

*A case study from*

Reducing Poverty, Sustaining Growth—What Works, What Doesn't, and Why  
A Global Exchange for Scaling Up Success

Scaling Up Poverty Reduction: A Global Learning Process and Conference  
Shanghai, May 25–27, 2004

## **Favela-Bairro—Scaled-up Urban Development in Brazil**

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## **Executive Summary**

Probably the best-known urban upgrading program in Latin America, the Favela-Bairro program is considered a reference for urbanization of informal settlements. Favela-Bairro is a significant example of effective urban interventions in infrastructure and social services that are organized according to a life-cycle perspective, with ample community participation.

### **Origins and components of the program**

Once the municipality of Rio de Janeiro acknowledged the problem of long-neglected slums (*favelas*), the Favela-Bairro program developed policies to address this issue and methodologies for proper implementation. Favela-Bairro originated from the Program of the Urbanization of Popular Settlements of Rio de Janeiro, which began as a self-help favela urbanization program in which the municipality performed, and financed, sanitation and street improvement works by hiring labor from within the beneficiary communities.

### **Innovation: no displacement, participation, and integral approach**

Instead of relocating the slum's population, Favela-Bairro's basic approach was to maintain the residents in the areas they occupied and bring to them the services available in more prosperous city neighborhoods. In order to select urban upgrading projects, *contest* and bidding process mechanisms were implemented for each favela. Moreover, residents participated in selecting proposals for interventions in infrastructure, social services, and employment-generation programs. In addition, Favela-Bairro included components of community development, sanitation, and environmental education, as well as support for the regularization of irregular settlements.

### **Transparent selection of neighborhoods**

To avoid the costly politicization in the selection of the favelas to be included in the program, transparent and technical criteria were implemented. In order to increase the urban impact of the intervention, the selection of favelas used a system of ranking based on poverty indicators, cost-effectiveness, and strategic aspects that favored favelas located in the same area. The adoption of these selection criteria from the outset confirmed the program's apolitical nature and protected it from any partisan interests. This was a significant factor in the public's perception of the program's transparency.

### **Continuity between administrations**

Successive city administrations have provided continuity to the program. The first stage took four years to accomplish its goals and was recognized as a tremendous success both by its beneficiaries and overall public opinion. In those four years, the program benefited 195,000 people living in 55 favelas, and an additional 25,000 living in 8 irregular subdivisions.

The success of the first phase of the program persuaded the city government to increase the scale of the operation. Phase II was therefore designed systematically to apply a revised, integrated upgrading methodology. The goal of the second phase, which began in 2000, is to benefit an additional 89 favelas (320,000 people) and people living in 17 irregular subdivisions.

From the beginning of the program, the financial and technical support of the Inter-American Development Bank has played an important catalytic role for Favela-Bairro.

### **Impact**

The major effects of the program, among many others, relate to (i) improving the standard of living of the residents and surrounding neighborhoods; (ii) improving health conditions, with direct reflections in health indicators; (iii) increasing the value of the real estate of slum residents (overall property value has increased between 80 and 120 percent in the favelas that are part of the program); (iv) reducing poverty-related risks in the most vulnerable groups (children, teens, female heads-of-households); and (v) improving the technical skills and competitiveness of the residents, thereby increasing their ability to find work and earn income.

### **Critical factors of success**

The factors that were critical to the program's success and that made it a benchmark of urban upgrading are that (i) it rightly addressed challenging and socially relevant issues in urban and human terms; (ii) it was implemented efficiently, with sound financial and managerial controls, transparent selection criteria, and a high degree of community involvement; (iii) it adopted a methodological approach that integrates a holistic vision of urban poverty with a life-cycle-based social services focus; and (iv) it triggered broad public opinion support because of the wide dissemination of its significant social, urban, and economic impacts.

*Physical and social investments with community participation.* Urban strategies for dealing with urban poverty and slums in the 1960s and 1970s relied too much on subsidy schemes that were often misdirected to middle-income families. Many housing developments were built only to be rejected by their residents or to become vertical slums, and were created by institutions that eventually became too big, too expensive, and ineffective.

Bridging the gap between the formal and informal city requires concerted policies intended to transform squatter settlements into regular neighborhoods by providing them with legitimate infrastructure and regularizing their land tenure situation. This upgrading process is often more economical and effective than other forms of urban intervention, such as resettlement or housing subsidies. Although this approach has been attempted in the past, the new emphasis has been on a comprehensive intervention while ensuring its sustainability and replicability. The combination of physical and social investments should permanently elevate the area's rank from slum to that of a regular neighborhood, and should be tailored to the demands of the communities. This participative process ensures that the project will address the real needs of its beneficiaries.

Some strategies for community participation include involving the community in the decision-making process of the project from inception to completion; organizing neighborhood

associations and using them as a channel for communicating with the rest of the community; and using neighborhood associations to provide services such as garbage collection, child care, and reforestation.

*The social macro function.* Favela-Bairro's implementation had a number of features that enabled it to overcome the difficulties inherent in such a complex multisector and multi-institutional program. A permanent intersectoral committee—the *social macro-function*—and a technical group to support its decisions was created to ensure a good level of coordination among the several departments involved in the project implementation. This social macrofunction joined up the municipal departments of education, health, housing, social development, culture, sports and leisure, and later labor.

*Project management model.* Favela-Bairro's experience demonstrates the effectiveness of a management-by-projects approach in such complex operations. The introduction of professional managerial methodologies that enabled managers to coordinate all interventions and to follow up progress in each neighborhood has been a crucial element for efficient supervision and control.

*The correct methodological approach.* The integral approach strategies adopted by Favela-Bairro consist of proposals of integrated and participative actions. The path that goes *from welfare to work* should combine programs and services for human and social development with labor and income-generation opportunities. To be viable, however, social promotion interventions should be focused on geographical areas with a high concentration of poverty, specifically on the poorest families.

An intersectoral, decentralized, and participative approach can produce synergetic effects capable of providing greater impact for poverty and inequality reduction policies, and capable of contributing to their sustainability.

Although Favela-Bairro has been based on the idea of integrated urban infrastructure interventions, initially the program did not incorporate all the basic components of an integral approach strategy. These components were gradually incorporated into its design as a result of the participatory process and the transformations that occurred in the municipal administration.

Favela-Bairro is the result of an evolving process that resulted in the creation of a typical integral development model with a territorial base that incorporates life-cycle perspectives.

*Public perceptions.* Rio de Janeiro inhabitants, either living in favelas or not, recognize the importance of the Favela-Bairro Program. A public opinion poll carried out in 2003 asked *cariocas* (as Rio residents are called) to choose from a list of governmental programs the one to which the next mayor should give priority. Favela-Bairro was chosen in first place in all three rounds of the survey. The same institute asked respondents about the most important project for the city, and again Favela-Bairro ranked first: 26.1 percent of respondents have elected Favela-Bairro as more important than programs such as minimum income, popular restaurants, and even essential works in major city roads.

### **The scaling-up effect: influencing other regional programs**

The Favela-Bairro program has indeed been promoting a scaling-up effect not only in Brazil, but also in other countries. Favela-Bairro inspired similar initiatives in the area of neighborhood upgrading in at least six other countries: Argentina (National Neighborhood Upgrading Program, 1996), Ecuador (Housing Sector Support Program, 1997), Bolivia (Housing Sector Reform Program, 1998), and Uruguay (*Municipal Development*, 1997 and *Integration of Informal Settlements*, 1999). In Brazil, other programs were inspired by the success of this program: in Rio de Janeiro, the *Baixada Viva* program (1997); in São Paulo, the *Slum Upgrading Program* (1996); and the national reach upgrading program *Habitar Brasil* (1998).

### **Lessons learned: from small to large scale**

Despite the inherent complexities of slum-upgrading projects, technical problems are not the biggest difficulties in moving from small or pilot programs to large undertakings that can have a significant urban impact. What is most important to this expansion is acceptance of the upgrading policy. In this case, the integrated multisectoral and life-cycle-based approach is a legitimate and effective form of public policy.

Only integrated solutions produce significant improvements on the quality of life of the urban poor. Although integral approaches are more costly, in this case because of significant complementarities and synergies, marginal benefits are even larger. Certainly this outcome has helped to ensure the necessary funds to support a large-scale effort either at the local or the national level. Single sectoral solutions do not solve complex urban problems.

## **Implementation Process**

### **Background**

In Brazil informal or irregular neighborhoods usually appear in two different patterns according to their formation, location and land tenure situation. On the one hand there are the favelas, which are settlements that lack property rights, are composed by agglomerations of sub-standard quality dwellings, suffer shortages of basic infrastructure, urban and social services and/or are located in geologically unsafe or environmentally sensitive areas. In the case of irregular subdivisions, residents actually do purchase their plots, which are already demarcated by developers, whose failure to provide the necessary infrastructure prevents owners from registering their plots and obtaining formal title.

Official Census data indicate that dwellings in these neighborhoods represent between 30 percent and 40 percent of all permanent domiciles in the country, which correspond to about 8 to 11 million homes comprising 30 to 40 million people.

In Rio de Janeiro while the formal city has grown within the valleys and along the coast, the urban poor have settled on the hillsides scattered throughout the city - forming the "favelas", or located in irregular subdivisions more distant from the central part of the city.

In 1995, by the start of the Urbanization of Popular Settlements of Rio de Janeiro Program (PROAP), now better known as Favela-Bairro, it was estimated that the city had over 800 favelas housing approximately 1.2 million people, and nearly 600 irregular subdivisions housing 400 thousand people<sup>1</sup>. This represented nearly 25 percent of the city's population living in favelas and irregular settlements. This represented a challenge of such proportion that it seemed almost impossible to be resolved.

### **Characteristics and Components of the Program**

PROAP originated from a self-help Favela urbanization program in which the municipality provided sanitation and street improvement works employing labor from within the beneficiary communities. This program set a precedent by which the municipality not only acknowledged the existence of Favelas, but also developed methodologies and a long range policy to deal with the problem.

The municipal policy toward informal settlements was embodied in a ten-year plan launched in 1990. The plan was the first official attempt to tackle the reality of informal urbanization in the city and proposed a strategy based on the urbanization and integration of the settlements, abandoning previous policies geared to removing them.

The plan created special tools that allowed the municipality to devise its own urbanization planning decrees with more flexible norms for the neighborhoods with social

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<sup>1</sup> Rio de Janeiro Planning Institute(IPLAN-RIO), Favela's Cadastre.

interest. From this plan, the municipality began a systematic work of identification of settlements and began to direct social services towards these areas. The plan also led to the development of a program of investments in infrastructure/urbanization of favelas and irregular settlements that is being supported by the IDB since 1995.

Favela-Bairro had innovative characteristics for that time. Its basic approach was to maintain the residents in the areas they currently occupied and bring to them the services available to the rest of the city. Other aspects included the introduction of a competition among architecture/urban planning firms for developing urban upgrading projects or an urbanistic concept for each favela. Based on this process, which included an ample discussion of the projects with the residents, the interventions in basic infrastructure; social services (at that time limited to the construction of day-care centers) and work qualification and complementary educational programs to be included in the project were defined.

The project included, moreover, components of community development, sanitation and environmental education, and support for the regularization of irregular settlements. Resettlement apartments were provided for the few families that needed to be transferred from their original homes because of risk situations. These were built in or nearby the favelas where the families were living.

### **Selection of Neighborhoods**

Neighborhood selection relates directly to the program's transparency and political character. The selection of favelas and irregular settlements for PROAP phase I and II was made using a system of ranking based on:

- **Poverty indicators:** socio-economic level of families in each favela composed by the following variables: (i) percentage of children under 4 years of age; (ii) percentage of households headed by women; (iii) percentage of heads of households earning up to 1 minimum wage per month; and (iv) percentage of illiterate heads of households. The favelas were ranked from higher to lowest according to this combined indicators;
- **Cost-effectiveness** - measured by the cost per family to remedy infrastructure deficiencies (deficits in sanitation and drainage) in each favela;
- **Strategic dimension** - an additional criterion was to favor favelas located in the same region in order to increase the urban impact of the intervention. This variable took into account: (i) the degree of community participation/mobilization, (ii) complementarity to other projects being implemented nearby or in the same favela; and (iii) the physical clustering of favelas (to take advantage of economies of scale and to avoid tensions that could arise by the exclusion of neighboring communities)

Favelas were ranked in order of priority based on these variables. The resulting ranking was incorporated into the Program's basic regulations and the list, which became widely known in the city, could not be altered without IDB's approval. The adoption of these technical selection criteria from the outset of the program signaled its apolitical nature and protected it from any

interference in neighborhood selection. This was a significant factor in the public's perception of the program as transparent and non-partisan.

### **Evolution from Phase I to II**

The first stage of the Favela-Bairro program took approximately four years to achieve its goals and has been recognized as a remarkable success case praised by their direct beneficiaries, by local public opinion and by development experts. Subsequent city administrations have provided continuity to the program, while complementing it with additional initiatives to handle the informal housing problem.

Given the good results of the first phase, the city government decided to increase the scale of this operation. The first stage of Favela-Bairro financed with a US\$ 180 million loan from the IDB and US\$ 120 million from the municipality, started in 1995. In four years, the program benefited 55 favelas and 8 irregular subdivisions. The goal of the second phase, which began in 2000 with another IDB loan of an equal value, is to benefit an additional 89 favelas and 23.000 households on 17 irregular subdivisions.

The second phase of the program has undergone few though significant changes in relation to the first. Services for the support of vulnerable groups (children not enrolled in schools, single mothers, at risk youths and the elderly, among others) were included. These additions were based on surveys carried out among beneficiaries, who expressed the longing for the availability of more diverse social services. These services were defined in accordance with a set of choices tailored for each Favela. Initiatives aimed at income generation and supporting professional training (such as specialized courses and those providing adults with primary and secondary school degrees) were also included.

During this phase of implementation, and given the degree of consolidation the program had achieved in and out of the city government, there was an increased involvement of other areas of the municipality and a refinement of the community's consultative and participative mechanisms. These are considered key aspects in ensuring the program's sustainability.

The Favela-Bairro program has indeed been inspiring similar initiatives both in Brazil, and in other countries. Since Favela-Bairro was launched in 1995 at least 6 other countries have adopted similar initiatives in the area of neighborhood upgrading supported by IDB loans. Examples include Argentina's "National Neighborhood Upgrading Program" (1996), Ecuador (1997) and Bolivia (1998) with the "Housing Sector Support and Reform Programs", Uruguay's "Municipal Development" (1997) and "Integration of Informal Settlements" (1999) projects, among others. In Brazil, besides Favela-Bairro phase II, other programs adopted similar methodologies and social approach: in Rio de Janeiro, the "Nova Baixada" program (1997), and the national "Habitar Brasil" (1998) upgrading program.

The Mayor of Rio de Janeiro and his Housing Secretary have recently announced that they expect Favela-Bairro to go into a third phase. As mentioned before, the program has been successfully carried out by three different administrations.



## **Driving Factors for Success**

### **Developing a Public Policy: The Right Answer to the Problem**

Why slums exist and how to deal with the problem? In the last few years there has been a renewed interest in slum upgrading as a way of responding to the urban crisis in the developing countries. Rapid migration and the lack of adequate investments have resulted in significant infrastructure deficits, generating a pattern of two cities: the formal and the informal. They distinguish the “haves and have nots” in urban services, the mainstream and the marginal city dwellers.

The existence of informal settlements can be explained by the market’s inability to meet the demand for low income houses and developed land for the poorest segment of the population. It is thus a supply and demand issue, pitting the limited supply of land and housing, which is constrained by physical and institutional factors on one side, and the demands of a growing urban population with limited but still meaningful purchasing power on the other. The informal sector with its irregular land subdivision and sales methods and unregulated shelter solutions is thus a market response for the low end of the housing market. The frontier between the formal and informal markets is therefore a threshold that can be defined in financial terms. But why is this threshold for accessibility to formal land and housing solutions so high in developing countries? The factors at play are:

- The limited supply of land with basic services and transport infrastructure, which makes existing land scarce and expensive.
- The legal framework is typically obsolete, with inflexible and over demanding national and municipal legislations.
- Transaction and compliance costs are also high as a result of cumbersome bureaucratic procedures.
- There is little competition between providers of low-income housing as well as limited availability of long term real estate financing for the urban poor.

### **Approaches for Dealing with the Problem**

Urban strategies for dealing with urban poverty and slums have evolved along drastic paradigm changes. During the 1960’s and 70’s, urban projects focused on the financing of massive housing projects that would provide homes for the urban poor. Considerable resources have been invested in these schemes, which often involved the creation of housing sector funds and institutions. The results were disappointing: too many subsidy schemes were created and were often misdirected to middle income families; housing developments were built only to be rejected by their residents or become “vertical slums”, and were created by institutions that eventually became too big, expensive and ineffective.

As a result of this, beginning in the mid 70’s, the trend shifted towards a “basic needs” approach. The goal was to provide developed land with basic services for the poor who could

subsequently build their own housing solutions. Housing improvement loans were common complements of these projects, which enabled the completion of existing homes. This model also proved problematic since in an attempt to lower costs, the developments were built far away from employment centers, and they often lacked transportation services. Again, the real needs of the final beneficiaries were ignored.

### **The Slum Upgrading Model**

Bridging the gap between the formal and informal city requires concerted policies intended to transform squatter settlements into regular neighborhoods. This involves the provision of similar levels of basic infrastructure and other city services existing in the regular areas and regularizing their land tenure situation. Compared to resettlement and housing subsidies, this in-site upgrading process is often more economical and effective as a way of solving shelter problems. It also avoids the social disruptions resulting from relocations and the excessive costs of acquiring and developing new land. . Although this approach has been attempted in the past, the new emphasis has been on a comprehensive and integrated territorially focused intervention while ensuring its sustainability and replicability.

The neighborhood improvement model currently applied in a number of countries implies an integrated approach in terms of the types of investments and interventions involved, participatory implementation and transparent selection criteria. The combination of physical and social investments is intended to produce a qualitative leap in the area to permanently elevate its rank from slum to that of a regular neighborhood.

Therefore, the basic philosophy of the model is to integrate the formal and informal areas of the city. The principles of the Integrated Program are:

- Minimum package of urban infrastructure
- Incorporation of social services
- Local community participation in design, implementation and maintenance
- Integrated and coordinated implementation
- Inclusion of preventive strategies <sup>2</sup>

The combination of these social and physical interventions has to be tailored to the demand of the communities. The services in Favela-Bairro were all discussed and agreed with the favela residents, which enhanced their sense of ownership of the program. One of the key reasons for the program's success is therefore its timing and combination of services, which responded so well to the real needs of its beneficiaries.

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<sup>2</sup> Strategies aimed at preventing further growth of informal settlements by focusing on their causes. These can include changes in current policies and practices for land subdivision and construction approval, review of municipal and central government urban development regulations, incentive to low-cost housing etc.

## **Institutional Innovation: The Efficient IMPLEMENTATION**

Favela-Bairro's implementation had a number of features that enabled it to overcome the difficulties inherent in such a complex multisector and multi-institutional program. The highlights are the participatory implementation methodology, the institutional arrangement within the municipality for coordinating the different areas involved, the coordination of physical and social activities, the management approach and the works execution strategy.

### **Participatory Implementation Process**

As already mentioned, community involvements in project design and implementation is critical for developing a sense of ownership and for its ultimate sustainability. Building local capacity for self-organization and social participation was an integral part of the program's methodology. From the outset in each area, community associations were consulted and involved in the design process. Local organized associations or other forms of organizations were used as intermediaries between the program managers and the community. They were empowered to take responsibility for the overall communication and organization of the communities, a strategy that gave to the majority of these associations' legitimacy and strength in their relationships with the community. They were also involved in the planning of public spaces, social services and some of the urban services decisions that were taken during the project design. A third role of the associations was in the operation and maintenance of the services that were being implemented, for which their tasks included the intermediation in the contracting of local labor for garbage collection, reforestation and others services. Giving community members a role and voice in the supervision, maintenance and even operation of services (see box 1) – despite some occasional problems of representativeness and performance - resulted in general in greater involvement and better maintenance of services and public equipment.

Some strategies for community participation include:

- Involving the community in the decision-making process of the project from its inception until its completion. Community consultation and participation is helpful in defining project solutions, selecting social services and determining the location of facilities, deciding on resettlement options and helping with the process.
- Organizing neighborhood associations and using them as channel for communicating with the rest of the community.
- Employing neighborhood associations to provide services such as garbage collection, child care providers, reforestation, among others.

**Box 1. Trash Collection Employing Community Organizations**

Trash collection in Rio’s favelas is based on the use of small plastic containers that can be easily transported from places close to the houses to consolidation centers in the communities. Compactors are located there which are replaced every two or three days by the Municipal Sanitation Company. The main feature of this successful model is that the trash is collected by **people contracted by the community association** from among the local residents. This model of contracting and delivering services is used also for the maintenance of water and sewer systems, reforestation and for the operation of child care centers

**Enabling an Inter-Sectoral Approach**

One aspect of the efficient implementation of Favela-Bairro concerns the successful integration of actions among the different departments of the municipality.

The solution for achieving an adequate level of coordination among the several departments (“Secretarias”) involved in project implementation was the establishment of a permanent inter-sectoral committee – the so called “social macro-function” – and a technical group to support its decisions.

In 1993, in order to institutionalize the inter-sectoral nature of its programs, the government of the city of Rio de Janeiro created articulation forums for each of its main duties: financial and administrative, urbanistic and social. It is the emergence of the social macro-function, joining-up the municipal departments (Secretarias) of Education, Health, Housing, Social Development, Culture, Sports and Leisure, and later Labor. This social macro-function was initially coordinated by the Education department and later by the Social Development Secretaria and it is a privileged articulation forum for policy and integrated actions.

Favela-Bairro represents the main strategy for the integration of these sectors’ actions by offering the territorial base needed to turn this articulation effort into reality. The social macro-function enhances the reach of the management committee by comprising all government social policy areas and allowing an ample diversity of actions that go from integrated urban infrastructure, to social and human development safety net programs.

**Project Management Model**

Another important aspect of Favela-Bairro has been the adoption of managerial methodologies that are critical in a program that at any given time could be implementing 40 or 50 simultaneous interventions at different stages of execution.

Favela-Bairro’s experience demonstrates the effectiveness of a management-by-projects approach in such complex operations. The introduction of a management model in which managers coordinate all interventions and take the responsibility to follow-up progress in each neighborhood was enabled by means of an information system that also allow them to track the

development and performance of different projects. That is a crucial element to efficient supervision and control.

Two other elements are important in the management scheme adopted:

- The creation of an executive unit (Secretaria Executiva) in charge of the program's coordination (linked to the Housing Secretariat).
- The help of a management support firm, hired to operate the program's management information system and to perform other reporting and supervision activities.

### **Contracting works and services**

A critical aspect for successful project implementation is the reduction in the number of contractors involved. Each favela project essentially used one design firm (that can conduct part of the socio-economic surveys and community development work) and one contractor for the range of infrastructure works. This simplification of the procurement process greatly facilitated the control and coordination of implementation in the field.

For social services a mix of municipal employees, community workers and NGO's were employed. Some of the child care centers were operated by community organizations, a model that later evolved into centers operated by more professional staff (from the municipality or from contracted NGOs). The centers for integrated municipal services (CEMASI) were operated by municipal personnel with a high percentage of labor hired from within the communities.

The lesson learned as far as coordination is concerned is that the fewer agencies involved the better. Public works can and should be built by single (or the fewest) contractors in order to reduce coordination problems. To make this work, the contracting and supervision capacity of the city shall be strengthened to enable it to take responsibility for implementing and/or coordinating the whole project cycle.

## **Learning and Experimentation: The Correct Methodological Approach**

### **Integral Approach Strategies**

Strategies with an integral approach are based on a few basic premises:

- Poverty is a multidimensional phenomenon that includes human, social and economic aspects which are present in subjective characteristics such as the feeling of lack of power, fatalism and immediacy. Consequently the integral strategies should put together and integrate human, social and economic development programs to the poor by applying methodologies that promote subjective changes in the way they present themselves and to the world.
- The existence of extreme or highly vulnerable poverty groups for whom specially targeted social programs are necessary, implying the need for a Social Safety Net, that covers both families that are vulnerable to macroeconomic, social and idiosyncratic shocks (unemployment, illness) and to natural disasters, and those in a situation of extreme poverty.

- Poverty tends to reproduce itself among generations through factors that affect the development possibilities of individuals in different periods of life.
- Factors that cause and reproduce poverty are highly influenced by social relations. Therefore it is necessary to increase the social capital of the poor.
- The family is one of the most important social spaces (loci) for the reproduction of poverty and also for overcoming it.

Based on these premises, the integral approach strategies consist of proposals of integrated and participative actions aimed at creating conditions to overcome poverty. The path that goes “from welfare to work” should combine programs and services for human and social development with labor and income generation opportunities. To increase their effectiveness, though, social promotion interventions should be focused on geographical areas with a high concentration of poverty. Targeting within these areas the groups most susceptible to social vulnerabilities, such as gender, ethnical conditions and special circumstances like unemployment, illness, lack of education, has the additional effect of reducing inequality levels. .

The premise is that an intersectoral, decentralized and participative approach can produce synergetic effects that enhance the impact and sustainability of poverty and inequality reduction policies. This approach should be able to integrate policies of protection, of human, social and economic promotion, and of infrastructure. It should be focused on the poorest regions and families, who should become involved in their own development process.

In sum, the common attributes to all strategies with an integral approach are:

- A multi-sectorial approach
- Focus on territoriality or on the family
- Decentralized management
- Emphasis on the participatory and leading roles of the communities and poor families.

**Types of Strategies:**

There are three main types of integral approach strategies – classified according to their basic unit of integration and their scope:

- National poverty reduction strategies;
- Territorial-base strategies;
- Life-cycle strategies

The National Poverty Reduction Strategies (NPRS) are proposals with a national reach aimed at creating, implementing and evaluating poverty and inequality reduction plans. The NPRS are designed according to a comprehensive development model in which macro and microeconomic policies are combined with social policies with the purpose of designing a Strategic Action Plan that promotes sustainable economic, social and human development with social justice.

Strategies with a smaller geographical reach (such as a small city or community), are known as Territorial Based Integral Development Programs.. Similarly to the national strategies, these programs are designed on the basis of a diagnosis of the community local problems and potentials and with their ample participation.

Finally, the Life-Cycle Approach is centered on the basis of the social fabric: the family. This strategy is founded on the basic understanding that programs devised to any one member of a family tend to benefit the family unit as a whole, and that the design of a set of programs to different members of a family in different stages of the life-cycle have the potential to break the process of poverty transmission between generations.

### **Favela-Bairro as an Example of an Integrated Program**

Although Favela-Bairro has been conceived based on the idea of integrated urban infrastructure interventions, initially the program only included a few basic components of an Integral Approach Strategy. For instance, additional social services and an economic development component (labor and income generation in the second phase of Favela-Bairro) were incorporated into the second phase of Favela-Bairro as a result of residents' demands.

Therefore, Favela-Bairro is the result of an evolution process that resulted in the creation of a typical Integral Development model with territorial base that incorporates the Life-Cycle perspectives.

- **Territorial Based Integrated Development Approach.** In urban areas, poverty is commonly concentrated in spatially segregated zones, in either central city slums or suburban irregular neighborhoods. This spatial attribute is a relative advantage since it facilitates the identification of areas and targeting of interventions to ameliorate their situation. As such it represents a cost effective way of targeting public investments, as compared to other social interventions in achieving significant advances in critical poverty indicators.

This is why increased attention has been given to neighborhood upgrading projects. They take advantage of the ease in diagnosing specific community needs, tailoring services to their specific needs, and executing actions in a defined territory. This combination of multi-sectoral interventions in a confined territory enhances their individual impacts and facilitates their assessments. These types of interventions are a novel form of social policy, which addresses multiple aspects of social marginality constituting instruments for achieving poverty reduction.

**Creating Synergies:** The results of slum upgrading interventions in the livelihood of the urban poor tend to be felt in the short term, in contrast with some other social investments whose effects tend to be felt many years down the road. By opening spaces for urban services and thereby facilitating access of more traditional social services (i.e. health clinics, schools, child care centers), urban upgrading projects create better learning and working conditions for poor families. As such, the benefits of neighborhood upgrading projects go beyond the physical enhancement of neighborhood infrastructure. Merging urban infrastructure and social services create synergies that maximize the impact of both forms of policy intervention; mutually reinforcing the impact of both forms of interventions (improving

sanitation in the homes and targeting complementary schooling services to needy children serves both goals of improving health indicators and educational improvement).

Transparency and efficiency are key aspects in adequate implementation. Empowerment of beneficiary communities has proven to be highly important goal. Participation in the decision-making process of project design, implementation, and active roles in supervision and service provision are factor that should be incorporated in programs to ensure community participation.

- **The Life-Cycle Approach.** The Program in its social components adopted a methodology of life-cycle intervention which had been in gradual development since 1994 when a new social developing policy has been launched in the city of Rio de Janeiro. This policy was based on principles of decentralization, integration between social protection and promotion, family focus and on the life-cycle perspective.

The Social Development Secretaria had been developing and targeting to the areas served by the program services directed to extreme risk groups, such as people with disabilities and the homeless, in addition to a program of conditional nutritional support – a pioneer of this kind of program in Brazil – in which a food “basket” (Bolsa Alimentação) was given to selected families contingent their children regular attendance to school.

In the area of services for the handicapped, in addition to rehabilitation programs already in place in some large populated areas, a Community Rehabilitation effort was created. Interdisciplinary teams composed by community agents visited residents in their homes in order to identify needs, assist family members and direct them to rehabilitation service centers. Many of these services were provided with direct support of the Favela-Bairro program while others were targeted by the city to the favelas selected for the program’s intervention.

The philosophy behind the selection of services was to deal with factors that hinder the integral development of the poor citizens in each stage of their life-cycle:

- For children aged 0 to 6: full-time assistance in children educational centers located inside the favelas. This service is provided by educators that are selected from within the community or hired by Resident Associations or NGOs that are affiliated with the Municipal Secretariat of Social Development. This program is a result of community initiatives for the integration of women in the labor market. The physical, intellectual, emotional and social development during this stage of the life cycle is a key element for breaking down intergenerational poverty transmission.
- For children and adolescents aged 7 to 14: besides the program of conditional transfer of resources – Bolsa Alimentação – an after-school program called Oficina da Criança was created to complement education. Its objective was to improve learning performance and to reduce child labor – another important factor that influences the reduction of poverty between generations.



- Youths – this is the age group that is more exposed to high social risks in the city of Rio de Janeiro. These risks include high levels of mortality caused by external factors, idleness, misdemeanors, use of drugs and early pregnancy. For this age group programs of professional training were introduced in addition to Youth Centers addressing all these issues. Later, through the Municipal Labor Department (Secretaria), actions aimed at the improvement of school attendance in combination with labor and income generation programs were also established.
- For the Third Age, there were created Assisted Living Day Centers (“Centros de Convivência”). These Centers contributed for the preservation of family relations since they ensured that the elderly would be taken care of while other members of the family were working.

In order to integrate all these services, as well as the work with families, the city established the Municipal Centers of Integrated Social Assistance (CEMASI). At that time these Centers could only offer some of the above mentioned services but they served as a reference for poor families and contributed to identify their specific needs, to guide them to the available services within CEMASI or in nearby areas. Moreover, they also offered educational programs that dealt with themes that were relevant to the family relations.

Currently over 60 thousand people are assisted in the CEMASIs located in the favelas and in land subdivisions covered by the Favela-Bairro Program, and elsewhere in the city. This array of services is offered to the community according to their needs. Especially in the Phase II, the set of programs are organized according to life cycles characterizing Favela-Bairro as a typical example of an integrated approach strategy with a life cycle perspective.

### **External Catalysts**

The municipality’s policy towards urban settlements has been in place for nearly 10 years. The results recorded so far include direct benefits to about 196,000 people living in medium-sized favelas and 51,300 in irregular land subdivisions, as a result of the US\$ 300 million invested by the city in the context of the first IDB financed Favela-Bairro program.

As already mentioned, the success of the program led the city to pursue a second phase, for which IDB again provided a significant loan. Favela-Bairro II with this additional US\$ 300 million in investments is currently being implemented in 89 favelas and 17 irregular subdivisions, benefiting an additional 320,000 people. Therefore, by the end of the second phase, around 600,000 people will have received assistance through the program.

## **Impact Analysis**

### **Visible Impacts Bring Public Opinion Support**

According to public opinion polls, survey results and data collected by the city, Favela-Bairro has indeed had a strong impact in the city, not only because it improved the quality of life of a

significant number of its citizens, but also for all the urban upgrading that took place in the neighborhoods. These impacts are the principal reason for the continuity of the program, since they legitimize governmental support for its continuing financing.

The major program impacts are related to:

- Improvements in the standard of living of the residents of the targeted communities and surrounding neighborhoods.
- Improvements in health conditions with direct reflections in health indicators due to the environmental and sanitation works.
- Economic impacts that can be measured by the increase in the values of the homes of slum residents. In general property value has increased between 80 percent and 120 percent in the favelas that are part of the program.

These results, derive from the specific improvements that have been brought to the favelas and subdivisions, namely:

- Improved access to safe water, sanitation, drainage services, access streets, trash collection services, parks, recreation and sports areas;
- Reduction in the social, health, and environmental risks to which their residents were exposed;
- Prevention and reduction of poverty-related risks in the most vulnerable groups (children, teens, female heads-of-households) for those that attended or received support from the city's social services;
- Opportunities for children and youths to engage in recreation and sports, helping to prevent delinquency;
- Health improvements and better development for children attending child care centers

Improvement educational levels and technical skills of the residents attending complementary education and other capacity enhancing activities.

<p><b>Box 2: Comparing Service Levels: Survey Results</b></p> <p>A recent survey conducted by the Pereira Passos Institute (Rio's Statistics Bureau) compared the coverage of some basic services in 34 favelas included in the program and between 1991 and 2000. It also included a control group of 17 favelas without the program's interventions. The main results area:</p> <ul style="list-style-type: none"> <li>• Water Supply (regular connections): increase 81.2 percent to 94.8 percent (+14 percent); Control Group (-7.24 percent)</li> <li>• Sewage Connections: increase from 64.0 percent to 84.0 percent (+19 percent). Control Group (+ 2.9 percent)</li> </ul> <p>Trash Collection: 79.6 percent (at collection points) to 98 percent (domestic collection. Control group (-0.8 percent)</p>	<p><b>Box 3: Favela-Bairro in Numbers (December 2003)</b></p> <ul style="list-style-type: none"> <li>• 97 day-care centers</li> <li>• 263,000 square meters of hillside containment</li> <li>• 2 million square meters of paved streets and alleys</li> <li>• 173,000 square meters of constructions</li> <li>• 596,000 meters of potable water network</li> <li>• 637,000 meters of sewerage network</li> <li>• 10,200 points of garbage collection</li> <li>• 26,300 points of lighting</li> <li>• 503.000 square meters of leisure areas</li> <li>• 360 public squares</li> <li>• 106 sports courts</li> <li>• 35.000 trees planted</li> <li>• 22.000 resettled people</li> <li>• 30 public IT centers</li> </ul>
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**Perceptions by the Public and Commitment by Authorities**

Rio de Janeiro inhabitants, either living in favelas or not, recognize the importance of the Favela-Bairro Program. A public opinion poll carried out in 2003 by a survey institute (FONTE) asked “cariocas” (as Rio residents are called) to choose from a list of governmental programs the one that should be given priority by the next mayor. Favela-Bairro was chosen in first place in all three rounds of the survey.

The same institute asked respondents about the most important project for the city and again Favela-Bairro ranked first: 26.1 percent of respondents have elected Favela-Bairro as more important than programs such as minimum income, popular restaurants, and even essential works in major city roads.

What is the importance of this popular consensus? In Rio, maintaining support to Favela-Bairro became a banner for aspiring leaders from grassroots to the mayor election level. The fact that the program became widely known internationally and receives visitors from all over who want to see its results in person has also helped. In IDB it became a model that has been replicated throughout Latin America. All of this prestige helped to convince city political leaders

that the program in spite of being the single largest investment item in the city budget, merited their continuing support.

## **Lessons Learned: Growing from Small to Large Scale**

Despite the inherent complexities of slum upgrading projects, technical problems are not the biggest challenge in moving from small or pilot programs to a large undertaking that can have a significant urban impact. What is most important to this expansion is the acceptance of the upgrading solution – in this case the spatially targeted integrated approach - as a legitimate and effective form of public policy. This is the only way of assuring the necessary funds to support a large scale effort either at the local or the national level.

The key factors that can be associated with the program's success, and which generated the political support it required to move up in scale, are the following:

- **The right focus.** The program focused on one of the most complex and challenging problem the city faces: the social and economic integration of its disadvantaged population. This challenge is a major concern both of the residents of these areas and of the city at large, since the image of Rio is associated with this urban feature. The notion that improving the quality of life of favelas' residents was a social priority and that it had to be dealt with in a humane manner was widely shared by the population. The city strategy of doing this without removing them forcibly to remote areas, was well received and approved by the population.
- **Learning and evolution in its methodological approach.** By targeting the favelas, where poor and disadvantaged population was concentrated, and combining actions from a variety of sectors, the project adopted the correct methodological approach. Its gradual evolution from an incipient self-help approach to a territorial based integrated program, incorporating the life-cycle perspective, represented a true maturing and learning process.
- **Efficiency in implementation and institutional innovation.** Without efficient implementation even the best ideas will not succeed. Favela-Bairro adopted a number of principles that were essential to its outcome: transparent selection criteria, effective management strategies, cost controls, beneficiaries involvement in its design and implementation. The combination of these techniques allowed the city to maintain adequate control over a highly complex multiple-interventions program.
- **Commitment by authorities.** The commitment of local authorities came as a result of the positive impacts the program had in achieving its goal of improving the quality of life in the favelas and empowering its population. Since this represented one of the most pressing social problems in the city, the positive feedback the program obtained encouraged successive administrations to maintain and increase their support to it.
- **Finally, the ultimate lesson of Favela-Bairro is that in the face of complex urban poverty problems, not a single sectorial solution will suffice-** only integrated solutions can produce

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significant impacts on the quality of life of the urban poor. Despite its technical complexity and intrinsic costs, this approach provides better results in terms of a sustainable improvement in their quality of life and perspectives for breaking their poverty cycle.

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