norte), faced with the city government's lack of money, entered into negotiations with the state government. As a result of this partnership, 160 units have been constructed in a cooperative building project called Brasilândia B7, with another 180 units planned—although at the time of writing the building had yet to start—on a piece of land called Jova Rural near Apuanã. It was decided that 20 per cent of resources could be allocated for subcontracting specialized labour, instead of the 10 per cent permitted in Apuanã. The Law of Fiscal Responsibility, which came into effect in 2000, has further reduced the investment capacities of public authorities, preventing the municipalities that are most in debt from taking new loans.¹⁶

In recent years it has become obvious that the city needs a general solution to the housing question. While the centre of the city, where the infrastructure and employment opportunities are more prevalent, has progressively been abandoned, the distant peripheries have high rates of population growth. The main challenge is to offer social housing in central areas on a scale sufficient to halt the excessive expansion of the periphery. According to the Municipal Housing Secretary, 400,000 housing units are needed to eliminate the municipal housing deficit. Since this challenge involves the reoccupation and renovation of existing housing stock rather than the construction of new units, cooperative building and self-management solutions do not apply directly to this new problem and therefore have to be adapted to work in central areas. The existing central city social housing programme relies exclusively on civil construction companies and is financed by the Federal Savings Bank.

Moreover, the city administration must work with the existing movements that are based in the peripheries and do not necessarily want to move to the central areas. This touches on an extremely sensitive point in the urban, political and social equation of the city: social forces do not always exert pressure and voice demands in the most "appropriate" direction—from the perspective of planners, or from the point of view of the use of infrastructure. The mediation of this question has been shown to be very problematic for the current government, which believes in democratic participation and the empowerment of social actors. In addition, several of the movements that have emerged and have become strong through the attraction of investment to the periphery provide a political base for councillors and deputies from the PT, thereby involving commitments between politicians and the grassroots that often do not involve the repopulation of central areas.

During the election campaign, Suplicy stated that the repopulation of central areas would be the priority of the urban policy of her government. This position, although undoubtedly the most sensible from the point of view of the macro-functioning of the city, has encountered resistance and faced pressure from various social sectors, including some of the housing movements that demand investment in the peripheries instead of the central areas as concrete policies and programmes begin. The results of this challenging process will only become known in a few

¹⁵ In 1989, at the beginning of Erundina's term of office, the city owed 2.26 times its annual revenue. In 1992, when she left office, this figure was 1.74. Eight years later, when Pitta finished his term in office, the debt was again back up to 2.2 times the city's revenue.

¹⁶ The Law of Fiscal Responsibility became a priority of the federal government during the second half of the 1990s to protect public finances from the customary excessive expenditure of mayors and governors, especially in election years. The end of high inflation in the middle of the 1990s allowed more reliable numbers on municipal finances to be obtained, thereby permitting a more mature debate on fiscal responsibility.

years, since urban renewal takes its own time and cannot be properly evaluated only a short time after initiatives have been taken.

Final Considerations

More than a decade after the experiences of partnerships between municipal authorities and civil society in the municipality of São Paulo during the administration of Erundina, the innovative and widespread effect of such initiatives can be seen. Brazil's democratic consolidation has also resulted in an increased exchange of information about innovative experiences, giving greater impulse to critical reflection and implementation.

The various versions of the participatory budget, cooperatives of *catadores* and self-managing housing programmes are experiences that have been valuable for building and strengthening citizenship, for decentralization of public administration, and for the organization (or reorganization) of different social segments. Nonetheless, when we move away from these micro-experiences and try to identify their impacts on overall social reality, the result is disappointing. Although the partnership process and the strengthening of communities are capable of bringing about renewal, with some real possibilities in terms of the redistribution of income and power, they have run up against insurmountable barriers when they have to face the traditional hegemonies that characterize Brazilian society.¹⁷ This brings us to important questions: Are the innovative experiences condemned to remaining on the periphery of society, unable to challenge or question real power? From a macro point of view, are they just operating with creative solutions and little else?

On 1 January 2003, Luiz Inácio Lula da Silva, the first PT president of Brazil, began his term of office. The four years of his mandate, of which the first two coincide with the PT government in the city of São Paulo, will be a fundamental period for testing the limits of policies such as those discussed in this paper. Up to the present—and not only in the municipality of São Paulo—local power, by itself, has not been able to reverse the historical inequality that characterizes Brazilian society. The period beginning in 2003 should reveal whether the strength of a federal government—and one not from a small or unimportant country—will suffice to reverse this perverse equation.

¹⁷ These hegemonic traditions are mainly the extreme concentration of political power and economic wealth, which have been historically pervasive in Brazilian society and assume different forms.

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