

What are the controversies between actors around the Água Espraiada Consortia Urban  
Operation social dimension and how effective is the municipality of São Paulo  
strategies to address these asymmetries?

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## 1. Introduction

The world is deepening into a rapid urbanization growth that consequently generate additional challenges to public managers across the world. In modern times, cities are becoming increasingly more attractive to people due to job opportunities, rich cultural life, and high-quality education. Thus, as a result of an intense migration process from rural towards urban areas, for the first time in history half of the world's population now live in cities (United Nation, 2015).

According to the United Nations/GLTN (2012), this trend only tends to grow: by the middle of this century, 70 percent of the world's population will be living in urban areas. The same report indicates that developing countries are responsible for over 95 percent of this growth. Expecting to have their population doubled from 2000 to 2030, these territories are also expected to triple their urban areas during this same period (United Nations/GLTN, 2012).

As the world shifts towards an urban age, studying cities never has ben more relevant. Urban areas became the dominant form of humankind habitat, and it is inside these territories that actions related to human prosperity will take place. However, to continue as a hub of diversity and prosperity, cities need to adapt urgently to challenges imposed by urban expansion, with particular attention to the social aspects of the urban space (Angel et al. 2011).

Aiming at the better development of these urban areas, public managers around the world are exploring urban policy mechanisms to foster cities' sustainable growth. As an example of that is this research case study, the Água Espraiada Consortia Urban Operation (AECUO), developed in the Municipality of São Paulo, Brazil. This major project comprises the implementation of several interventions, including roads infrastructure and social housing programs, in the core urban perimeter of the biggest and most populous city of Brazil. In 2015, the city of São Paulo counted with a population of approximately 12 million inhabitants living in 1,521.110 km<sup>2</sup> (IBGE, 2016).

This policy is operationalized by a mechanism that explores the Charges for Additional Building rights (Outorga Onerosa do Direito de Construir – ooDC), a monetary compensation paid by those who receive new building rights inside the Urban Operation Perimeter. In principle, it should enable the municipality of São Paulo to improve land

management efficiency, promote socially desirable outcomes, and increase revenues to implement projects that improve the urban fabric.

Since its institutional creation, in 2001, the plan has been generating criticisms from civil society movements and experts. They question the progress achieved to meet the demand of nearly 8,500 low-income families living in subnormal settlements directly affected by this consortia urban operation interventions.

According to the IBGE 2010 Demographic Census, subnormal settlements comprises a set of at least 51 housing units that have illegally occupied or still occupies private or public land, with a haphazard layout and/or dense rates, that lacks essential services. In order to be classified as a subnormal settlement, the housing unit must be an illegal occupation of land characterized by construction on the property of others or have receipt the land title in the previous 10 years, and meet one of the following criteria:

- a) construction outside of existing municipal patterns, reflected by the presence of narrow and uneven roads, land parcels of inconsistent shape and size, and development not overseen by regulatory agencies, and/or;
- b) general scarcity of public services such as electricity, garbage collection, water networks and sewage (IBGE, 2010).

With an approximate population of 194 million in 2012, Brazil's housing deficit in this same year reached 8,5% of its total household, representing 5,43 million housing units (IBGE, 2012; Fundação João Pinheiro, 2013). From this total demand, 85.9% is concentrated in urban areas. Moreover, according to the same report, the shortage of urban infrastructure was the component that most affected Brazilian urban households. In total, 10,323 million dwellings lacked at least one item of basic infrastructure: water, electricity, sewage or garbage collection.

Among all Brazilian States, the absolute value of housing deficit is very expressive in São Paulo, the only state where the demand for new housing exceeds one million units (1.151 million or 8% of its permanent and temporary private households). In 2012, the municipality of São Paulo, one of the 39 municipalities that integrate São Paulo Metropolitan Region, presented the countries' higher local housing deficit, 474 thousand households (Fundação João Pinheiro, 2013).

In contrast to these social challenges, with a GPD of R\$ 389 billion, São Paulo ranks as the 10th richest city in the world, representing 10.7% of all Brazilian GDP (IBGE, 2013;

São Paulo Department of International and Federative Relations, 2015). The previous data indicates the typical scenario of big cities that count with an uncoordinated rapid urban growth that generates locus of prosperity and social bottlenecks in its urban space.

When analyzing this case study analysis, such controversy can be experienced on a small scale. As this research will explore, to balance the real estate market interests - responsible for financing great part of the Urban Operation - and to offer efficient social housing policies - to those affected by the programs - is the major challenge faced by public managers steering this operation.

Although living in inadequate conditions, slums residents have developed a sense of belonging to the area where they have spent most of their lifetime and established their social relationships. Also, as the economic progress reached this part of the city, their location became central - close to financial centers, public transportation system and other facilities lacked in the peripheral zones.

On the other side, the real estate market that operates as the financial lever for this urban revitalization focuses on the achievement of profitable businesses that, from their perspective, is not attractive once located next to poor communities. In its negative extreme, this conflict of interests leads to a gentrification process, in which low-income households are expelled from their former home as the price of land arises in compass with new upscale urban developments.

The following subchapters will provide substantial information concerning this interesting case. The idea is to address indispensable events and arrangements that will support this research towards its aim: understand what the key social consequences of the Água Espraiada Urban Operation are. The social and productive inclusion of marginal and poor areas within new developments will be considered as a central point for this research.

### **1.1 - Institutional and legal framework**

After decades of trial and error, reflecting deep discussions between different social groups, the Brazilian City Statute (Act 10,257) was approved in 2001 and became the most important legislation for urban policies in Brazil, also offering the legal framework for consortia urban operations in its article 182 and 183. The need to plan life in an urban environment and to create policies that cope with different problems affecting urban societies has lead to the creation of the long-awaited City Statute in Brazil.

The Statute establishes norms of public order and social interest to regulate the use of urban property for the collective good, the safety and well-being of citizens and environmental equilibrium. When related to social participation, it ensures a more democratic management of urban issues through collegiate bodies of urban policies at national, state and local levels; debates, public hearings and consultations; conferences of urban interest; popular initiative bill and plans, programs and urban development projects (Act 10,257, Chapter 4, Article 43).

Several other guidelines related to urban space are brought by the 2001 City Statute, however, for this specific work, two are indispensable elements. First, the establishment of Consortia Urban Operations (CUO), an institutional arrangement that offers special treatment for a group of stakeholders (landowners, residents, users, and private investors) to work collaboratively on the renewal of a specific area of the city. Still being ruled by specific legislation, CUOs are categorized as a Public-Private Partnerships (PPP) in its broad sense. And secondly, the transfer of development rights that acknowledge private or public urban property owners to use in another location, or alienate through public deed, their right to build (already specified in the master plan) when the property is considered necessary for other purposes.

In addition, Consortia Urban Operations are defined as a tool to achieve urban structural transformations with social improvements and environmental enhancement, through interventions and measures coordinated by the municipal government, in partnership with landowners, residents, permanent users and private investors. The definition of a consortia urban operation plan must contain, among other requirements (Act 10,257, Article 33):

- Basic occupation program;
- Economic and social care program for the population directly affected by the operation;
- Previous study of neighborhood impact;
- Compensation to be demanded from the owners, permanent users and private investors due to the use of the improvements resulting from changes in urban planning rules or property regularization;
- Representation of civil society in the joint control of the operation.



The following table illustrates the legal framework, from the Federal level until the specific legislation created by the local government in 2001, Act 13,260, ruling the urban operation works.

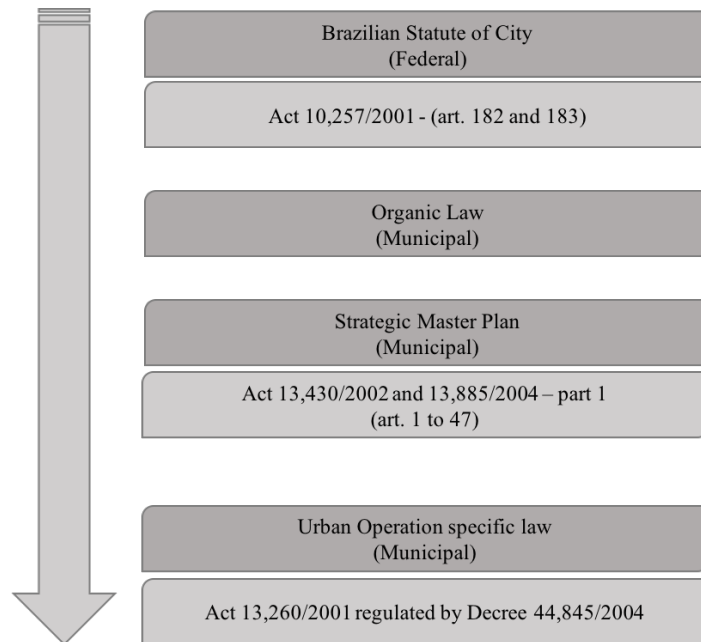


Figure 1 – Urban Operation legal framework

## 1.2 - Financial framework and organizational arrangement

Prescribed in the 2001 City Statute<sup>1</sup>, the Certificates of Additional Potential Construction Bonds (CEPAC) is used as the main tool to enable this consortia urban operation. It consists of a recent mechanism used in urban operations to generate financial gains to the public administration by offering additional building rights to private developments inside the operation perimeter. In return for paying for such bonds, developers are benefited with larger floor area ratio and allowed to change uses of the plot provided by the city land use and occupation act<sup>2</sup> (Sandroni, 2010).

In other words, these bonds, issued by the municipality through public electronic actions on the stock exchange<sup>3</sup>, are the financial compensation that developers give to the public sector in return to the acquisition of new building rights (Smolka, 2013; Sandroni, 2010;

<sup>1</sup> Brazilian Act 10257/2001, Article 34.

<sup>2</sup> In Portuguese “Lei de Uso e Ocupação do Solo”, is a local law that establishes additional rules to the city Strategic Master Plan. In the city of São Paulo, the the land use and occupation act is a local Act 13,885, from 2004, that introduces the Strategic Regional Plans for the Subprefectures, offering land subdivision, discipline and land use and occupation in the Municipality of São Paulo territory (Act 13,885, 2004, São Paulo).

<sup>3</sup> The bonds are regulated by the Brazilian Securities and Exchange Commission (CVM) similar to Securities and Exchange Commission - SEC, in US.

Act 10257/2001). These bonds create an indispensable interface between the public and private sphere involved in the project as it deals with securities used to mobilize land value increments generated in urban operations.

The onerous grant (*outorga onerosa*<sup>4</sup>) of additional building rights created by the CEPACs are exclusively permitted for developments built inside the Consortia Urban Operations zone. The core concept behind the onerous grant is that, according to Brazilian legislation, the master plan elaborated by local authorities is entitled to stipulate certain areas where the right to build can be exercised above the original basic coefficient, as far as there is a compensation paid by the beneficiary to the public sector.

In sum, the additional potential right that hereafter will be added to the original zone is bought by a private developer through CEPACs bonds. Consequently, the amount derived from these operations, entirely financed by private developers, will be compulsorily invested in the urban operation zone. The idea is to promote urban policies without burdening public accounts. In this sense, originally, the public sector is not expected to make use of money from the public treasury in the operation interventions.

This massive urban operation has raised, until November 2015<sup>5</sup>, approximately 1 billion dollars. Almost 90% of this amount was derived from CEPACs' auctions. To date, the income generated by CEPACs sales, and investments from municipal budget, were allocated in the construction of Otavio Frias Filho Bridge (Ponte Estaiada); social housing units dedicated to the population affected by the operation; projects and works related to local roads of Brooklyn area, extension of Jornalista Roberto Marinho Av. to the Imigrantes Highway (Tunnel and Via Parque - site access roads to the districts of the region and a large linear park with approximately 612,000 sqm.); Parque Chuvisco and extension of Chucri Zaidan Avenue, which will last until the João Dias Av. In compliance with the Preliminary Environmental License of this urban operation a bridge between the bridges of Morumbi and João Dias was incorporated; and, finally, public transportation networks (including subway line).

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<sup>4</sup> Brazilian Act 10257/2001 Section IX, Article 28.

<sup>5</sup> Municipality of São Paulo "Financial report summary" November 2015  
[http://www.prefeitura.sp.gov.br/cidade/secretarias/upload/desenvolvimento\\_urbano/sp\\_urbanismo/arquivos/ouae/ouc\\_agua\\_espraiada\\_resumo\\_financeiro\\_setembro\\_2015.pdf](http://www.prefeitura.sp.gov.br/cidade/secretarias/upload/desenvolvimento_urbano/sp_urbanismo/arquivos/ouae/ouc_agua_espraiada_resumo_financeiro_setembro_2015.pdf)

The following image illustrates the original area, accepted by the original zoning, and the additional potential building, acquired by CEPAC, that has its revenue converted into new urban infrastructure and other improvements to the urban operation area.



Figure 2 – CEPACs financial flow

Thus, in order to deal with such a big scale project, with lot of visibility, and a great number of actors<sup>6</sup> involved, a Steering Committee was created under the coordination of São Paulo Urbanism (SP-Urbanismo)<sup>7</sup>, a municipal public enterprise, responsible to manage the development of several projects allocated in the scope of this urban operation.

SP-Urbanismo is allocated under the Municipal Department of Urban Development and has the attribution of supporting and developing governmental actions related to urban planning and the promotion of urban development projects in São Paulo. The company develops plans and projects for the Municipal Administration by means of the Department of Urban Development. Besides designing, structuring and monitoring the implementation of territorial intervention of urban development programs, the SP-Urbanismo manages all existing urban operations of São Paulo municipality, dealing with activities such as plan development, studies related to investment programs, prioritization of interventions and works, schedule of investments, the amount of CEPACs to be issued and the timing of their issuance to support investment.

It is part of SP-Urbanismo competency to establish partnerships with the private sector, civil society and other levels of government for the implementation of urban projects,

<sup>6</sup> Klijn and Koppejan (2012: 73) define actors as “individuals, groups, and (groups of) organizations that can affect, or that are affected by, problems, projects, or policies”. This research will better focus on this concept definition latter.

<sup>7</sup> Documents dated before 2009 mention Sao Paulo Urbanization Municipal Company (EMURB), as the public enterprise responsible for coordinating this urban operation. However, this company was segregated into what is now known as SP-Urbanismo (responsible for urban planning projects) and SP-Obras (execution of works) (Sao Paulo Municipality Act 15.056, 2009; Decree n° 51.415, 2010).

turning it as the major institution responsible for activating and coordinating actors involved in the urban operation activities.

### **1.3 – Research focus**

The previous information present this as sensitive and complex operation that deals simultaneously with a group of several actors fighting for the achievement of different outcomes. Low-income communities, living in risk areas near a dirty stream and on the edge of roads, lacking basic sanitary conditions, are expecting to be resettled by the government to new housing complexes; middle and high-income families also are affected by expropriations and other initiatives related to new urban development; and real estate developers are investing and speculating, on the search for the best business deal.

This specific project is extremely particular to Brazil as it was the first to be implemented after the 2001 City Statute. In this sense, public managers had to deal with the positive and negative aspects generated by the new legislation, experimenting in practice its weak and strong features. This project has also been chosen as this research case study due to its impact in the municipality of Sao Paulo socioeconomic context.

Through this initiative, a network of actors, either affected or influenced by the urban operation developments, will claim for the best policy that better suit their expectations. Consequently, an intense relationship of dependency with divergent interests will take place, and each group will pursue its own objectives and strategies. Focusing on the social aspects caused by the several interventions projected under the scope of this urban operation, this thesis will take into account the following research question.

What is the influence of a consortia urban operation implementation on the affected region social dimension?

1. How is the social housing dimension incorporated in the whole project?
  - a. What are the perceptions of actors about the social consequences brought by this urban policy?
2. What is the network around the urban operation?
  - a. What are the main actors, their resources and interdependencies?
3. What strategies various actors employ to achieve their goals and what effects this

creates for a complex decision-making process?

4. How does the Municipality of São Paulo manage the different actors' interests in order to steer the urban operation program?
  - a. Was the municipality able to solve these conflicts?
5. What are the outcomes reached by the different actors within the network?
6. How does the implementation process is being developed?
7. What can we learn from this implementation process of this Consortia Urban Operation?

By investigation such elements, this research aspires not simply to classify such urban policies as a failure or a success, but rather to develop a sophisticated analysis, through the network perspective, that will present future recommendations and highlight points of learning and improvements for actors involved in urban operation projects, especially public managers, as a way to support their future developments.

## **2. Theoretical framework**

For answering these questions, it is required to deepen our understanding of the theoretical framework that will support this investigation. Thus, the present chapter will focus on implementation and policy decision making phases of public policy process, based on traditional ‘top-down’ and ‘bottom-up’ theories, used as one of the alternatives to operationalize the public policy projects such as urban operations. Afterward, the governance networks theory will receive special attention as it offers the most appropriate framework to support this research case study.

Under the conception of Anderson (1975: 3), public policy can be defined as “a purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern... Public policies are those policies developed by governmental bodies and officials”. Following, Sabatier and Weible (2014: 5), adds that policy processes can be described “as the study of the interactions over time between public policy and its surrounding actors, events, and contexts, as well as the policy or policies’ outcomes”.

The literature presents several alternative approaches of how public policy should be elaborated, having rational and incremental theories as the main ones. As on the one hand the rationalist approach defines the process of problem-solving as a central element, the incrementalists defend that public policies are developed by incremental changes based on already existing programs and policies (Knill and Tosum, 2012).

Considering that public policy relies on the interaction of various actors with different and limited information, the first policies that will emerge in the process tend to be based on more technical and less controversial aspects, highlighting actor’s ability to create agreements and concessions. In this sense, incrementalism defends that mutual adjustments and negotiations are inevitable and can exclusively lead to a single outcome of incremental policy change (Knill and Tosum, 2012).

In contrast to the two previous models, Knill and Tosum (2012) present the ‘garbage can’ theory, a third and more radical approach, sustained on the idea that decisions do not follow a logical order from problem to solution. Before following to a formal decision-making process, actors would first search the ‘garbage’ for a suitable fix to the detected problem.

### **2.1 Implementation and complex decision-making**

The idea of emphasizing on the implementation phase is due to the fact that many policies based on allegedly relevant instruments end up being frustrated during its application phase (Pressman and Wildavsky, 1984). Besides, the assessment of all stages of the policy process, from problem definition to policy evaluation, would go beyond the limits settled for this academic research.

Mazmanian and Sabatier (1983: 20) present a formal definition of implementation

Implementation is the carrying out of a basic policy decision, usually incorporated in a statute but which can also take the form of important executive orders or court decisions. Ideally, that decision identifies the problem(s) to be addressed, stipulates the objective(s) to be pursued, and, in a variety of ways, “structures” the implementation process.

As Hupe, Nangia and Hill (2014: 7) states, there are three essential elements to be considered when researching implementation:

First, there is the question referring to the normative dimension of what is expressed as collective ambitions: Which values is a public policy embodying? (...) Second, there is the question regarding the political dimension of interests and power configurations: Which stakes are present and which ones are prevailing? (...) Third, there is the question focusing on the practical dimension: Which action actually takes place? (...)

Integrating one of the last stages of the policy cycle, implementation is known by linking several stakeholders involved in the process and it represents a crucial stage as the detected problem, which caused the activation of a policy cycle, can only be solved once the policy is executed. At this point, policy makers, policy addresses, and implementers are directly related in order to transform a policy output into a policy outcome. However, only the policy output can be directly influenced by the implementers, once the outcome of a policy implementation depends on several other external and uncontrollable elements inherent to the environment (Knill and Tosum, 2012).

Hill and Hupe (2009) quote Lane and Ersson (2000: 63) to describe outcomes as “the things that are actually achieved, whatever the objectives of the policy have been. Outcomes are real results, whether intended or unintended, at the same time as outcomes are not government action”. Therefore, outcomes include all results (impacts), not necessarily incorporated in the policy, that affects the evaluation of how successful or not a policy was.

When it comes to the implementation process, according to Mazmanian and Sabatier (1983: 20), it

normally runs through a number of stages beginning with passage of the basic statute, followed by the policy outputs (decisions) of implementing agencies, the compliance of target groups with those decision, the actual impact – both intended and unintended – of those outputs, the perceived impacts of agency decisions, and, finally, important revisions (or attempted revisions) in the basic statute.

By describing the involvement of actors in a policy implementation, Knill and Tosum (2012) state that it might vary from central government actions, promoted either by ministries or autonomous agencies, to local governments or to multi-organizational arrangements. Considering that the subject of this research is developed at a municipal level, local actors will consequently have a major influence.

On the top of that, scholars present different approaches on how the implementation of public policy should be conducted. This research will explore the mainstream debate of top-down and bottom-up approach and, further, the most recent aspects brought by the network governance theory.

## **2.2 The top-down and bottom-up model**

The top-down model of policy implementation is presented by Pressman and Wildavsky (1984) under the light of rational theory and it acknowledges implementation as an intended action of a group of actors with divergent interests. The success here is measured by the minimum number of changes made to the original plan. That is, an initial policy objective corresponding with its final outcome is a synonym of an effective implementation. The relationship of actors is mostly ruled under a hierarchical model generating a principal/agent dynamic (Hupe, Nangia and Hill, 2014).

As highlighted by Knill and Tosum (2012: 154), in this case, implementation “will be most successful when the policy output only requires marginal changes as compared to the status quo and when goal consensus among the public and private actors involved is high”.

According to Sabatier and Mazmania (1980), the following steps demonstrate the logic behind the top-down approach: i) evaluate into what extent are the actions of implementing officials and target groups coherent to the goals and processes stipulated in the public policy; ii) understand how the objectives are being attained over time; iii)



assess the central elements influencing the policy outcome, and iv) analyzed whether and how the original policy was reformulated.

Each phase of traditional problem-solving model refers to a specific element: “agenda-setting stands for problem recognition; policy formulation and decision-making for proposal and choice of solution; policy implementation for putting the chosen solution into effect; and policy evaluation for monitoring” (Hill and Hupe, 2009: 116)

The criticism over this implementation style is based on the arguments that top-down approaches are based on an administrative process that normally ignores all political aspects involved in the process. Additionally, it does not give the needed attention to local actors and to the unique conditions in which implementation processes take place. In other words, this trend is accused of ignoring the “street level” of policy implementation (Knill and Tosum, 2012). What leads us to the second approach: the bottom-up model.

Following Pressman and Wildavsky’s original top-down conceptualization, authors like Michael Lipsky (1980), Hjern and Porter (1981), and Barret and Fudge (1981) proposed a distinct model, that afterward would be known as the bottom-up theory. They all developed works challenging the hierarchical perspective of organizations (Hill and Huper, 2009).

By stating that implementation should “be regarded as a process of interaction and negotiation, taking place over time, between those seeking to put policy into effect and those upon whom action depends”, Barret and Fudge confront the previous ‘top-down’ model that treats implementation as the conduction of policies into a series of consequential actions (Barret and Fudge 1981: 4). Their intention was to develop an analysis that acknowledges the importance of micro-structure and the sphere of actors’ interactions, considering their different interests and values (Barret and Fudge, 1982: 253)

Opposing the top-down belief that the original policy plan should convergence with the final outputs, Barret and Fudge question:

If what is being implemented is different from the original policy intention, is this “good”, for example, demonstrating that policy was flexible enough to be tailored to the local circumstances, or ‘bad’ in that the original policy goals have been distorted in the process? (Barret and Fudge, 1981: 12)

The then new perspective started to question the aforementioned hierarchical model by declaring that policies should not always emanate from top-down directions: they could

also be a response to pressures and problems claimed at the bottom level. Moreover, is mostly the case that those who are affected by a policy implementation are not in any hierarchical relation with those who elaborate the making policy (Barret and Fudge, 1981).

When developing their implementation research in intergovernmental relations, Hjern and Porter (1981) presented an approach that focused on local actors' strategies and perspectives of policy outcomes instead of merely concentrating on central actors' goals and strategies. Their research acknowledged the relevance and contributions of local implementers to policy implementation. The following statement introduces the recognition of other actors to the policy process

“almost no programme is fully implemented by a single organization. Programmes are implemented by a cluster of parts of public and private organizations, i.e. implementation structures. An implementation structure is comprised of subsets of members within organizations which view a programme as their primary (or an instrumentally important) interest” (Hjern and Porter, 1981: 219)

In contrast to the aforementioned approach, the bottom-up style is typically focused on how the outcomes of a policy implementation match the preferences indicated by all the involved actors. Implementation, under the bottom-up view, is less attained to hierarchy and to the correspondence between the initial objective and the final outcome (Knill and Tosum, 2012; Barret and Fudge, 1981).

Here, the line between policy formulation and implementation is abandoned and implementers are allowed to find an adequate policy that fits policy problems. Flexibility is a significant assumption behind this model. As well is the need of a great number of negotiations among the involved parties. As one its main concerns, the bottom-up perspective aims at promoting a policy implementation that allows learning, capacity building, and most importantly, the interests of all affected actors (Knill and Tosum, 2012).

### **2.3 From top-down and bottom-up to governance network model**

In order to move towards the next approach, it is relevant to acknowledge that regardless the contribution introduced by the top-down and bottom-up perspectives, the debate

between those views has moved. The emergence of new agendas<sup>8</sup>, the recognition that other stakeholders, not necessarily related in a vertical perspective, but still capable of highly influencing the output of a policy process are the reasons that lead the debated to the governance networks theory. According to Hill and Hupe (2009), this perspective, introduced by authors such as Knoke (1990), Smith (1993), Klijn (1993) Klijn and Koppenjan (2004), support the increasing interconnection between agents working together in a public policy process.

This shifting view is presented by Hill and Hupe through the following statement

“we agree that governance makes the top-down/bottom-up debate seem rather dated, and the top-down control emphasis in the work of some of the top-down writers particularly irrelevant. Implementation theory has developed and moved away from the debate to take on board complexity in respect of both of the process and of the related issues of control” (Hill and Hupe, 2009: 201).

According to Klijn and Koppejan (2015), the governance network perspective offers an inter-organizational focus on the relations between government and other actors aiming at improving the quality of policymaking and service delivery through network management techniques. Under their conception, networks can be identified in a situation which one single actor is unable to deal with a complex policy individually, demanding the action of a group of actors. At this stage, dependency can be found. However, by establishing a network, interdependent relationships will clearly arise. That is because actors will lean, asymmetrically, on each other’s resources to solve a problem or implement a policy.

Furthermore, actor’s interdependent relationships generate a complex environment ruled by a certain level of unpredictability as the actions of one actor directly affect the interests and strategies of others. It is worth mentioning that actors within a network are autonomous, possessing their own perceptions, solutions and strategies. Consequently, depending on what extent their perspectives and objectives converge, the level of agreements related to a policy implementation will consequently vary.

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<sup>8</sup> After the age of interventionism, characterized by the social-democratic agenda during the first half of the 20<sup>th</sup> century, the age of the market and corporate government emerged in the 1980’s introducing a new-liberal agenda with the new public management paradigm. At this point, public and private actions started to transform due to new relationships developed between the two spheres. Afterwards, the embedded market paradigm raised in the 1990’s, under the age of new interventionism. Finally, the governance paradigm is ruling contemporary society (Hill and Hupe, 2009: 106).

With that in mind, Klijn and Koppejan define governance network as

More or less stable patterns of social relations between mutually depended actors, which cluster around a policy problem, a policy programme, and/or a set of resources and which emerge, are sustained, and are changed through a series of interactions. (Klijn and Koppejan, 2016: 11).

As other theories, it clearly presents its weaknesses, however its ambition to introduce a new perspective to create more innovative public policies and services in a scenario of mutual dependent actors, that is increasingly more often in the contemporary society, indicates its appropriateness for this investigation. Moreover, by presenting a more up to date theory for complex policies analysis, the governance network perspective collaborates to this work with significant material that better fit the complex and multi-actor nature of this research case study.

#### **2.4 Governance network theory: exploring actors' perceptions, strategies and network management**

Having explored the general ideas and definition of governance network, and the reason why it is considered a relevant theoretical framework for this research, at this stage, issues related to actors' perspective and strategies combined with management techniques will be addressed. As well as how this perspective differs in general terms from the traditional bottom-up and top-down models.

In the first place, understanding that governance networks theory does not follow the assumption that policy problems should be defined and determined objectively from the beginning of the process is an important assumption. Governance network policy processes are not linear, it is and erratic interaction. In their early research of network, Hjern and Porter have stated that

“the questions of motives for participation (in a policy process) should be open to empirical assessment...Motives for participation are not the primary concern in a phenomenological approach, rather we are interested in the use made of the resources brought together within implementation structures (Hjern and Porter, 1981: 221).

Governance network policy processes count with a certain flexibility to move forward and backward, according to new inputs arisen along the process. In this sense, it radically differs from traditional models that follow a linear problem-solving logic that starts with problem detection and end with the evaluation phase (Klijn and Koppejan, 2016).

Perceptions, interests, and strategies of actors are likely to change over time according to the constant emergence of inputs affecting the network. Also, in a scenario of dependent actors with different backgrounds and ambitions, it becomes obvious that they will share different perspectives and seek for different outcomes that best suits their own interest. Thus, mapping and defining the best perception and concrete objectives to deal with a certain public policy, in the beginning of the process, is not an effective technique for the governance perspective.

The parties acquire knowledge gradually, as they move step by step and interact with others. In this dynamic process, new elements are frequently emerging, presenting new risks and opportunities to actors that are continuously changing their perceptions over the problem/policy. In this sense, pre establishing a problem formulation, objectives and solutions from the very beginning can possibly block the learning process obtained during the process and avoid the emergence of new perceptions capable of offering a more feasible solution to the policy. Keeping the policy process opened impede decisions and solutions to become obsolete.

As stated by Hill and Hupe (2009: 127) “the connections between actors, acts and actions spots are of an empirical instead of an *a priori* nature”. Klijn and Koppejan (2016: 125) add by saying that,

“management of complexity needs to be focused on making parties aware of the existence of various problem perceptions and on the furtherance of favourable conditions for bridging these different ideas. In the end, the objective is to enable the parties to develop policies and services that do justice to the variety of perceptions, interests, and values involved”.

#### **2.4.1 – Perception of actors**

To deepen this research on perceptions turns to be a relevant subject once perceptions are capable of shaping the relationship of all actors within the network. It is typical for one to assume that other parties share similar problem definition and perceptions over the same policy they are working on, when in reality actors frequently hold different understandings. The governance network model is aware of the existence of multiple perceptions affecting the same policy, and that is the reason why this concept develops further attention under this perspective literature.

It is important to highlight that perceptions are social constructions: a problem is only noticed as such when you perceive and experiment it. Moreover, perceptions are shaped

gradually based on actors' general experiences and influenced by their different backgrounds, cultural and social contexts. Nevertheless, perceptions are vulnerable to change according to new insights and events carried along the interaction process (Klijn and Koppejan, 2016).

Defined by Klijn and Koppejan (2016, 46) as a “more or less coherent set of beliefs, ideas, and opinions that actors have about the policy problem and the situation in which they find themselves”, perceptions directly influences the direction to which policy solutions and implementation process follow, as well as it impacts on the selection of actors perceived as the most qualified to coordinate the network.

The authors make reference to the process of problem framing to present how actors can influence other parties' perceptions in order to achieve a common ground or even impose their own will on the others. The activities to be presented below aims at searching for a joint understanding within actors and can either emerge spontaneously or intentionally. However, it is only liable to succeed if beforehand actors share the awareness of the different values and perceptions existent among them. Without it, it becomes hard to create room for productive discussion and negotiations.

Dramatization and personalization techniques, which consist in presenting a story with dramatic effect to sensitize others, are one of the principles behind problem framing. Introducing facts and data with technical expertise as well as presenting the policy as a new and unique fact to people who are affected by it are also framing concepts. Moreover, describing the economical relevance of the policy to the network and the external environment is considered an important method to frame actors' perceptions. All of this examples can be followed by storytelling techniques, which is based on narratives that supports framing construction and enhance the acceptance of such ideas (Klijn and Koppejan, 2016).

The aforementioned techniques are applied by parties to gain attention inside the network and influence other actors' perception to move in convergence to their own perspective so they can ensure more support to their objectives. Achieving a common ground of perceptions over policy processes or imposing its own perspective upon others are goals that institutions and people who make use of these framing techniques are looking for. Yet, it does not mean that they will succeed on convincing others or even interfering on the network agenda setting. To gain support and attention of others, one must put great efforts on framing techniques and create a good relationship building with their peers.

The reason why this might be a challenging task relies on the fact that perceptions are frequently based on actors' previous experiences, education, beliefs and other components generally firmly anchored on their nature and identity. Still, changes are always possible to achieve. The use of framing techniques, mentioned previously, the turnover of key actors, effective learning process and the shift of actors' power relationship are examples of elements responsible that lead to changing perceptions.

#### **2.4.2 – Actors' strategies in implementation processes**

Reaching a common ground does not implicate on consensus making, it means that actors succeeded on achieving joint actions to support their targeted objectives. And in order to achieve their aims, establishing a set of concrete actions, that combine precise objectives, activities and targets, is a crucial step for actors. At this point, the strategies features will be explored.

According to Klijn and Koppejan (2016: 78), "objectives or goals are the concrete results that actors want to achieve within a specific timeframe given the resources available. Objectives are concrete translations of (part of) perceptions". Thus, strategies must be more tangible than perceptions as it should consist of operational choices aimed at concretizing actors' desired outcomes. Strategic choices are expected to integrate a plan of activities and actions that guide actors' performance, even if in practice, due to the complex nature of the network, they do not correspond to their original plan.

It is relevant to emphasize that strategies are planned and implemented in a dynamic environment with ongoing interactions in a way that actors have limited information and access to all negotiation arenas<sup>9</sup>. In addition, actors do not always count on their rational choices to undertake strategic actions. Other elements such as sympathy, loyalty, rules, affection and others, play a significant role (Klijn and Koppejan, 2016).

Concepts such as the amount of resources held by the parties, the network dependence on them and into what extend this resources are found elsewhere are also basic ideas behind strategy design. Therefore, emerged in a complex situation, actors might follow different strategies in order to succeed with their goals. According to Klijn and Koppejan (2016), actors must pursue strategies that vary from more individual driven approaches, known

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<sup>9</sup> Arena can be defined as "a complex conceptual unit containing one set of variables called an action situation and a second set of variables called an actor. One needs both components – the situation and the actors in the situation – to diagnose, explain and predict actions and results (Ostrom 2007: 28-9 apud Hill and Hupe, 2009: 124)

as the *go-alone* strategies, that consists in following the policy game based on its own strategies and desires ignoring the network dependency, to *cooperative strategies* constructed on the basis of negotiations and collaborations with other parties, always acknowledging their interdependence. Besides these two extreme strategies, actors can also follow *coalition-building* strategies that involve the idea of creating a winning coalition with parties seeking similar outcomes; *conflictual* strategies that block important solutions or measures to the group; and *avoidance* strategies, that comprises passive attitudes when facing complex problems that are not part of their concerns.

### **2.4.3 - The round model as perspective on complex decision-making**

Along this chapter it has been approached that governance network policy stages do not follow the same assumptions as the traditional model, as the latter develops a more linear process when compared to the former, that follows a more erratic and flexible style. At this moment, the main differences between these models will be explored as well as how the governance network 'round model' fits complex decision-making situations (Teisman, 2010; Klijn and Koppejan 2016).

According to Teisman (2010), public administration literature comprises three different models of accessing public policies.

“The phase model focuses on successive and distinctive stages in a process, i.e. defining a problem, searching for, choosing and implementing solutions. The stream model emphasizes concurrent streams of participants, problems and solutions, defining decision making as the connection between these streams. The rounds model combines elements of the other two models, in assuming that several actors introduce combinations of problems and solutions, and create progress through interaction” (Teisman, 2000: 937)

Complex decision-making demand a great number of actors who take decisions, either because they are influent or affected by it. Considering this scenario, the round model recognizes actors as the central point of analysis in the policy process. The model defends that a policy or a problem only becomes critical to a policy process, once introduced by actors along the process, turning them into essential elements. The idea that complex situations are not connected merely to a single actor and consequently not solved rapidly and individually brings the acknowledgment of incorporating various actors own perceptions of the problem and solution and not only a central actor, frequently



governmental departments, that organize its own policy process, as considered by the phase model (Teisman, 2010; Klijn and Koppejan 2016).

By criticizing the traditional phase models and praising the round model, Teisman (2010) quote Scharpf (1997)

Political scientists ... should be interested in the fact that many or most of the well-designed policy proposals will never get a chance to become effective. The reason is that public policy is not usually produced by a unitary actor with adequate control over all required action resources and a single-minded concern for the public interest. Rather it is likely to result from the strategic interaction among several or many policy actors, each with its own understanding of the nature of the problem and the feasibility of particular solutions, each with its own individual and institutional self-interest and its own normative preferences, and each with its own capabilities or action resources that may be employed to affect the outcome (Scharpf 1997, 11 *apud* Teisman 2010, 944).

In this sense, the round model can be understood as an interactive approach that brings attention to the need of focusing on several actors' dynamics, strategies and perspectives, and not only on a single central actor performance. By exploring and acknowledging actors' interdependency, the round model enhances the possibility of new insights into complex decision-making that might lead to better solutions. This model contributes to the better understand of complex policies by focusing on the interaction patterns existents in governance networks environments.

The following table, extracted from Teisman (2010) illustrate de main difference between the two model:

	<b>Rounds model</b>	<b>Phase model</b>
<b>Criteria for the separation of strands of activities</b>	Rows of decisions taken by actors, creating rounds through interaction	Stages a focal organization goes through
<b>Characterization of decision making</b>	Interaction between decisions taken by various actors	Sequence of formation, adoption and implementation
<b>Assumptions about the nature of the process</b>	Decisions that conclude a round and initiate a new round, without fixing its progress	One moment of policy adoption holds sway over other decisions and guides the process
<b>Assumptions about the content of the process</b>	Interdependent actors take decisions separately or jointly, leading to governance policies	A focal actor adopts a dominant definition of the problem solution, creating governmental policy

Table 1 – Round and phase model

#### **2.4.4 – Network management and strategies to address substantive and strategic complexity**

Following to management techniques, this research will approach practices developed to address substantive and strategic complexity. Recognizing that parties own different perspectives over the same policy, substantive techniques focus on parties’ intuitive response to complexity. As shown below, they address this issue with activities such as the development of research, collection of information, involvement of experts and others. Strategic complexity, in its turns, is better focused on process management. Once actors might find difficulties to coordinate their strategies in an interdependent and complex network, a few principles are presented by the theory to support their interaction (Klijn and Koppejan, 2016).

##### ***Substantive complexity***

When developed with proper strategies, network management might facilitate the steering of complex decision-making processes. The following key strategies, elaborated by Klijn and Koppejan (2016), focus on developing a common ground among actors within the network in order to achieve a better joint policy solution and on creating a better comprehension of the issue and awareness of others actors’ situation.

1. *Enhancing alignment perceptions*: raise the awareness of actors about the different perspectives existent inside the network – as some may ignore it – and sensitize the parties about how dependent they are on each other’s resources. It

basically aims at creating a joint perception of the problem. This strategy presumes the organization of gatherings intermediated by a moderator where ideas are confronted between different social groups. This should result in a collective meta-perception of the policy discussed, which will generate common principles to facilitate the network actions. It is accepted that even when reaching a meta-perception, actors will still hold their individual interests and values on the issue discussed. However, the perceptions alignment process expects to generate a common ground to better support the network achievements.

2. *Creating substantive variety*: in order to incorporate valuable insights occurred during the process, this perspective supports the ‘creative competition’ approach, in which problem and policy objective are determined during all stages of the process. In theory, actors should collaborate with their own solution proposals that will be later combined in an optimal final policy. The intention here is to capitalize expertise from different groups facilitating an interdisciplinary contribution to the policy solution.
3. *Furthering goal intertwinement*: governance network theory seeks a collaborative approach, however, it does not implicate that actors will always share the same objectives in order to reach a joint solution. This strategy presents five policy approaches of goal intertwinement that aspire a win-win solution through the following techniques: i) designing integration – seeks for common efforts of actors to gather their expertise in order to achieve an improved problem solution; ii) package deals – when a big plan is not feasible to be applied, this technique suggest a set of different and smaller measures that aims to attack, simultaneously, the same problem; iii) mitigation and compensation measures – when the solution implies an unavoidable action, developing mitigation and compensation actions might minimize the negative impact of such policy; iv) scope optimization – amplifying or minimizing the scope of a problem situation to increase the changes of an optimal intertwinement of goals; and v) statement of multiple objectives – it implicates on listing actors’ objective, that present the trade-offs between their ideas, to enhance the achievement of an optimal solution.
4. *Breaking through asymmetric debates* – even if social groups integrate policy-making processes, they lack technical expertise when compared to public policymakers. The intention of this strategy is to decrease such gap by creating better communication between the public sector and other actors involved in the

process, and also offering resources to improve citizens or social groups understanding about the agenda topic.

5. *Starting an interaction process or taking a contested decision* – defining solutions will always divide opinions. This strategy focuses on diminishing these conflicts through interactions process that gather actors to clarify the policy costs and benefits, and also to listen to each others perspective in order to broaden their understanding of the problem/policy. However, sometimes, government (with its compromise to guarantee the protection of common good) take contested decisions that were not discussed in the network due to the need of a rapid action. Nevertheless, the theory says that there is “a way out of this dilemma if the party taking a contested measure declares itself prepared to adapt the contested decision on the basis of new information and alternative proposals” (Klijn and Koppejan (2016: 140)
6. *Organizing substantive selection* – this approach explores, in general lines, the ‘who’, ‘how’ and ‘when’ a policy solution should be selected. With regard to the actors (who), it assumes that all parties involved in the policy process and affected by it should be consulted. However, as they do not play equal roles in the network, actors’ participation may vary from being informed of the selection, advise, co-design or co-decide it. The way it should be developed (how) automatically implicate that some groups will not agree with the final decision. That requests for negotiations about decision rules, complain and appeal measures, and conflict management mechanisms. When it comes to the most appropriate moment (when), the theory widely state that must be enough flexibility for the consultation period, and that network managers should be alert for not executing neither premature nor belated selection.

Having explored the main network strategies to address substantive complexity, it is worth following to other element pointed by scholars as one of the pillars of governance networks theory: the research development. The reason why the parties should invest in scientific research is due to its capacity of providing new insights and knowledge that improve the quality of the policy process.

The aim of research is not to arrive at ready-made solutions or to achieve consensus between parties, but to coordinate and share generated knowledge, acquire insight into the nature of the differences, and support and enrich the

interaction process in which policies and services are negotiated. (Klijn and Koppejan, 2016: 147)

Following the assumption that governance network policy cycle is a non-linear model, the research development should be permanently organized in a secondary arena to support the main negotiation arena where involved actors are performing. Still, research work should enhance the link between stakeholders as its activities should add knowledge to decreasing the gap of actors' perception of the policy problem, cause and solution.

Scientific insights also legitimize decision internally and externally. Besides, by adding learning resources to the negotiation arena, actors benefit from research knowledge that increases their room for maneuvers in the policy process. It also adds substantive information to avoid unpopular decisions for the network. Moreover, as the research investigates the consequences of a policy choice, it also clarifies actors' possible outcomes and offers information to minimize conflicts, improving the negotiation environment.

### ***Strategic complexity***

So far, this chapter has elucidated how complexity in governance networks is directly related to the strategic nature of complex processes of policy making and implementation. It also known that these processes occur in a dynamic environment where actors with different perceptions and strategies interact with each other, always aiming at influencing the problem formulation and the search for solutions. Actors play in different arenas, fragmenting the environment where decision are made, and consequently increasing the unpredictability of the policy game.

This previous scenario of intense interdependency requires improved process management techniques capable of influencing the network. According to Klijn and Koppejan (2016: 154) "process management attempts to realize the necessary concerted action so that actors who depend upon each other's resources can achieve interesting outcomes for themselves, without producing unfavorable outcomes for others".

Here, it becomes relevant to introduce a few characteristics of governance network processes and the requirements for a good process management explored by Klijn and Koppejan (2016):

- The voluntary nature and the lack of hierarchy are characteristics of network governance process that demands incentives for cooperation that clarify goal intertwinement opportunities and mutual benefits;
- Multiple actors, perceptions, and objectives are also perceived in the interaction process. For that, early substantive selection and fixation should be avoided. Otherwise, there might be a risk to limit the possibilities of goal intertwinement;
- Strategic and institutional complexity are intrinsic to the process. And it requires agreements on the process rules in order to reduce the transaction costs of the network and other strategic risks;
- Erratic interaction process that takes place in a dynamic environment asks for flexibility on the development of problem formulations and solutions;
- Once parties own a complex nature, bounded rationality, and limited resources, they have to be selective when making strategic choices related to content and participation;
- Risk of excluding actors and off-loading might negatively affect the network and create unequal representation. In order to avoid it, a 'good' process management requires transparency, accountability and openness.

Following, three main activities of process management will be presented: i) selectively connecting and disconnecting actors, arenas, and games; ii) designing the process, and iii) managing the process.

1. Selectively connecting and disconnecting actors, arenas, and games is mainly applied in process management when the policy is stagnated as a consequence of actors that made use of go-alone or avoidance strategies, for instance. The idea here is to bring together actors who are related to the problem and/or to the solution of the policy in order to improve final outcomes, and also to facilitate the disconnections which are no longer contributing to the network.

Connections in process management implies bringing actors together by making contracts, activating them, presenting them the opportunity to consider the benefits and disadvantages of connections, and supporting the arrangement of connections

Disconnection, in its turn, is more sensitive. Once process management does not consider a hierarchical environment, external events or interventions from outside

are needed to legitimize certain disconnections that no longer contribute to the network.

2. Designing the process and the rules of the game are elements capable of reducing the strategic complexities of the network. Agreements between actors generate a set of rules capable of guiding the interactions of the network. Such interactions often aim at joint actions to achieve certain outcomes. To stress the benefits and the opportunities inherent to a network environment is part of the process manager role. Here, a few rules of process design can be found: rules concerning the objective of interaction, the participation, the steps of interaction process, the work methods, information and decision-making. They all should be agreed among the parties with precise descriptions to improve the network objectives.
3. Managing the process. This topic deals with practical issues related to the how and by whom the network interactions should be facilitated. This role can be played by a private or public actors, and also by a civil society agent. However, this person or institution should own sufficient resources and be perceived as trustful, authoritative and impartial by the other actors. It should be clear that the process manager is not responsible for implementing certain actions, they are not entrepreneurs or project managers. Actors should be constantly aware that they are responsible for the progress and the outcomes of the process. On the other hand, process managers highly influence the agenda-setting process as they propose the theme to be discussed and actors to be involved (Klijn and Koppejan, 2016).

## **2.5 – Theoretical framework key findings**

After elucidating the main traditional theories used to implement public policies, top-down and bottom-up models, this chapter focused on what is found to be the most appropriate theoretical framework to support the development of this research investigation, the governance network theory. As a result, the following aspects of governance networks summarize the main aspects elaborated in this chapter:

- 1 – Due to issues that cut across the traditional boundaries of public, private and civil society, added to the need for integration between governmental layers to solve complex problems that request joint efforts, the contemporary society is becoming increasingly more complex;

2 – The awareness that one single actor is incapable of solving problems or developing a public policy individually leads to the creation of governance networks. Under this arrangement, understating the asymmetrical mutual dependency of actors is a fundamental premise;

3 – This theory does not follow the assumption of a linear policy cycle model that evolves gradually in a chronological way. Instead, it is an open, flexible and erratic interaction process that seeks to adapt to the dynamic environment where actors are constantly receiving new inputs and possibly changing their perceptions in order to improve their policy solution;

4 – Perceptions are rooted and based on several elements of actors' background (cultural context, education, beliefs, etc.). They are difficult to change, however techniques such as framing, effective learning process added to a shift of actors' power relationship and central actors turnover facilitate perceptions change.

5 – Strategies are composed of concrete actions, not always based on rational choices, that aims at achieving actors' goals. Dealing with available resources is the main challenge for strategy design;

6 – Aiming at achieving a joint image building of the network, and a common ground of perceptions with regard the most appropriate solution to the policy, the theory relies on research development and other management strategies such as: enhancing alignment perceptions, creating substantive variety, furthering goal intertwinement, breaking asymmetric debates, avoiding early fixations, and organizing substantive selection.

As it is assumed that the governance network framework is the most appropriate model for the development of this research, specifying the causal relationship of variables presented by its policy process model is required for a better understanding of the selected study case.



### 3. Conceptual model

In order to validate this research findings, this section will introduce definitions of key variables presented in the research questions as well as their causal relationship. The indicators used to measure these variables will also be detailed along this section. Moreover, aiming at properly operationalizing this investigation, qualitative material based on interviews with crucial actors and content/document analysis will integrate this thesis methodology.

#### 3.1. Causality relationship

The following flowchart illustrates a conceptual scheme used to support the comprehension of ideas that will be further elaborated in this section.

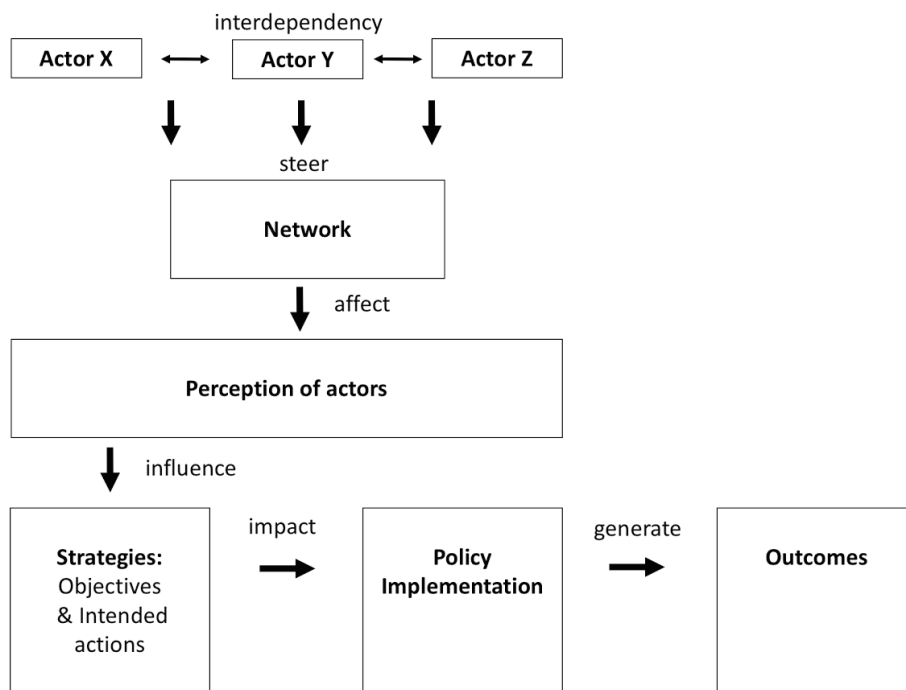


Figure 3 - Conceptual Scheme

The initial flowchart interaction assumes that actors share an interdependent relationship once they count, asymmetrically, on each others resource to solve a complex problem. Thus, as they are incapable of solving such problems individually, they all integrate and steer a governance network. The fact that parties have different backgrounds, and also because they are aware of their interdependent relationship, will lead to different perceptions on issues related to the network policy. The perception of each actor will influence their strategies. Following, such strategies will impact the policy implementation process, that lately will generate different outcomes to each party.

By mentioning Scharpf (1978), Klijn and Koppejan (2016: 74) state that “an actor’s degree of dependence is determined by the importance this actor attaches to resources ‘owned’ by others and by the possibility of substituting these resources or acquiring them through other actors. The importance and the substitutability of these resources determine dependency relations”. Therefore, a set of resources, either owned or controlled by different actors, that can no longer solve complex problems individually, leads to interdependent relationships. Still recognizing the asymmetrical power dependency, as each actor holds different resources for the problem solution, the governance network theory believes that hierarchical steering is not effective for the network performance.

This model seeks for a more or less horizontal steering in which actors need to exchange resources, negotiate, and synchronize their perceptions and strategies to reach a common ground that generates a stable and sustainable environment. Within this arrangement, actors must interact having in mind their dependency on others’ resources. Reaching a problem solution that better fits each group objectives can only be achieved when they share the ‘interdependency awareness’. Otherwise, the entire process can be blocked by one party who owns a vital resource.

Developing joint efforts with regard to a policy or a problem-solving process is always harder than taking decisions individually, and that is due to the different perceptions and objectives actors have. With that mind, it is correct to affirm that perceptions influence the strategy of actors as it determines the direction towards problem solution. As actors elaborate their strategies, objectives and intended actions (that not necessarily will correspond to the final implementation), they expect to impact the network decisions with their point of view in order to reach their desired outcomes. Moreover, according to theory, parties do not merely base their actions on their rational choices. Aspects such as sympathy, loyalty, and passion also play a significant role.

Nevertheless, the objective of actors’ strategy is to highly impact policy processes, especially the implementation phase. In this scenario, a complex game situation is established and actors will engage their resources in different activities that should benefit their intended outcomes. At this point, several maneuvers to postpone or anticipate a problem definition, emphasize or ignore certain issues, articulate support, and slow down or speed up policy processes will take place inside the network. Finally, strategies developed by each actor or group of actors, originally based on their own perceptions of the problem, will impact the final implementation of a policy process.

As this last stage is concretized, the satisfaction of actors regarding the outcomes will depend on what level their strategies were effective in influencing the policy process in the direction of their own aspirations. The different types of outcomes existed in a network configuration will be explored in the following subsection.

### 3.2. Variables operationalization

Once the causality relationship of each variable was described, the operationalization of such variables, including their definition and indicators will be elaborated. This operationalization will be applied, in the following chapter, during the empirical network analysis of actors directly involved in this research case study. As a scope limitation, and considering that the main actors are present inside this arena, the Steering Committee of the Água Espraiada Consortia Urban Operation<sup>10</sup> has been chosen as the focus for the network analysis.

Considering their active involvement in the policy processes of this research study case, they will be assessed through several in depth interviews that will analyze their *interdependency, perceptions, strategies and outcomes*. These four variables are defined as essential to ensure the methodological quality of this research. In addition, considering the complexity of measuring such elements, and also aiming to facilitate the comprehension of this work, each variable will be divided into subcategories that support the introduction of appropriate indicators.

The Steering Committee actors' *perceptions* will be assessed on the basis of a qualitative approach provided by interviews and written documents, and will then be mapped as the following table indicates. During this process, actors are expected to describe what are their desired solution for the policy problem and preferred means to achieve them; as well as their own relationship with the policy and their perspective of the municipality capacity to steer the Urban Operation.

<b>Perceptions</b>			
Definition: "more or less coherent set of beliefs, ideas, and opinions that actors have about the policy problem and the situation which they find themselves" (Klijn and Koppejan, 2016: 46)			
<b>Actor</b>	<b>Description of problem perception</b>	<b>Preferred solution</b>	<b>Perception of the municipality capacity to steer the urban operation</b>

<sup>10</sup> Provided by law (São Paulo 2001, Art. 20). Updated on April, 2016 based on São Paulo Municipality website

<b>Actor 1</b>			
<b>Actor 2</b>			
<b>Actor Z</b>			

Table 2 – Actor’s perceptions

Source: adapted from Klijn and Koppenjan, 2016

After reconstructing various actors’ perspectives and identifying its similarities and differences, that either facilitate or block collaborative arrangements, the next step will be focused on understanding their interdependent relationship. And in order to do so, the following table indicates the different types of resources actors own in a policy game. Indicators related to the urban operation resources will be used to measure into what extent each actor holds important assets indispensable to the achievement of the network outcomes.

<b>Resources</b>		
Definition: “include the whole range of formal and informal means that parties possess in order to achieve their objectives” (Klijn and Koppejan, 2016: 73)		
<b>Subcategory</b> (type of resources that lead to actors’ interdependency)	<b>Definition</b>	<b>Indicators</b>
<b>Financial resources</b>	Essential asset that enables the implementation of a problem solution and covers organizational costs related to the entire policy process	Amount of money invested by actors to the development of the urban operation projects
<b>Production resources</b>	It allows policy initiatives as it offers essential resources such as land, working force, and other basic goods needed to the policy-process	When it comes to urban operations, land is perceived as the most crucial asset. Consequently, actor’s who own considerable pieces of land and strategically well located properties, hold significant assets.  These variable will be quantitatively and qualitatively measured:  i) amount of square meters owned by an actor and  ii) distance to strategic points for the urban development plan
<b>Competencies</b>	Mostly related to formal and juridical authority to decide on relevant issues for the network	Number of deliberations derived from legal and other technical public departments that impacted the urban operation implementation

<b>Knowledge</b>	It supports the investigation of a problem nature as well as finding the most suitable solution to such problem	Number of technical contributions made by a group of actors that were effectively incorporated into the urban operation projects
<b>Legitimacy</b>	A wider concept when compared to the previous ones. It relates to the authority of certain actors to legitimize decisions made to solve a problem. For instance, politicians publicly supporting certain policy or societal actors using their voice to protest and receive media attention to a policy they do not agree with	Number of acceptance or rejection, from public departments and civil society groups, of policies discussed during the Steering Committee meetings  Number of protests or other manifests related to the urban operation projects

Table 3 – Actor’s resources

Once resources are mapped, actors’ degree of *interdependency* need to be assessed and, as mentioned previously, two main criteria are used for that: the importance of the resource and its substitutability (Scharpf 1978). In this sense, the level to which an actor is dependent on other actor relies on the importance its resource offers to guarantee a policy success, and also into what extent this resource can be obtained elsewhere or be replaced by another resource. As one single actor can not generate all necessary resource in a complex network, organizations need to interact with others in order to obtain the necessary resources to assure their goal achievement and survival in the network. The following table will support the identification of actors perceived as crucial or not to the urban operation policies and their different degrees of dependency.

### Interdependency

Definition: Environment in which actors are dependent on other actors resource to achieve its desired outcome

Actors	Very important resources	Degree of substitutability	Dependency: low, medium, high	Critical actor? Yes/No
Actor 1				
Actor 2				
Actor Z				

Table 4 – Actor’s interdependency

Source: Klinj and Koppenjan, 2016

Having assessed actors’ resources that lead to a mutual and asymmetrical interdependency among the network, the next variable to be analyzed is related to their

*strategies*. In fact, as presented in the table 4, this work considers five different types of strategies undertaken by parties to achieve their desired outcomes: go-alone, coalition-building, conflictual, avoidance, and cooperative strategies.

<b>Strategy</b>		
Definition: “more or less coherent sets of actions to achieve certain aims” (Klijn and Koppejan, 2016: 46)		
<b>Subcategory</b>	<b>Definition</b>	<b>Indicators</b>
<b>Go-alone strategies</b>	Individual actions lead by actors that ignored the network dependency relationship	Number of decisions implemented by an actor that neglected others consent when needed  Actions undertaken by actors even after recognizing others disapproval
<b>Coalition-building strategies</b>	Refers to the formation of coalition groups within the network looking for successful outcomes. It normally implies on the formation of ‘contra’ coalitions	Number of associations that jointed forces, followed the same strategies and assumed similar positions during Urban Operation Steering Committee meetings to achieve a coalition outcome
<b>Conflictual strategies</b>	Strategies executed by actors that aim at blocking outcomes desired by the network in order to pursue his own gains	Numbers of actions promoted by actors that blocked the project implementation process  Individual actions realized by an actor that harmed the network
<b>Avoidance strategies</b>	When actors take a passive attitude to avoid the costs and possible conflictual consequences of a certain policy choice	Number of abstention votes during relevant approval moments held during the Steering Committee meetings  Lack of positioning of institutions regarding key moments of the urban operation processes  Number of absence noted during the Steering Committee meetings
<b>Cooperative strategies</b>	Actors’ that acknowledge their dependencies and cooperate together in order to achieve favorable outcomes to the network	Number of joint actions promoted by all actors with real impact in the implementation process of the urban operation

Table 5 – Actor’s strategies

As illustrated by the flowchart in the beginning of this chapter, the different strategies applied by actors to impact policy implementation as an attempt to achieve their objectives will lead to different *outcomes* for the network and its members. The following

table outlines three categories of outcomes as distinguished by Klijn and Koppejan (2016): *substantive, process and institutional* outcomes. Although recognizing the difficulties to evaluate outcomes, once the framework below is filled with content derived from interviews with representatives of the Steering Committee, this research expects to offer considerable indications of successes and failures of the Água Espraiada Urban Operation.

<b>Outcomes</b>		
Definition: public policies, problem solutions, and the provision of public services derived from the interaction process of actors within a governance network (Klijn and Koppejan, 2016; Knill and Tosum, 2012)		
	<b>Definition</b>	<b>Indicator</b>
<b><u>Substantive outcomes</u></b>		
<b>Unsuccessful</b>	It implicates that actors did not reach an outcome, what leads to the end of the process without achieving any results	Number of actors that demonstrated their insatisfaction, during the Steering Committee meeting, of achieving non of their desired outcomes  Number of actors that quit the network
<b>Unilateral</b>	Individual outcomes achieved by those who ignored the network. In this case, it is highly expected that other parties will feel motivated to react with individual decisions, turning outcomes uncontrolled and confused with uncertain and unplanned results	Number of actions individually coordinated by an actor or group of actors, without the consent of other members of the Steering Committee, that harmed the network negotiations
<b>Joint</b>	Related to outcomes normally achieved in a collaborative manner among the parties. However, it does not indicate that the process is soft. As already mentioned before, the negotiation arena is complex. In addition, it also comprises suboptimal results – outcomes that does not completely optimize actors’ objective but sill offers partial gains when compared to the initial negotiation stage -, and package deals (mentioned in chapter 2)	The amount of consensus on policy solutions, goal intertwinement and win-win situation reached among actors
<b><u>Process outcomes</u></b>		
<b>Processes and rounds</b>	Interaction of actors in the policy arena that normally leads to crucial decisions to the network’s future negotiations.  Relevant processes promote changes either in the composition of actors, the course of interaction or in the content explored by the network.  Process and rounds within a network might be of a short duration delivering bad results, as well as it can take a long period and present low quality outcomes. That means that the duration of the	In order to measure duration quality of a round, the process will be compared to other processes or an inventory of actors involved, inside and outside the network.  The period of social housing constructions, expropriation of resident’s properties and construction of roads and public spaces will be compared to other similar initiatives

	process does not tell much about its quality and success	
<b>Interaction costs</b>	Related to the costs of participating in the network interactions	These indicators will either be dependent on the perception of actors involved or on a comparative analysis
<b>Quality of the process</b>	Quality of the relationship developed by actors during their interactions	Number of cooperation agreements noticed in the minute of the Steering committee meetings and hostile behavior between the parties that impact the quality of the policy process
<b><u>Institutional outcomes</u></b>		
<b>Enduring relationship</b>	Development of relationships with a more durable character between parties in the policy arena capable of beneficiating the network outcomes	Number of new coalitions or breakups noticed in the Steering Committee meetings Emergence or modification of relationships between actors that impacted policies Number of actors unrelated that gradually became connected during the process
<b>Joint perceptions</b>	Development of a joint perception on the policy or problem-solving process that supports the achievement of collaborative outcomes for the network	Actors gradual change of behavior during across several Steering Committee meetings that followed to a joint perception of problem also shared by other parties involved in the process

Table 6 – Actor’s outcomes

It is expected that the methodology elaborated along this chapter will offer the appropriate support to investigate this thesis research question, consequently validating the upcoming findings that will contribute to the development of practical and academic work in the field of public administration and correlated areas.



#### **4. The network empirical analysis**

As a result of several policy documents evaluations and series of interviews carried out with key actors involved in this complex case, the current chapter counts with an empirical analysis of the network interactions that will i) map the most relevant actors, showing their dependency and resources; ii) reconstruct the network main policy rounds; and finally iii) present the main outcomes achieved by most actors, their decisions and satisfaction level with the reached outcomes. Unavoidably, the conflict of interests' existent among the parties will be a subjected to be approached. However, seeking for a better comprehension of this analysis, additional information on the case study is required.

##### **4.1 Case introduction**

Institutionalized in 2001, by Act 13,260, and regulated in 2004, by Decree 44,845, the Água Espraiada Consortia Urban Operation was established by the municipality of São Paulo under the mandate of mayor Marta Suplicy (2001-2005), and is considered the first Urban Operation to be conceived in a 'Consortia' arrangement after the enactment of the Brazilian City Statute. Yet, this is not a new project. Urban interventions in the Água Espraiada region, an area located in the heart of São Paulo city, date from decades ago and has already been the focus of polemics and struggles with social movements even before its formal creation.

In brief, it all started in the year of 1964 when the then mayor Prestes Maia approved the Act 6,591 to construct an avenue linking the Marginal of Pinheiros River to Jabaquara neighborhood, situated on the banks of Águas Espraiadas stream. This decision led to the expropriation of an expressive amount of land, however the avenue was not built due to budgetary restraints and this vacated territory was handed over to the São Paulo State Department of Roads and Highways (DER, in Portuguese abbreviation), becoming irregularly occupied by low-income families who established several subnormal settlements in the area, commonly know as slums (*favelas*). By the late 1980's, around 25 thousand families used to live in the area that turned into the third largest concentration of slums in the city of São Paulo (Smith, 2006; Silva, 2015; Whitaker, 2002).

Once public land use prevents residents to benefit from acquisitive prescription, even after long period occupation, these families have never owned the occupied land and successive expulsion attempts took place in the area generating social conflicts between

residents and public authorities. In 1991, under the mandate of Luiza Erundina (1989-1993), it has been thought that specific housing policies should be replaced to broader interventions provided by an urban operation program that would renew the area of Água Espraiada stream and its surroundings. From that time, the idea was to generate resources for the municipality of São Paulo based on the payment of an onerous grant of the building right above the limits allowed by the zoning legislation.

Although, the current plan could not follow under the administration of Ms. Erundia successor, Mayor Paulo Maluf (1993-1996), who exclusively focused on the construction of Água Espraiada Avenue over its namesake stream. The road works started in 1993 and was concluded in 1996, removing thousands of low-income families living in irregular settlements from the South zone, where the urban operation is located, to the periphery of São Paulo – North, East and South zone.

According to Smith (2006), between 1991 and 1995, the expanded center of São Paulo city lost 312,000 residents, while the peripheral regions gained 504,000 new residents. The creation of Água Espraiada Avenue coincides with the first gentrification wave of São Paulo. In 1995, one of the Água Espraiada informal settlement had already been demolished and the registration of residents did not offer the opportunity for them to remain in the area.

Three options had been offered for the removed families during Mayor Maluf's government: i) the acquisition of housing financed and built by the municipalities (located in the East Zone of São Paulo, 50 kilometers from their original location, in Barro Branco or Cidade Tiradentes area), ii) eviction order in the sum of five thousand dollars, or iii) a ticket back to their home town. At that time, a piece of land has been donated by a group of private developers to relocate the population of biggest slum in the region, Jardim Edith, to an area located 15 kilometers away from their former home (Abascal and Bilbao, 2015)

In order to better comprehend the social challenges imposed by the implementation of this Urban Operation, the relationship between low-income families living in occupied areas and high standard real estate developments is a crucial element. After the 1980's, several corporate buildings have been constructed in Luis Carlos Berrini Avenue, turning this area into an important road axis and real estate zone of São Paulo. For years, this region of progress has been growing next to one of the largest concentration of slums of

the city and it is inside this territory that the Água Espraiada Consortia Operation will focus its works (Abascal and Bilbao, 2015).

Subsequently, in 2011, the Água Espraiada Consortia Urban Operation was formally created. Since its creation, this urban policy has been managed by four different Mayors (Marta Suplicy 2001-2005; José Serra 2005-2006; Gilberto Kassab 2006-2013; Fernando Haddad 2013- current). By offering a special regulation to a specific territory of São Paulo city, the UO aims at revitalizing the region with interventions in its road and public transport system; social housing developments; and the creation of public spaces for leisure and sports.

It includes a perimeter comprising part of the Jabaquara district, in the south, extending to the end of Luis Carlos Berrini Avenue, towards the city center, and Chucri Zaidan Avenue towards Santo Amaro neighborhood. In order to manage this extent territory, the urban operation was divided into seven different sectors (Jabaquara, Brooklin, Berrini, Marginal Pinheiros, Chucri Zaidan, Americanópolis and Special Zone of Social Interest – ZEIS<sup>11</sup>) comprising different neighborhoods. The whole perimeter comprises two Subprefectures<sup>12</sup>, Santo Amaro and Jabaquara. The former concentrates high income developments and neighborhoods, as the latter, besides counting with middle class areas, concentrates most part of the subnormal settlements.

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<sup>11</sup> Special Zone of Social Interest (Zonas Especiais de Interesse Social - ZEIS) are demarcated areas in a city territory exclusively designated for low-income population housing settlements. The Statute of City (10257/2001, Article 34) created a more solid legal basis for the creation of ZEIS, both for areas occupied by informal settlements as in empty urban spaces.

<sup>12</sup> In Brazil the subprefectures (subprefeituras) are administrative divisions existent in big cities, such as São Paulo and Rio de Janeiro. The head of a subprefecture is indicated by the municipality's mayor. In the city of São Paulo there are a total of 32 subprefectures. The largest in total area, *Parelheiros*, covers 360 km<sup>2</sup>, and the most populous, *Capela do Socorro*, counting with approximately 600,000 inhabitants.

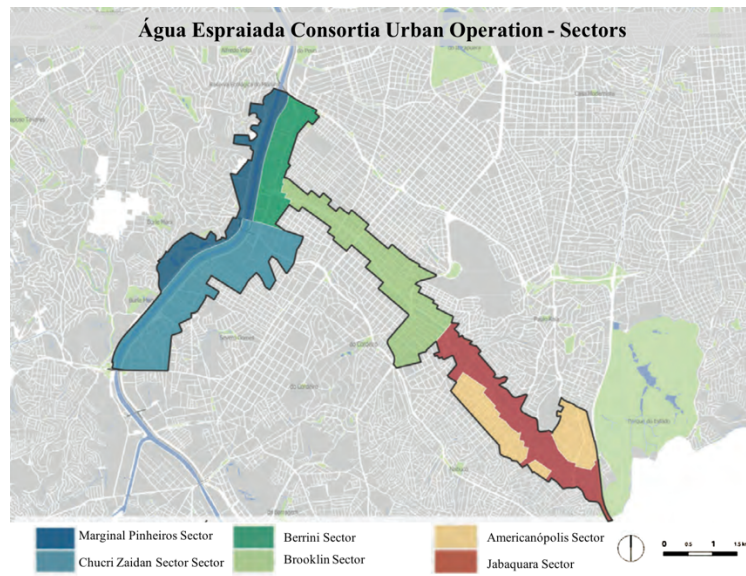


Figure 5 – Água Espraiada Consortia Urban Operation Sectors (Emurb, 2009)

Considering its vast territorial dimension and the consortia arrangement, in 2009 after a bidding process, the urban operation has been split into five different consortia responsible for five different lots (construction sites). In this sense, each consortium became in charge of constructing specific works inside the operation perimeter with money derived from the sell of CEPACs to private investors.

Companies integrating lot 1 until 4<sup>13</sup> are accountable for road constructions and improvements, predominantly the extension of Jornalista Roberto Marinho Av. to Imigrantes Highway, including a 2.4 kilometer tunnel; the *Via Parque*, consisting of local access roads to the region districts and a large linear park with approximately 612,000 sqm<sup>2</sup>; and finally the construction of 4,000 units of social housing designed to attend half of the low income families removed to enable the such interventions. Companies integrating lot 5 are focused on the extension of Chucuri Zaidan Av. and Laguna Bridge<sup>14</sup>.

<sup>13</sup> Lot 1 – Consortia OAS/Cetenco; lot 2 – Consortia Odebrecht/ Constran; lot 3 – Consortia Andrade Gutierrez/ Serveng; lot 4 – Consortia Queiroz Galvão/ Galvão

<sup>14</sup> Lot 5 – Consortia Construbase / S.A. Paulista



Figure 6 – The Urban Operation Perimeter with its roads interventions (above); social housing complex ‘Estevão Baião’ under construction and Laguna Bridge (bottom)

#### 4.2 Actors around the Água Espraiada Consortia Urban Operation network

Reflecting the case complexity, a group of actors either affects or is affected by these instrument policies. And in order to improve its governance process and lead to more representative decision-making procedures, the Steering Committee of the Água Espraiada Consortia Urban Operation was legally established from the beginning of the process. It aims at “defining and implementing the Consortia Urban Operation Interventions Program” as a participatory and deliberative group (Steering committee internal regulations, São Paulo Act 13,260). However, official documents do not clarify in which situations the Steering Committee has a participatory or a deliberative character.

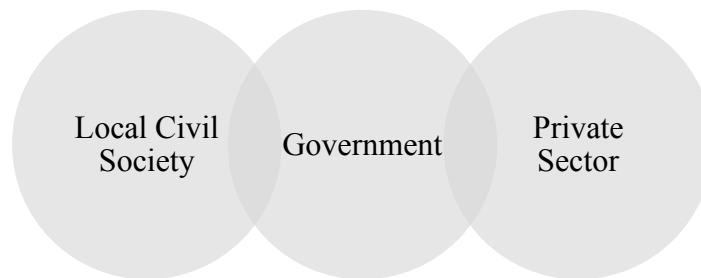
In total, 19 members integrates the group. Nine representatives of the public sector, nine representatives of civil society and the São Paulo Municipal Urbanization Company (EMURB), which takes the network coordination role.

Government representatives	Civil Society Representatives
Municipal Department of Urban Development (SMDU)	Movement Defend São Paulo (MDSP)
SP-Urbanismo	Institute of Architects of Brazil (IAB)
Municipal Housing Department (SEHAB)	Institute of Engineering (IE)

Municipal Department of Green and Environment (SVMA)	Paulista Association of Public Construction Entrepreneurs (APEOP)
Municipal Urban Infrastructure and Construction (Siurb)	São Paulo Union of Real Estate Agencies and of Management Companies of Residential and Commercial Property (SECOVI)
Municipal Department of Transport (SMT)	Order of Attorneys of Brazil (OAB)
Municipal Finance and Economic Development Department- SF	Architecture and Urbanism School of São Paulo University (FAU-USP)
Administrative Subdistrict of Santo Amaro (SPSA)	Union of Housing Movements (UMM)
Administrative Subdistrict of Jabaquara (SPJA)	Association of slum dwellers

Table 7 - Steering Committee of the Água Espraiada Consortia Urban Operation

For this research analysis, the previous actors will be divided under three major groups: local civil society, government and private sector.



Local civil society comprehends associations representing the interests of households living inside the Urban Operation perimeter. However, as they do not share similar objectives, they are divided under two categories: i) low-income households - assisted by social housing programs – and represented by the Union of Housing Movements (UMM) and the Association of slum dwellers; and ii) middle/high income households – affected by the project interventions -, represented by Movement Defend São Paulo (MDSP).

The Government group comprises all São Paulo Municipality public departments listed in the previous table, with emphasis on SP-Urbanismo, institution accountable for steering the Urban Operation committee and works, and the Housing Department that plays a central role in the housing issue. Following, the private Sector is divided by i) real

estate companies investing in the urban operation zone through CEPAC acquisitions<sup>15</sup>, represented by São Paulo Union of Real Estate Agencies and of Management Companies of Residential and Commercial Property (SECOVI) and ii) constructing companies realizing the interventions works Paulista Association of Public Construction Entrepreneurs (APEOP).

The table below introduces the main groups of actors that play a central role in the Urban Operation network, and, therefore, will be focus of the analysis.

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<sup>15</sup> In the Steering Committee, the real estate private developers are represented by the non-governmental organization Paulista Association of Public Construction Entrepreneurs (APEOP).

	<b>Actor</b>	<b>Group</b>	<b>Interest</b>	<b>Role</b>
<b>Government</b>	<b>SP-Urbanismo</b>	Government	Implement all projects and achieve urban structural transformations with social improvements and environmental enhancement	Major institution responsible for activating and coordinating the network Manage the urban operation fund and works interventions
	<b>Housing Department</b>	Government	Provide social housing to families living in risk areas and affected by the urban intervention works	List affected low-income families; coordinate removals; rental assistance; and the managements of all co-related aspects of social housing
<b>Civil Society</b>	<b>Union of Housing Movements (UMM)</b>	Low-income families	Benefit from social housing inside the Urban Operation perimeter	Interface between government and slums residents; assist the municipality with the list of affected families and those who should first benefit from the housing programs; pressure and demand for social housing
	<b>Association of slum dwellers</b>	Low-income families	Idem	Idem
	<b>Movement Defend São Paulo (MDSP)</b>	Middle/high-income families	Less traffic and works impact in their residential areas; and the prohibition of high buildings	pressure the progress of works;
<b>Private Sector</b>	<b>São Paulo Union of Real Estate Agencies and of Management Companies of Residential and Commercial Property (SECOVI)</b>	Real estate	Benefit from urban renewals works that increase private developments; including the end of subnormal settlements that depreciate the land value	Bring new developments to the area enhancing the sense of urban renovation; Buy CEPACs bonds that finance the Urban Operation
	<b>Paulista Association of Public Construction Entrepreneurs (APEOP)</b>	Contractors	Profitable projects	Build roads works, part of social housing complexes and other infrastructural projects

Table 8 – the network main groups of actors

The aforementioned key actors demonstrate active participation on steering committee meetings and have a high potential of interfering in the network social outcomes. The government and the private sector are categorized as providers of social housing: the former has the authority and legitimacy to design and implement public policies as the latter owns financial and production resources to enable the implementation of social policies. Social movements representing low-income families affected by the



interventions are the beneficiaries of such policies and fight for their accomplishment. The middle/high-class group has less direct impact on the implementation of social housing, although is an active actor that integrates the network and constantly engage on the deliberation of issues related to social housing policies.

The representatives of institutions not mentioned above have rather not manifested their opinion during this period of analysis (2001-2016) or had minor contributions to the discussions related to the social aspect of the Urban Operation held in the Steering Committee meetings.

Other governmental levels have also played a role in the Urban Operation. A partnership was developed between the municipality of São Paulo and the Brazilian Central Government aiming at linking the Federal housing program “Minha Casa, Minha Vida” (My House, My Life) to the Urban Operation housing component. The São Paulo State Government is directly involved due to its Light Vehicle on Rail project, besides not being originally part of the São Paulo Municipality urban renewal its causes high impacts on the region it had to be closely discussed with the Urban Operation Steering Committee. The São Paulo state is also contributing with social housing complexes for low income families directly affected by its new transportation project. Although both governments level influence the urban operation policies, neither of them are formally represented in the Steering Committee, participating on punctual meetings.

#### **4.3 The network - its dependency and resources complexity**

Based on policy document analysis and interviews realized with network representatives, it was possible to map their resources. As a consequence of resource dependencies between actors around the Urban Operation project, most players do not count with an alternative to achieve their desired outcomes than to rely upon other actors. Although, actors with more resources and with resources hardly substitutable consequently have more power in the network decision-making.

These actors are somehow dependent upon each others' resources to achieve their goals. Even though they present different objectives, they all have to be implemented around the same urban policy and within the same network. This creates interdependencies and limits their actions of maneuvers. In this sense, if they want to succeed with their ambitions, these group of actors should sustain their interactions even in the case of conflicts and bottlenecks.

The following table illustrates the main resources owned by actors:

<b>Actor (institution)</b>	<b>Group of actor</b>	<b>Resource</b>
<b>SP-Urbanismo</b>	Government	Competency and legitimacy to deliberate on important decisions of the network
<b>Housing Department</b>	Government	Juridical authority to design and implement housing policies in the municipality territory; Experience and knowledge to deal with social housing issues
<b>Union of Housing Movements (UMM) and The Association of slum dwellers</b>	Low-income households	Production resource (land); legal rights of proper housing
<b>Movement Defend São Paulo (MDSP)</b>	Middle/high-income households	Media power, articulation meetings, public hearings and legal actions
<b>SECOVI</b>	Real estate companies	Financial resources to buy CEPAC and bring new developments to the Urban Operation area
<b>APEOP</b>	Contractors	Influential lobbying capacity at high level of municipal administration sphere

Table 9 – Actors’ resources II

The real estate market, represented by SECOVI, is an indispensable actor to enable the project implementation. Not only by fostering the influx of new developments, but specially due to its financial resources. Their capacity to buy CEPACs bonds enables the financing of all program interventions. On the other hand, the municipality of São Paulo main objective is to achieve the area urban requalification in its broad sense, covering environmental, urban and social aspects. Government has the competency, the legitimacy to deliberate on important decisions of the network and develop policies for the urban renewal, although, due to the chose policy instrument, it does not count with financial resources to implement the projects.

Moreover, no significant requalification can be achieved without solving the eminent housing issue existent inside the Urban Operation perimeter. Nearly 8,500 families live in subnormal agglomerations, close to dirty stream inside this area, which turns housing into a pivotal issue to be addressed in order to guarantee the sustainable development of the region. Also, this group, low-income families, living in subnormal settlements own the main production resource. As the public sector planned to implement several infrastructural works in the land where these communities are situated, they count with a significant resource.

Low-income families have been living in the region for decades since they invaded idle public land, and fight for their right of remaining in the area despite the interventions and the subsequent progress brought by it. The real estate market is interested in building new residential and commercial developments that, in general, are not attractive to costumers once located next to low-income settlements. The next quote has been extracted from an interview with an urban expert summarizes the real estate position in the network

“for the real estate, ‘cleaning’, ‘sanitizing’ (the area) increases liquidity, and the chances of attracting people from affluent neighborhoods. The real estate market interest is not to have this population around”.

As the nature of the operation originally does not predict the use of public money, the São Paulo municipality depends on private developers’ resource to finance all the urban operation projects, including all social housing complexes. On the other hand, developers depended on the public bonds to benefits on land use and occupation changes, that either allows them to change the use of the land (from residential to commercial, for instance) or build higher than what is permitted in the city master plan.

Apart from this dependency relationship between the real estate market and the municipality of São Paulo, there is a second dependency relationship existent between the public sector and the contractors, represented in the network by APEOP, hired to implement the Urban Operation works. This relationship is also ruled by financial resources as major Brazilian political parties’ developed a close relationship with infrastructure companies who finance most of political campaigns in the country.

In 2010, the main source of the financial donation to all political campaigns in Brazil derived from private companies who donated about 75% of the funds that moved 2010 campaigns. More than 19,000 companies have made donations, however, only 70 companies/groups accounted for half of all corporative donations. Among the 15 most lavish donors who alone concentrated 32.5% of all private donations in 2010, six are construction companies (Mancuso 2014). From those six, four are directly involved in major infrastructure projects of Água Espraiada Consortia Urban Operation,.

Contractors show an intensive lobbying capacity at the high-level of municipal administration sphere that influences the decision-making process. Their preferable ambitions impact the decision of which infrastructure work should be implemented at the first place under the urban operation program. This, added to the real estate financial resources, turns the private sector into a powerful group of actor. In this case, when

compared to low-income households, a significant resource asymmetry is perceived that shows the private sector in a strongest position.

Although owning land resources, low-income households are extremely dependent on i) the public sector social housing policies and willingness to prioritize housing projects, ii) the financial resources of the real estate market and iii) the most suitable arrangement for the contractors, once they possess more powerful lobbying capacity over the public administration. Therefore, after acknowledging this strong dependency, low-income residents started a more intense level of interaction inside the network and better activated their potential resources.

A slum association has made use of legal resources and political pressure to assure their rights to proper housing and to remain in the area targeted by the first interventions. The Jardim Edite Residents Association proposed a lawsuit by the Public Defender's Office to request the Municipality of São Paulo their right to remain in the area and to be assisted with an appropriate housing program.

Following, another group of slum residents presented during an interview the community consciousness of owning the land resources. Aware of the social confronts existent inside sub-normal settlements, a community leader has stated that, without specific permission, public agents are not allowed to enter the slums territory. The main reason is the strong presence of traffic in most informal agglomerates in the region. The illicit informal economy exists in most communities and count with a drug lord who controls a sizable network of people involved in the illegal trade and other activities of community life.

These residents hold a peculiar power resource that in the end can be classified as a production resource. That is, lacking their support and willingness to leave the area, the Urban Operation policies would not follow pacifically, and the public sector could find obstacles to access the land intended to be used for intervention works.

However, aware of this dependency and seeking the avoidance of conflicts, the public sector made use of collaborative mechanisms to intervene inside the communities. The Leadership Forum played an important role in this sense. The organization was founded as a result of a Leadership Training Program promoted by the Municipality of São Paulo to provide the community leaders the opportunity to understand their responsibilities and their autonomous representation capacity. Its president has a seat in the Steering Committee and meets regularly with other actors of the network.

The institution works as the main interface and a dialogue arena between the public sector and low-income families living in Jabaquara. Without a proper communication canal, the municipality could have found difficult to access their resources, the land where these people currently live, which is expected to integrate the Urban Operation infrastructure projects. The Leadership Forum is an example of adaptation and joint solution provided after the awareness of a network dependency relationship.

In parallel to this complex dynamic, there is another group that demonstrated to be extremely active in demanding and fighting for their interests against the urban operation: the middle and high-income dwellers. They depended on public resources to regulate the zoning in order to avoid their residential neighborhoods to be occupied by high buildings during the Urban Operation. No close relationship of this group of actors with the low-income group is detected. However, as part of their interest is to end with subnormal settlements surrounding their neighborhoods, they engaged on discussions of social issues during the Steering committee meetings

According to a social movement representative, their main resources are the media impact and articulation capacity they developed during public hearings and meetings with public agents and politicians. As they said, at the beginning of the works, between 2001-2005, they had great support of media vehicles. As this was a new Operation, news used to appear spontaneously in support of their cause and politicians feared the media.

Nowadays, great efforts are applied to convince media vehicles to publish their complaints so they even decided to hire a public relations professional. This societal group also made use of legal resources to achieve their goals. In 2002, one year after the Urban Operation was created, they proposed a Public Civil Action contesting the project lawfulness.

The overall dependency relationship among them can be found below.

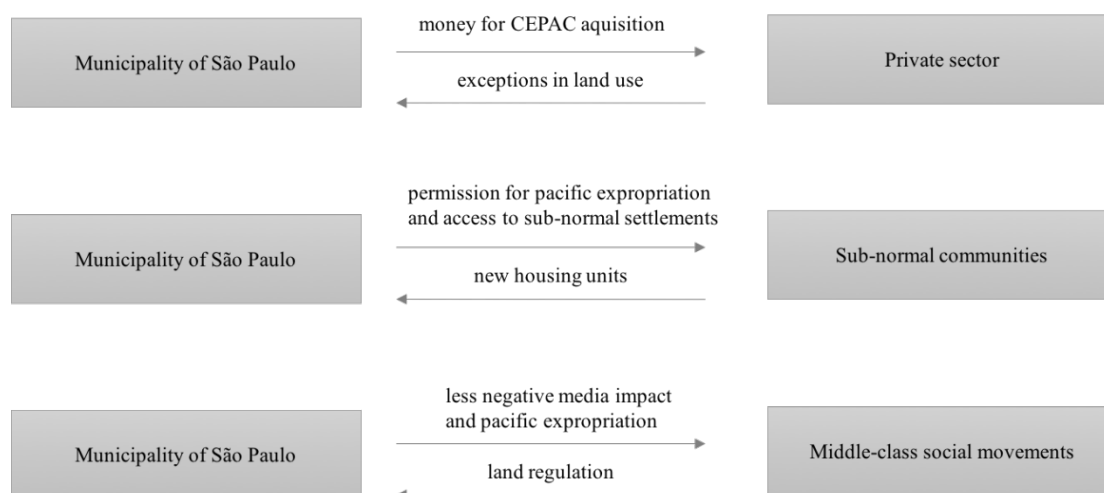


Figure 7 - network dependency relationship

#### 4.4 - Actors' perceptions of policy problem and desired solutions

Actors who integrate complex networks may often share different perceptions. The following table approaches the most important actors' various perceptions of the problem their network is facing, their preferred solution and also the civil society and the private sector perception of the municipality capacity to steer the urban operation. After, this section will also analyze the impressions of the public sector upon other network members.

<b>Perceptions</b>			
	<b>Description of problem perception</b>	<b>Preferred solution</b>	<b>Perception of the municipality capacity to steer the urban operation</b>
<b>Municipality of São Paulo</b>	Recognizes the housing issue as a problematic matter but also acknowledges the need to implement broad urban development interventions (mainly roads improvements)	Urban requalification with social and environmental improvements	
<b>Middle-class social group</b>	Subnormal settlements are perceived as the main problem to be addressed in the area	Urban requalification and solution to the subnormal settlements issues  Part of the group was against the tunnel construction and the resettlement of low-income families inside the Urban Operation perimeter	Define the municipality as 'hostage' before the market forces and a non transparent actor when it comes to decision-making processes
<b>Low-income residents</b>	Families living in subnormal communities next to an open dirty stream; lacking basic sanitary conditions	All low-income families resettled in new social housing complexes inside the Urban Operation perimeter	Municipality is perceived as weak facing the interests imposed by the private sector and as a non transparent actor

<b>Private sector</b>	Need to improve the urban environment and address the slums situation	Removal of low-income families to areas that do not depreciate the value of real estate developments	Municipality is perceived as slow concerning its decision-making processes and the implementation time of several works
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Table 10 – Actor’s perceptions II

Under the perspective of most interviewees, the social condition of nearly 8,500 families living in informal settlements lacking basic sanitary infrastructure is the main problem to be addressed in the area. However, as stated by a public sector agent, “it is worth to remember that still counting with a social bias insofar as the works impact subnormal housing communities, the urban operation is not a housing program”.

The Municipality of São Paulo perception over the main problem to be tackled by this public policy is the urban requalification as a whole, with its social and sanitary interventions, once part of the poor families occupy land next to a dirty stream. Their preferred solution to this situation is to achieve the urban requalification of the area with its social and environmental improvements

When asked about the preferred solution to the existent situation, a middle-class social group representative, which defend the interest of middle and high income neighborhoods situated next to the informal settlements, said “we wanted a ‘park-avenue’ capable of solving the stream matter and the regularization of squatter areas so these people could get a proper house”. They also diagnose the bad sanitary and housing condition as the main problem to be faced by this urban policy.

Following, a subnormal settlement resident reveals his/her perception of the main problem to be addressed, the housing issue, and also expose his/her perception of the desired solution “to have all families living in the area resettled into social housing complexes inside the urban operation perimeter, not being expelled to the outskirts of the city”. Most people living in the Urban Operation zone are traumatized by earlier interventions carried out by previous governments (before the enactment of this urban operation), which resulted in the expelling of families to the extreme periphery of the city.

Agreeing with most groups, the private sector also perceives the need to solve the housing situation as the main problem of this Urban Operation. Although, its desired solution may conflict and create controversies with low-income residents that are not willing to leave the area. Private developers’ objectives are not against the improvement of the housing condition as far as it does not depreciate the value of real estate developments.

When analyzing conflictual interests in the perceptions of actors, it is perceived different perceptions existent inside the same social group. As on the one hand, a middle-class neighborhood association claims to have assisted community leaders to fight for their rights of remaining in the area, demonstrating their emphatic perception of their less fortunate neighbors. On the other hand, a second upper-class group is clearly against the permanency of low-income families in the Jabaquara sub-district in any condition.

The following event was described by a community leader in Jabaquara, on the occasion of a public hearing promoted to discuss the Urban Operation works and illustrate the perception of middle-class groups who oppose the permanency of low-income families in the area

“...the architect stood up and said 'they (the low-income families) can not live in this region because they will not have money to buy their bread'. I asked for the floor and said 'I have the right to live in the perimeter of this urban operation as you also have the right to live in your house... thanks to the urban operation legislation, our community will stay in this territory. It was an unfortunate speech because if the slum was already here and somehow we all manage to 'buy our bread', why, if they build us proper housing complexes, we will fail to buy our food?"

Real estate investors and upper-class households, as the architect who addressed the previous speech, overlap perceptions concerning social housing matters. A clear example is the avoidance of the market to acquire CEPAC bonds reserved for the Jabaquara sector, the area with higher concentration of subnormal settlements in the Urban Operation perimeter. This decision is strongly enhanced by the absence of urban renewal interventions in Jabaquara – an action practically neglected by the public sector -, but it still does not eliminate the lack of interest of private developers to build next to low-income communities.

As a consequence of this perception, the sub district of Santo Amaro (comprising Chucre Zaidan, Berrine, Brooklin and Marginal Pinheiros) has already sold 99.99% of all CEPAC securities offered for the region. On the other hand, the Jabaquara sub district has only sold 1,54% of its entire stock<sup>16</sup>.

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<sup>16</sup> According to the latest report publicized at São Paulo Municipality website, 3,249,889.00 out of 3,250,000.00 square meters of additional right to build, commercialized by CEPACs bonds, has been sold in the sub district of Santo Amaro. On the other hand, the Jabaquara sub district has sold 7,709 out of 500,000.00 maximum stock ([http://www.prefeitura.sp.gov.br/cidade/secretarias/upload/desenvolvimento\\_urbano/sp\\_urbanismo/arquivos/ouae/ouc\\_agua\\_espraiada\\_estoque\\_geral\\_31\\_05\\_2016.pdf](http://www.prefeitura.sp.gov.br/cidade/secretarias/upload/desenvolvimento_urbano/sp_urbanismo/arquivos/ouae/ouc_agua_espraiada_estoque_geral_31_05_2016.pdf), last access May, 5, 2015).



"There were no CEPACs sold in Jabaquara. While the housing issue and the urban interventions near Santa Catarina Avenue are not addressed, you do not have a nice neighborhood where people want to invest. There are many communities around the avenue turning it not attractive to the market", said a public sector agent.

It was also observed through the interviews how actors change their perceptions along the policy process. Information gathered during bilateral meetings indicates that middle-class household association has persuaded slums residents to oppose government proposal in the beginning of the Urban Operation process. According to the sources, they were disseminating the information to families living in poor communities that they would have to be removed to the periphery once the Operation begins.

As the public sector started to strengthen the dialogue with people living in subnormal settlements and supported the creation of the 'Leadership Forum' - a platform composed by community leaders defending the interest of slums residents trained by public agents - these families started to realize the network complexity. Following, the group changed their perception and understood how the government was somehow inclined to assist them, as on the other had, the middle class households were trying to use the slums to fight against the project.

Interviewees argues that at this point they started to realize that the upper-class perceptions of the desired solution were the suspension of some infrastructure works, including the 2.4 km tunnel (that would expropriate part of their houses), as well as removing their community to further areas of the City.

### ***Civil society and private sector perception of the municipality***

From the perspective of a community leader, the municipality is perceived as weak facing the interests imposed by the private sector (real estate and construction companies). A middle-class social movement goes beyond, describing the municipality as "hostage before the market". The association representative adds "...they have a seat at the Urban Operation Steering Committee, represented by the Paulista Association of Public Construction Entrepreneurs (APEOP), and they developed the whole project'.

Overlapping perceptions can be founded when comparing the previous group and slum residents' perceptions upon the municipality of São Paulo role. As a demonstration of displeasure, one revealed the power of the private sector by stating

Unfortunately, the contractors were guiding the Operation. As they were going to produce (the social housing and other works), they once said that if they were not heard, not going

was going to happen ... basic blackmail, right? Then they asked to go to the other side of the river, which didn't make much sense, and wanted to go along the Chucre Zaidan Ave., which was also not part of the initial project”.

A common perception of various actors (urban specialists, community leaders and household associations) upon the interventions coordinated by the Municipality is the strong road connotation of developments in preference of social housing programs and other infrastructure projects capable of generating a more sustainable, faster and inclusive urban requalification of the area. According to actors' perception, the preference of roads and bridges works are aligned with the private sector interests, but not necessarily linked with the Urban Operation main purpose.

“road and co-related issues have always been easy to solve. Even the most complex land expropriation, when used for road purposes, was easily solved. On the other hand, the housing issue has always been a question, depending on bureaucracy, families' registration, etc.”, said an urban expert involved in the project.

The private sector, in its turn, criticizes the public administration slowness to implement works. Under their perception, the private sector buys CEPACs, build and inaugurate new developments and the municipality take a long time to implement its works and policies. During the 32<sup>nd</sup> Steering Committee meeting, a private sector representative argued “the CEPACs are sold, however the works are not taking place”. Also, in the 31<sup>st</sup> meeting, another private sector representative said “the real estate was the one who came in with resources and now the Municipality needs to do its part of the work”.

Seeking to better comprehend actors' perception over the transparency and social engagement in the decision-making and implementation process, it was questioned if actors feel a sense of belonging to the network, enabled by the Steering Committee activities, and if most decisions were taking collaboratively with actors involved.

Besides appreciating most of public attempts to establish a close dialogue with the community, specially the capacity building program offered by the Housing Department, and constant updates of works and destination of resources from the Operation fund, a slum resident has called attention to another non-transparent event performed by the public sector. It is related to a policy change implemented in the fourth around of the project that caused delays on social housing supply

“they (public sector) have stopped everything (social housing projects). If you look behind, there is a lot of public spending caused by lack of politicians' awareness. If one

wants to change the existent project, it costs money. Now, you can calculate how many projects have been changed to fit the criteria of the Minha Casa Minha Vida program.”

In addition to the previous complaint on the - now observed - unsuccessful decision, he/she argued the lack of transparency and open discussion with the the civil society. Under his/her perception, the Municipality should have promoted an open discussion with the affected actors to rather decide if the former social housing complexes executive projects should be suspended in detriment of the new partnership with the Federal Government.

In this same line, a second civil society representative, who occupies a seat representing in the Steering Committee added:

“our group counts with a participatory character, however, many issues of this Urban Operation has been merely informed to us. Things are previously decided... We are deliberative when people are in favor to government's proposal, otherwise we are only advisory.”

According to its internal regulation, the steering committee has an advisory and deliberative character for the achievement of the Urban Operation objectives<sup>17</sup>.

### ***Public sector perception of other parties***

Officially, the public sector is expected to play a neutral role when steering the network and the Urban Operation several works. Moreover, due to their professional situation, public officials are inclined to take more institutional statements not demonstrating serious criticisms over other actors during the interviews. However, a few perceptions have been extracted from a series of meeting conducted with public agents.

In general, they express their perception that civil society members who integrate the network are most of the time interested in achieving individual goals that not necessarily benefits the group they represent, but mainly their personal wills. A public servant has stated, “...it has noticed a certain type of behavior of people who are there to defend a particular civil society entity and easily become representatives of him/herself, instead of representing a civil society organization”.

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<sup>17</sup> In accordance to 13,260/2001, the internal regiment was enacted in March 27, 2003 on the occasion of the first steering committee meeting (available in: [http://www.prefeitura.sp.gov.br/cidade/secretarias/upload/desenvolvimento\\_urbano/sp\\_urbanismo/AGUA\\_ESPRAIADA/2016/OUAE\\_CE\\_DOC\\_27mar2003\\_RegimentoInterno.pdf](http://www.prefeitura.sp.gov.br/cidade/secretarias/upload/desenvolvimento_urbano/sp_urbanismo/AGUA_ESPRAIADA/2016/OUAE_CE_DOC_27mar2003_RegimentoInterno.pdf). Last access June 21, 2016).

Still relating to the public sector perception on the Steering Committee, a relevant discussion has been raised by a public sector representative: the participatory or deliberative nature of this group decisions. "Advisory or deliberative? It is also a matter that could have been discussed by the group and I did not have the opportunity to witness...I have never seen a discussion that led to this point. Still much is not scored about it".

According to public sector interviewees, the Steering Committee has interesting assignments. They perceive the group as a good partner for decision-making processes and also share the perspective that they could have better explored their power in the occasion of crucial policy decision-making. "It would be the case, for instance, that during the 13th meeting - when a new package of spending procedures was discussed - they have demanded the Municipality to prioritize some interventions over the other, based on their real demand".

When approaching their perspective of breaking through the asymmetric debate between government and civil society, two different streams could be found among public sector representatives. Some believe that the "Leadership Forum" play a central role to shorten this knowledge gap and to bring them critical information to engage better in further and detailed discussions. Others, perceive this gap as beneficial.

"I find problematic, but also good [the knowledge gap]. It is part of the consortium arrangement that for certain issues the Steering Committee group has no technical ability to opine. I think social groups can and should request data, explanations, and all information they want. But there are some issues that they do not have the technical skills to give an opinion. Not qualifying them might be positive so they can add value with their civil society feeling and not technical knowledge "

#### **4.5 - Key findings**

There is no conflict found on actors' perception of the policy problem once they all understand the slums subnormal condition as the main problem to be addressed by the Urban Operation. A conflict emerges when analyzing actors' desired solution. Still recognizing the need to improve the housing situation, the private sector and part of the middle and high-income residents are not in favor of resettling low-income families in the area. The reason is that it might depreciate the value of new developments; added to the willingness of fortunate households to live close to low-income families.

The analysis also reveals great criticism of civil society groups towards the municipality actions. Both, low-income and middle-class associations, appraise the public sector of favoring private actors inside the Urban Operation network. They argued that the real estate and the contractors group had the power to guide the projects according to their convenience. In its turn, the private sector also criticized the public sector efficiency to rapidly implement projects under its competency.

The complexity of perceptions in this case is not what actors perceive as the main policy problem, but what they expect as the desired solution, and how they face the municipality role to implement its policies. The serious lack of basic sanitary condition of most subnormal settlements turns the problem perception almost into an impossible element for actors disagree on. However, the way this issue should be addressed is a matter of complexity among the network members.

As Klijn and Koopejan (2016) defend, perceptions are developed according to actors' social reality. In this case, low-income residents share the perception that they belong to the region where they have been living for decades; and part of middle-class households do not accept the presence of slums and social housing in the surroundings by also affirming their 'sovereignty' over the territory.

In this case, the difficulty to change perceptions is noticed. The fixation of actors' perceptions on their norms, values and beliefs is specially found among middle-class and private developers when avoiding the presence of low-income families in the area where they live or incorporate. The municipality, in turn, resisted to this former paradigm of not mixing low and high income families in the same area. Although demonstrating a weak position before the private sector interests and delaying the implementation of housing, the public sector guarantees these families permanence inside the Urban Operation perimeter, which is considered a progress when compared to previous policies.

## 5 – The network and actors’ decision-making process

This chapter uses the network perspective to analyze the complexity in the decision-making process. It approaches the nature of the complexity focusing on the different actors’ strategies and reached outcomes, as well as the several rounds and crucial moments involved in the decision-making process. The municipality of São Paulo ability to manage the network along the process will also be part of the analysis. Following, a brief timeline reconstructs the important moments that impacted the decision-making of this Urban Operation.

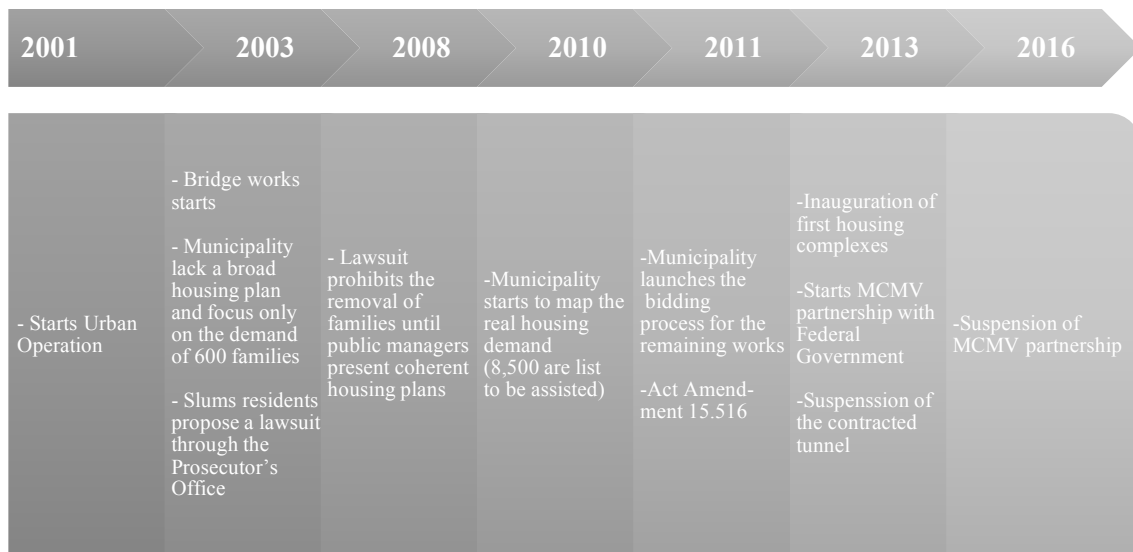


Figure 7 – Urban Operation brief timeline

### 5.1 Rounds and crucial moments

Appropriating the concept of rounds presented by Teisman (2000) and Klijn and Koopejan (2016), this section will reconstruct the complex decision-making process undertook by different public administrators along the course of Água Espraiada Urban Operation. Here, the analysis will focus on different rounds marked by four different crucial moments that impacted the Urban Operation social housing aspect. Crucial moments are those which highly influence the future of the network and its policy. They have the power to change the interaction between the network members, change the number of actors, and influence the content of the game.

The following table indicates the crucial moments discoursed along this chapter and the main reason why they are considered pivotal events to this case study housing subject.

<b>First crucial moment</b>
the cable-stayed bridge and its reflect on the construction of social housing
Reason: Lawsuit proposed by the slum association, in response to the bridge construction, caused the group effective entry to the network and changed the game content by raising the awareness of the housing issue
<b>Second crucial moment</b>
the 2011 bidding process and the construction of 4,000 housing units
Reason: arrival of new actors, the contractors' companies, to the network interactions
<b>Third crucial moment</b>
the tunnel suspension and its impact on social housing
Reason: change in game content and interaction as the private sector suspends the housing projects and the municipality searches for alternative policies
<b>Fourth crucial moment</b>
the partnership with Central Government Social Housing Program
Reason: entry and exit of the Federal Government within the network; and the new policies for social housing caused by the implementation and withdraw of the partnership with MCMC program

Table 11 – Crucial moments

This research has also identified four different rounds particularly related to the housing aspect of the Água Espraiada Urban Operation, from its beginning until the present moment. A policy round is considered a period between two crucial moments and will be explored in this order below. As already mentioned, the round model offers greater attention to all network players and not to a single central actor. It also acknowledges their interdependency, strategies and different perspective in order to create a proper policy analysis.

The first round consisted of discussing the social housing issue as a secondary issue. From 2001 until 2010, no proper housing policy plan was presented by the public sector to resolve this matter. The attempt of the municipality of São Paulo to institutionalize housing policies defines the second round. 2010-2013. Following, the third round is characterized by the stagnation of works related to the implementation of housing complex. Finally, the later round presents a disruption with previous policy decisions and introduces new directions to the social aspects.

### ***Crucial moment 1: the cable-stayed bridge and its reflect on the construction of social housing***

The first crucial moment of this network analysis is the construction of Octavio Frias cable-stayed bridge. Considered the first intervention implemented by the Urban Operation, it caused the first impacts to a subnormal settlement and consequently changed the interactions of actors and the content of the network. As low-income families started to realize the interventions impacts over their communities, they started to demand more space within the network - changing the former interaction - and to push the social housing issue to the center of the agenda.

When conceptualizing the project, the Municipality of São Paulo defined twenty-six Zones of Special Social Interest (ZEIS, in Portuguese abbreviation) – defined as occupied or idle land with exclusive use of social housing developments - inside the Urban Operation perimeter. Although, during the Urban Operation initial stages public managers did not present a proper housing program to meet the demand of all affected communities. During this period, the interaction with residents demonstrated to be little and conflictual.

In the Steering Committee first meeting, the housing issue is discussed to attend the need of 600 families, once it was already known that several interventions would affect thousands of others. Also, the decision taken by the public sector to start the construction of the Octavio Frias cable-stayed bridge in detriment of other urban development works was unilateral and did not involve interactions with the affected actors (the bridge cost is estimated up to seven times more than a conventional one)<sup>18</sup>. Alternatives interventions could have directly benefitted both the sub-normal settlements and medium/low-income residents living in the area.

The preliminary studies of the bridge were presented to the Steering Committee representatives after the group first meeting. In this occasion, they approved the list of works to be financed with resources derived from the first CEPACs auction. It was

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<sup>18</sup> The Polytechnic School of São Paulo University, at the request of the Municipality of São Paulo, presented a technical document considering three alternatives to connect Jornalista Roberto Marinho Av. and Marginal Pinheiros: conventional bridge, cable-stayed bridge or a tunnel - and the adoption of the second solution is recommended, on the grounds that the cable-stayed option plays the role of "urban milestone" and has qualities appropriate framework. The document also states that the solution should have a value between 20% and 70% higher than the conventional solution (Maleronka, 2010)



decided on the construction of i) Real Parque bridge complex; ii) social housing units, iii) roads expansions and iv) that ‘executive projects’ would be the first contracts to be hired.

It is worth mentioning that the discussion around the priority of works was not addressed in this meeting. That is, because of an interdependent relationship with other actors (mainly the private sector), the municipality revealed its willingness to attack the social housing issue at the first place. However, this impacted the former interactions of actors that, until that moment, did not focus on the social agenda.

As a consequence of the Municipality decision of implementing the bridge, hundreds of families were removed from their houses after they received a financial compensation of nearly USD 1,500<sup>19</sup>. No proper housing plan was designed at this point and the great uncertainty about their future has led to a conflictual relationship with the Municipality. Low-income communities’ leaders, mainly those affected by the bridge interventions, started to demand their housing rights through legal mechanisms.

Acknowledging their weaknesses when compared to the strong relationship between the municipality and the private sector, the Residents Association of Jardim Edite activated the Prosecutors Office to propose a lawsuit against the Municipality of São Paulo. They demanded a proper housing policy and the right to be resettled, after the bridge construction, in the same area where they used to live. In total, around 800 were affected by the cable-stayed bridge works.

The decision of the Prosecutors Office to suspend all removals from the Jardim Edite community until the Municipality presented a housing policy to attend the affected families turned into a crucial moment to the social aspect of the Urban Operation program. Due to this legal achievement, the low-income residents won their rights to be resettled to a housing complex in the same land they used to live before the removals.

This achievement symbolizes the first crucial moment related to social housing policies under the Urban Operation whole scope. From that moment, the network started to pay greater attention – although not sufficient – to the resolution of the housing issue and low-income actors started to better integrate the network discussions.

Still recognizing this as an urban renewal and not a social housing program, it is known that without solving the subnormal settlements issue, the urban requalification is not

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<sup>19</sup> The amount in 2005 was R\$5,000.00 (<http://ibdu.org.br/eficiente/repositorio/jurisprudencia/272.pdf> last access July 2016)

achievable. Nevertheless, the public sector, unilaterally, decided for the bridge as the first work to be implemented with the Urban Operation resources. Criticisms of the choice and the amount of money spent on the cable-stayed bridge was a topic presented by most interviewees. More than half of them have questioned this public choice, however, the most iconic statement came from a public agent who said

"If you look back to the records you will see what was implemented first. A bridge. If you have a deteriorated valley bottom area with substandard housing, is it a bridge that would solve the issue? Or focusing on the extension of the Roberto Marinho Av. that consequently would lead to the regeneration of Jabaquara and Americanópolis sectors? Once these areas were renewed, certainly Jabaquara would be attractive for sale and implementation of private developments nowadays".

The following quote, extracted from the Prosecutors Office document, summarizes the relation between the urban development and social housing policies: "This is happening today in areas that in the past had no value and real estate interests. That is why it had not previously been thought to resolve 'subnormal housing conditions' in the area".

In sum, this crucial moment is perceived as such due to the effective entry of low-income residents to the network. The aforementioned lawsuit proposed by a slum's residents demonstrated this group power to delay the Urban Operation works. Thus, other actors acknowledged this fact and started to bring the housing issue to the center of the agenda, changing the content of the game.

### ***Round 1 (2001-2008) - The housing issue in the second plan***

The previous crucial moment is directly connected with round one. As mentioned above, along this round, from 2000 until 2010, few social housing units were implemented inside the Urban Operation. Therefore, this phase lacked an integrated plan capable of diagnosing and presenting effective policies to the housing problem as a whole.

The first social progress achieved during this round was a conquest of slum residents. Due to their initiative of presenting a lawsuit against the municipality of São Paulo, they succeeded to remain in the area. Still, as an example of how social policies were put in a second place is the fact that the residents of Jardim Edite, who were removed from their houses to give space for the bridge construction, only received their apartments in 2013 as the bridge was inaugurated in 2008.

### ***Crucial moment 2 – the 2011 bidding process and the construction of 4,000 housing units***

From 2006 onward the social housing aspects started to gain more space in the Urban Operation agenda, although with slow progress. Land started to be mapped for the housing complexes and a few works concretely started. Moreover, the low-income residents started to organize their position within the network through their local associations and internal coalition with other communities also affected by the interventions. As presented below, this crucial moment brought new actors to the network and changed its interactions.

The bidding process issued by the Municipality of São Paulo in 2011 deserves greater attention and is characterized as a new crucial moment to the Urban Operation. Four different consortia (integrated by several contractors) won the municipality of São Paulo bid to construct a 2,4 km tunnel, a so-called park-avenue and 4,000 social housing units. The bid linked the three components in the same contract and works were equally divided among the four consortia. In this sense, each group should build 1,000 social housing units, part of the tunnel and part of the park-avenue.

According to a former local government servant, "...another important point was to have had the courage to make the tied bid: tunnel, park, and housing. Because in general, housing is always last. So that was an incredible breakthrough".

The idea was to meet the demand of 4,000 housing units with these contracts as the remaining (nearly 4,500 units) would be provided by the São Paulo Housing Department also funded by the Urban Operation resources. This crucial moment is perceived as such based on the arrival of new actors, the contractors' companies, to the network interactions. As already mentioned, these actors present a strong dependency relationship with the public sector and are highly able to impact social housing achievements after they have been commissioned to build nearly half of the housing units.

The decision to link the infrastructure works with the implementation of social housing units raised enthusiasm on low-income residents. Their ambition of housing was closer to be realized. Though, the contractors effective entrance in the network did not create a direct relationship of this group, that provides housing units, with the low-income families, the beneficiaries. The Association of Public Construction Entrepreneurs (APEOP) is represented in the Steering Committee, where its representative interacts with other actors of the network, but contractors' actual interaction with the Municipality is taken in a secondary and bilateral arena.

Moreover, in 2011, Act Amendment 15.516 represented an important moment for this research as the new legislation determined that at least 10% (ten percent) of CEPACs' revenue should be applied in the construction of social housing. Determining a prefixed amount of financial resources to social housing is considered a progress when compared to previous accomplishments that did not even count with a formal list of families affected by the interventions and a concrete housing policy for the Operation.

On the other hand, it is important to highlight that such law change lacked a transparency approach. It was enacted in July 2011 with no previous discussion in the Steering Committee meetings, which only became formally aware of it in September 2011 when public agents first mentioned the act amendment during the 23rd meeting.

### ***Round 2 (2008-2013) - Institutionalization of a broad housing plan***

The second round is characterized by the attempts of the public sector to institutionalize projects related to housing policies. In the Urban Operation first years, more precisely during the 21st Steering Committee meeting, the municipality of São Paulo representatives first mention the final number of families to be attended by the Operation housing program. After nine years from the beginning of the works, it was announced the demand that is still being used nowadays: 8,500 families.

The crucial moment that represents this round is the bidding process created by the municipality of São Paulo in which the winning companies were responsible for the construction of 4,000 housing units, as well as other infrastructural works, including a tunnel. Compared to the previous round, this one presented a list of families to be attended by the program and institutionalized, through a public bid, the constructing of half of the total housing demand.

The social housing complex Jardim Edite was also inaugurated during this round, in 2013. The complex counts with 252 apartments and is located in an upper-class neighborhood, next to a major financial area of São Paulo and the cable-stayed bridge, the new postcard of the city.

### ***Crucial moment 3 – the tunnel suspension and its impact on social housing***

As a new mayor took office, the Urban Operation social housing policy was radically shifted. This change was firstly driven by a new crucial moment: the suspension of the 2,4 km tunnel hired during the previous mayor mandate. The decision was announced in September 2013, although as it was informally applied months before as it almost took

place simultaneously with the upcoming crucial moment. The aftermath was the need to reformulate a new housing policy that would minimize the impact of this decision-making on low-income communities.

The decision to place the tunnel on a standby status was based on financial restraints and social pressure of local residents. The Urban Operation had a decreasing fund incapable of supporting all the interventions if the tunnel was built. Also, as strong controversy regarding the tunnel construction is the number of necessary expropriations. The environmental impact study states at 28,000 the number of residents who have to leave their houses, including twelve slums.

The public sector choice of “suspending” the tunnel did not please the contractors who won the bidding process. As it corresponds to most of the works provided by the tender, the tunnel was their great interest. In response, they paralyzed all housing works related to the Urban Operation. The only exception was Lot 1, integrated by OAS/Cetenco, which continued to build social housing complexes Jardim Edite II and Estevão Baião. This significant event changed the network interactions and caused delays on the implementation of housing projects.

Thus, low-income residents started to discredit public sector actions related to social housing; and public agents began an intensive dialogue with the constructions companies expecting to convince them to follow the interrupted works provided by the contract. This later interaction was not taken during the Steering Committee meetings, they occurred bilaterally, so little is known about it. Although, interviewees have revealed that contractors constantly pressured the government to reconsider its decision of suspending the tunnel. No legal measures were taken related to this matter.

Concerning this crucial moment, interviewees have stated:

“The first deadlock was the tunnel. If the tunnel had occurred, we would count with 4,000 housing units already... 4,500 more or less would be missing. It was a very expensive project, but if it had started, the houses would be ready now” (community leader).

“The main point was the withdrawal of the tunnel. To date, among the companies that were in the tunnel contract, the only one that kept the guidelines was OAS... What was interesting for them was the tunnel and the *via-parque*. The tunnel even more. The housing units were not interesting” (public agent).

“If not for the cost, it was not a bad project” (middle-class house hold association).

This crucial moment changed the game content related to the housing aspect. As the contractors suspended the construction of most housing units, this subject started to be treated in the network as a major concern. Low-income households disbelieved the public sector actions as this latter started to search for alternative policies to solve the social housing issue. The private sector interactions with the network were also modified as they stopped to engage actively and private negotiations started to take place privately with public sector representatives.

### ***Round 3 (2013-2013) Stagnation on the implementation of social housing***

Round number three last along 2013 and reflects the stagnation of social housing projects. As the public administration decided to suspend the tunnel provided in the bidding process, most contractors decided not to implement the social housing units under their competence. The retaliation disappointed the network expectations and specially affected low-income residents who faced, one again, delays in the implementation of social housing. This round did not exclude the contractors from the network, although they have positioned their selves in a peculiar situation. Once they were no longer active members, the only movement they pursued was to convince the municipality to reconsider the suspension on the tunnel.

### ***Crucial moment 4 – the partnership with Central Government Social Housing Program***

In the same year of the previous crucial moment, another pivotal episode set a different course to the housing aspect of the Urban Operation: the establishment of a partnership with the Central Government Social Program “Minha Casa Minha Vida”. This policy-making introduced a new actor to the network, the Federal Government, and substantially impacted the content of the game as it created a new scope in which the social housing projects should be developed.

The partnership between the Municipality of São Paulo and the Brazilian Federal Government was established in 2013. After this decision-making, it was defined that most of the social housing executive projects, developed until that time, should be suspended in order to link the Urban Operation social housing component to the Brazilian Federal Housing Program ‘Minha Casa, Minha Vida’ (MCMV, Portuguese abbreviation).

This pivotal decision expected to count with Federal Government subsidy (USD 33,000 per house unit) to broaden the offer of social housing in the Água Espraiada Consortia

Urban Operation. This partnership, together with other São Paulo State Government social housing program (Casa Paulista), added to the municipally of São Paulo program 'Casa Paulistana', expected to increase the Urban Operation resources for social housing with nearly USD 400 million.

Hence, all Urban Operation social housing projects, designed during the previous administration, were suspended. These projects were no longer useful as they did not fit the criteria required by the Federal Social Program (particular typology and other technical standards were compulsory). As a consequence of this policy shift, several executive projects were disregarded, and new efforts were allocated to the design of housing complexes that would fit the Federal Government standards.

Three and a half years were spent on negotiating better conditions with the Federal Government, and adapting the development of new projects. Typically, the Federal Government indicates fifty percent of the families that will occupy the housing units build through this type of partnership, and the Municipality of São Paulo placed efforts to acquire the right to indicate all the families by its own criteria. That is, only families affected by the Urban Operation interventions.

The entry of the Federal Government within the network created a new dependency relationship between the low-income residents and the new central actor. From that point onward, slums dwellers were expecting the new housing units to be built throughout this partnership and a new phase of expectations took place. However, due to financial and political reasons this partnership revealed not to succeed as expected.

Brazilian economy situation added to the central government political crisis lead to a new social policy change: the withdraw of MCMV partnership. The decision-making has been made by the same local administration that decided to incorporate the former plan. Although, as it has been recently made (along the course of this research), no policy documents can be found on that matters. The only source who contributed to this content was an interview conducted with a municipal public agent.

The latest decision-making aims at accelerating the delays on social housing projects caused during the previous years. And in order to do so, executive plans from the former administrations, those which were suspended to give place to new projects suitable to the Federal Government partnership, are being resumed and slightly readapted by the Housing Department and external architecture offices. Thus, the Central Government

withdraw of the network, until recently seen a crucial actor, will generate important changes in content and interactions within the network.

***Round 4 (2013-present) - Establishment and withdraw of Federal Housing partnership***

The year of 2013 revealed to be full of crucial decision-making moments that affected the future of social housing implementation. The decision of the new public administration to establish a partnership with the Federal Government culminated in round four; that extends from 2013 until the present moment. In the beginning, most actors were optimistic on the new policy-making that would enhance the offer of social housing provided by the Operation. Although it was required great modifications to adapt several projects.

Low-income residents demonstrated enthusiasm on the recent partnership as middle-class social movements questioned the need of establishing this collaboration that would demand considerable adjustment on works already developed. Moreover, it was stressed that the core idea of this Consortia Urban Operation excludes public administration financial resources. This urban policy has the power to raised funds throughout CEPACs auctions. At this point, considering the small reserves existent in the Urban Operation fund, the lack of managerial skills was evident. There was not even sufficient fund to implement the provided interventions.

It is possible to state the Federal Government did not effectively integrate the network. Its representatives participated in a couple of Steering Committee meetings, but due to the economic scenario and bureaucratic reasons, the process did not present concrete results. In the end, no single social housing unit was implemented through the partnership that was formally canceled in 2016. The new and interim Federal Government suspended part of MCMV social housing program. This leads to a new and still unidentified track to the Urban Operation housing component.

In contrast, this round also presents a positive aspect. A significant amount of land expropriated for the construction of social housing is observed. Until June 2016, as pointed by the 40th Steering Committee meeting, nearly USD 80 million has been spent to his objective. From 2013 to 2016, the amount of money devoted to the acquisition of land destined to the construction of social housing units doubled.



The table below summarizes the development of rounds and crucial moments related the Água Espraiada Urban Developments.

<p><b>Round 1</b>  <b>The housing issue in the second plan 2001-2008</b></p> <p>Characteristics: lack of social housing project; few housing were implemented as clear response to infrastructure works; lawsuit proposed by slum residents</p>
<p><b>First crucial moment</b>  the cable-stayed bridge and its reflect on the construction of social housing</p>
<p><b>Round 2</b>  <b>Institutionalization of a broad housing plan 2008-2013</b></p> <p>Characteristics: map of affected slums inhabitants living in the area (8,500 families); bid process for the implementation of roads works and 4,000 housing units; inauguration of first social housing complexes</p>
<p><b>Second crucial moment</b>  the 2011 bidding process and the construction of 4,000 housing units</p>
<p><b>Round 3</b>  <b>Stagnation on the implementation of social housing 2013-2013</b></p> <p>Characteristics: suspension of the tunnel and consequent discontinuance of social housing works</p>
<p><b>Third crucial moment</b>  the tunnel suspension and its impact on social housing</p>
<p><b>Round 4</b>  <b>Stagnation on the implementation of social housing 2013-2013</b></p> <p>Characteristics: partnership with the Federal Government - promise of more housing and cancelation of existent housing projects; Withdraw of the plan and resumption and adaptation of former projects</p>
<p><b>Fourth crucial moment</b>  the partnership with Central Government Social Housing Program</p>

Table 12 – Crucial moments and rounds

## 5.2 - Actors' strategies

Along these fifteen years in which the Urban Operation is under development, different actors have made use of several strategies, always seeking to achieve their desired policy outcomes. This section aims at exploring each group of actors' strategies implemented during several policy rounds. Table x illustrates and summarizes actors' strategies that vary from 'go-alone' strategies to cooperative ones.

<b>Strategy</b>	<b>Government</b>	<b>Civil society</b>	<b>Private sector</b>
<b>Go-alone strategy</b>	Cable-stayed bridge decision-making process and the Act Amendment 15.516, from 2011.	Lack go-alone strategies	Contractors suspension of social housing projects after the tunnel withdraw
<b>Coalition-building strategies</b>	Partnership with São Paulo State Government and Brazilian Central Government	Households from different upper class neighborhoods resorted to complain at the Prosecutor's Office about unconstitutionality aspects of the Urban Operation	Group strong internal coalition-building. Example: the common decision of different consortia to withdraw their works after the municipality suspended the tunnel
<b>Conflictual strategies</b>	Do not present conflictual strategies	Lawsuit and Civil Public Action applied by low-income and middle-class residents associations, respectively	Do not present conflictual strategies
<b>Avoidance strategies</b>	Not elucidating the specific deliberative and/or participatory nature of the Steering Committee group	Did not present avoidance strategies	Applied during the voting event held in the steering committee meeting to transfer money from the urban operation fund to the Housing Department
<b>Cooperative strategies</b>	Noticed in the creation of the Leadership Forum and the constant relationship with community leaders to collaborative solve housing issues	Specially found inside low-income communities. The Leadership Forum facilitates the interaction of actors and promotes a series of meeting with slums residents that deliberate on the priority list for social housing program.	Do not present a cooperative strategies

Table 13 – Actor's strategies II

The go-alone strategy is noticed in the contractors' behavior of abandoning the network after the tunnel works were put on hold by the municipality. Arguing that the tunnel construction represented most of their contract, this group unilaterally decided to abandon the rest of the works they were accountable for, neglecting its impact over other actors. This includes thousands of social housing units provided to low-income families. The only expectation was the OAS group that continued to build its social housing complex.

Concerning the private sector strategy, an interviewee has stated that

"...the market used to lobby where things were decided. That means: not at the Steering Committee sphere. It was easier for this group to be heard behind the scenes...The main thing was not to take the whole project discussion very transparently. It was important that this discussion did not count with a governance approach. Things were previously decided before being introduced to the other actors at the Steering Committee".

Still looking at 'go-alone' strategies, it is perceived that the public sector has adopted this approach during certain stages of this Urban Operation. Two concrete examples are i) the cable-stayed bridge decision-making process and ii) the Act Amendment 15.516, from 2011.

The first event lacked a clear and open discussion with the civil society. The project was introduced during the first steering committee meeting lacking detailed information and space for dialogue. However, it is worth mentioning the omission behavior of civil society actors during this meeting. The latter episode, that altered the original urban operation act, was not discussed with the networks members. Although this act brought enhancements to the social housing component, it can be faced as a unilateral decision-making implemented by the Municipality of São Paulo.

Following to coalition-building, middle-class residents made use of this strategy to join forces against the municipality project. Households from different upper class neighborhoods (Vila Cordeiro and Brooklin) resorted to complain at the legal sphere about unconstitutionality aspects of the Urban Operation. They have also performed coalition-building with other societal groups (such as SOS Mata Atlântica and Transparência Brasil) to pressure the government. As elaborated below, they succeeded with its action.

Before a scenario of budgetary restraints, the local government also established coalition-building partnerships with São Paulo State Government, and Brazilian Central Government. The former collaboration involved a financial transfer to the state Metro agency, which is building a Light Vehicle on Rail in the area, and counted with a counterpart of housing units offered by the State Housing Department. The latter, as previously mention, was a partnership with MCMV social housing program that did not succeed.

The private sector, in turn, presented a strong internal coalition-building. A tight relationship and communication among the different consortia of construction companies who won the Urban Operation bidding process is noticed. An example of that is their

articulation and adoption of the same decision to suspend the social housing projects after the government suspended the tunnel, the project they were more interested in. The strategy was used as a retaliation to the public sector that prevent them to build the tunnel.

Analyzing the conflictual strategies of actors, two main events deserves special attention: i) the lawsuit proposed by the 'Residents Association of Jardim Edite and ii) the Public Civil Action of Vila Cordeiro and Brooklin residents, already mentioned. Both actions temporarily blocked the implementation of policies coordinated by the municipality, and succeed to meet societal groups interests.

The strategy chosen by the slum association generated positive outcomes to its local residents. The court determined that those families affected by the cable-stayed bridge works should be resettled in the area immediately. The latter conflictual strategy pursued by middle-class residents required the prohibition of vertical buildings inside their neighborhood, and they also succeed with this request. What initially started as conflictual strategies, ended up as cooperative arrangements in which the municipality committed to follow the civil society requirements presented to the Prosecutor's office.

Avoidance strategies, related to the Urban Operation social housing aspects is detected in the following situation: the SECOVI representative (real estate) abstained his/her vote related to the Municipality of São Paulo propose to transfer additional money from the urban operation fund to the Housing Department. This amount was directed to the maintenance of technical and social management of the Operation, and also to the social rent expenses. The abstention vote was based on the fact that SP-Urbanismo – the public sector organization that coordinates the Operation – already receives a management fee. Thereby, such expenses should be covered with that resource.

Following the analysis, one can notice a strong avoidance strategy used by public sector agents to escape about the Steering Committee deliberative and/or participatory nature. This question is crucial for actors to understand their power and competency within the network. Several times the discussion was raised during the meetings, and public officials have never leaned on a conversation with other actors to solve this doubt. This strategy is adopted because this vague definition is convenient to the local government. In this way, the municipality counts with a maneuver space to decide on policies they do not want to pass through the Steering Committee evaluation.

Actors' cooperative strategy related to the housing issue is not frequently found in the network. Instead, great collaborative arrangements are found inside the subnormal agglomerations. The Leadership Forum promotes a series of meeting with communities' residents to inform and discuss topics related to their current and future situation.

All the criteria used to determine which low-income families should be served first by the social housing program were developed by the community. There were held regular meetings in which residents took their demands to the community to the 'Leadership Forum', that decided collaboratively this matter.

Acknowledging their dependence on the land resources owned by slums residents, and aiming at solving the housing problem, the municipality also implemented a collaborative strategy. The Housing Department capacity building and constant collaboration with the Leadership Forum is an example of that. The municipality trained community leaders and maintained a close relationship with them to deal with several issues related to the housing topic, from families' removal to prioritization of social care.

All the interactions of strategies implemented by the network actors were applied in order to achieve favorable outcomes to its own interests. Some have succeeded with specific achievements, but still did not reach its overall goal. That is the case of low-income families benefited with housing units after the lawsuit was issued against the municipality; and the middle-class group who conquered its request to prohibit the construction of high-buildings in the neighborhood. Both groups are still fighting to acquire more housing units and to the construction of works that minimize the urban operation impact in its area.

Some other actors have blocked the interaction and harmed the network outcomes. An example of that was the private sector go-alone strategy that decided on the suspension of social housing works. The municipality, in its turn, used a mix of go-alone, coalition-building, avoidance and cooperative strategies to succeed with its goal of implementing an urban requalification project with social and environmental enhancements.

It is curious to notice the absence of strategies alignment between groups in order to achieve an improved result during the Steering Committee gathers. During these meetings, all members present their isolate agenda, without any similarity to other demands presented by his/her peer, showing the lack of coalition-building strategies that could have better benefited actors' interests.

### **5.3 Network management – the municipality of São Paulo managing conflict of interests, strategic and substantive complexities**

The Federal City Statute of 2001, imposed the enhancement of collaborative arrangements for Consortia Urban Operation arrangements. Following this new legal framework, public managers started to develop and implement strategies and techniques to succeed with their policies. This section will explore network management techniques to address strategic and substantive complexities. The organization of this subchapter provides the association of certain elements which revealed similar characteristics. At the end, a brief table will summarize the following findings.

#### ***Social housing policies and network management***

As a consequence, seeking the enhancement of the whole Urban Operation governance process, the Água Espraiada Steering Committee was developed with the intention to give voice to civil society and governmental actors. In this arena, the public sector representatives, who were responsible for steering the network and the Operation projects, organized regular meetings to inform and discuss with the organization representatives the social aspect of the project.

During the Urban Operation initial stages, the social housing debate was not actively present in the group discussion, and subnormal settlements residents were not aware of their role in the network. After 2008, as the social housing element gained more space in the agenda, low-income social movements started to play a more active role (except Jardim Edite Residents Association, which was engaged from the beginning).

The following statement illustrates how and when the local government started pay greater attention to social housing. In 2008, after the municipality decided on the bridge implementation, the mayor in power asked for a Housing Department officer to solve the housing issue. He/she, stated:

“The bridge was almost concluded...The mayor called me and said, ‘I’m not going to inaugurate the bridge without solving the housing issue’. Back in that time, there were three fires inside the Jardim Edite community. So he decided that we should present the housing projects before inaugurating the bridge and we rapidly developed three housing projects”

This conversation occurred seven years after the beginning of the operation and is a clear example of public administrators’ late response to solve the serious housing condition of

the area. In addition, it demonstrates an uncoordinated planning capacity to conciliate infrastructure and social projects. The bridge decision-making process was taken without considering its real impact on subnormal communities, and concrete policies to resettle low-income families took place after the bridge was concluded.

After this episode, the social housing topic gained more space during the debates of the steering committee meetings. Severe societal pressures and legal measures adopted by slums residents stimulated this process. The court even issued an order for the implementation of a few housing units next to the bridge. This event provides an example of how the municipality social housing decision-making strategy was reactive, rather than proactive. The process manager influence on the agenda-setting, approached by strategic complexity is perceived at this point.

With that in mind, it is not wrong to state that public administrators themselves started to consider social housing decision-making in a late stage of the process. A conflictual scenario, with lawsuits and legal measures, was needed for public administrators properly incorporate housing policies in their priorities and open. Therefore, the collective meta-perception of social policies was an element that took a certain time to appear in the network and to receive its deserved attention among actors.

### **Management aspects around the urban operation network (strategic and substantive complexities)**

#### ***‘Creative competition’ approach/ Openness, transparency, and accountability***

When analyzing the public sector capacity to incorporate valuable insights from other actors through a ‘creative competition’ approach, one can state that much could have been improved. Besides promoting frequent meetings with other network members, most projects presented by the municipality was already defined in the ‘backstage’ with the most powerful actors (private sector).

When it comes to management strategies to address strategic complexity, the municipality lacked openness and transparency. For instance, the bridge decision-making process did not count with previous discussions inside the steering committee. The project was introduced to most actors, with exception to the private sector, the meeting after it was approved. The previous event shows that the municipality did not use an open and transparent strategy to proceed with its decision-making process. Consequently, not offering space for other actors’ insights.

### ***Package deals and compensation measures***

The reconstruction of the ‘bridge crucial event’ also present another network management strategy used by the municipality of São Paulo: the package deals. As public administrators had no proper planning to tackle the whole housing issue at this moment, public managers decided to implement a few housing complexes. This policy aimed at assisting low-income families and settle the complaints of local associations that were taking legal measures against the municipality of São Paulo.

However, the housing package deal did not succeed completely. It was expected to offer nearly 1,500 housing units out of a total demand of 8,500. Until the present, 68 families directly impacted by the bridge intervention, which was inaugurated eight years ago, are still receiving rental aid from the municipality as their new housing complex, Jardim Edite II, is not concluded. This event exemplifies how the municipality did not anticipate the Urban Operation works impact on subnormal settlements and lacked a main housing plan to manage this problem.

The rent assistance offered by the municipality covers the period between families’ removal and the delivery of new housing. In 2016, a total of 2,000 slums residents receives this subsidy. According to network management strategies, this policy could be faced as a compensation measure applied by the City of São Paulo to mitigate the social impact of the Urban Operation over low-income families removed from their houses.

### ***Avoidance of early substantive selection and fixation***

The municipality did not focus on the avoidance of early substantive selection and fixation of problem and solutions. On the contrary, the public agents beforehand diagnosed the lack of proper infrastructure in the Água Espraiada region and the subnormal conditions of low-income agglomerations as the main problem to be addressed. However, from the beginning, these two components did not follow together. And road interventions achieved greater progress compared to social projects.

### ***Breaking through asymmetric debates***

Breaking through asymmetric debates between network members and public policymakers is also part of a management technique applied by the local government. This strategy leads to the improvement of actors’ engagement in the policy and decision-making process and creates a more collaborative management style.



The Leadership Training Program offered by the Housing Department developed a capacity building inside low-income communities for people interested in becoming a community leader to collaborate with the local social issues. This initiative played an important role along the Urban Operation as afterward the trained individuals created the Leadership Forum. This organization developed crucial activities related to social housing achievements and decreased the asymmetric debate between residents and public agents.

***Fostering the interaction process/ Cooperation to seek and clarify goal intertwinement and mutual benefits***

Another important network management technique is to foster the interaction process. The network coordination has partially achieved this component. The frequent Steering Committee meetings that take place since 2001 fills this requirement. However, it does not necessarily implicate in effective and efficient outcomes. Most meetings coordinated by public officials did not diminish actors conflicts and broadened their understanding of the proposed policy. It rather caused greater inquiries regarded to the policy in discussion.

In addition, the real competence of the Steering Committee has never been clarified. Its internal regulations state that the group is both participatory and deliberative. Yet, it has always been a question of doubt among the members. The following quotes, extracted from Steering Committee minutes, illustrates how public agents are vague when responding the questions ‘if the group has a participatory or deliberative character?’, in 2012 and 2014 respectively.

“the group has advisory character and define the investments priorities. I t does not deliberate on the values, as these arise from technical studies and are strictly monitored by the ‘Caixa Economica Federal’” (28th Steering Committee meeting, 2012)

[the group] can be participatory and deliberative. Deliberative for the application of resources, and advisory regarding various issues” (33rd Steering Committee meeting, 2014).

The single fact of actors not being aware of their role empowerment within the network after ten years of the beginning of the Operation is a sensitive matter. Concerning this subject an interviewee, member of the Steering Committee, argued: “they [government] want us to be deliberative when everybody is in favor; when not, just consultative”. The

municipality did never present a network management technique to clarify this ambiguity and improve the arena debate.

### ***Agreement on the process rules***

As previously observed, civil society representatives' role was unclear and could have been better explored by the network facilitator. This evidence indicates how deficient is the agreement of the process process management when seeing through the strategic complexity approach.

### ***Parallel development of problem formulations and solutions***

Having in mind the erratic and dynamic environment of process management, a good network facilitator should provide flexibility to the elaboration of problem formulations and solution alternatives. Concerning this elements, two observations became relevant to this case study: i) the municipality inability to manage problem formulation and solutions with the Operation resources and ii) the extreme flexibility of important decisions.

In 2011, public agents announced their difficulty to cover all interventions with money derived from the Urban Operation fund. And so resources from the public treasury would be required to conclude the remaining works. The Urban Operation was very attractive to the real estate market and raised a high amount of nearly USD 1,160 million until 2016. However, the fund was not properly managed to guarantee that all projects were implemented, especially the social housing ones, as the roads one were prioritized.

The tunnel suspension introduced in the 3rd round of this policy analysis is a consequence of the public sector financial mismanagement. This is confirmed by a public agent statement during the 34th Steering Committee meeting: “if the works of the tunnel were made, R\$ 2 billion [around USD 600 million] would lack for the execution of other works. And the City would not have resources in its budget to contribute”.

Concerning the extreme flexibility of important decisions, this research noticed the absence of institutional strength to guarantee the implementation of interventions technically perceived as relevant to the Urban Operation. That is, important decisions counted with a great level of flexibility that harmed the implementation of projects once it was exposed to the interests of each mayor in power. Observing through the strategic complexity point of view, the municipality failed to achieve a favorable flexible environment.

### ***Coalition building***

The choice of implementing a coalition building with the Brazilian central government, mentioned in the 4th round, was a strategy adopted by the municipality in response to the urban operation budgetary constraints. This decision-making aimed at increasing the offer of housing under the Urban Operation scope and minimizing its financial impact. Although, as previously mentioned, this strategy has proven to fail and is now a target of significant criticism.

***Substantive selection of ‘who’ should be involved/ Selectivity with regard to content and participation***

The next step analyzes the public administration capacity to ‘organize substantive selection’ of ‘who’ should be involved in the policy-making and implementation process, and what content should be addressed. It is noticed that the Steering Committee configuration miss important representations, which ended up participating in the process as guests during specific meetings. When it comes to content, as discussed along this chapter, the network managers lacked attention to social consequences of the Urban Operation interventions.

The missing representatives are undoubtedly important and necessary. Hardly a closed group of actors will be able to answer all the demands that an urban intervention of this scale causes. However, as guests, they have no voting rights and with sporadic participations, they have a reduced contribution to the policy rounds.

In fact, these sporadic participations were used to strengthen the claims of certain civil society groups or to clarify specific topics. The Prosecutor's Office, the Public Defender's Office, the Metropolitan Company São Paulo Housing (COHAB) and the São Paulo State Metro Company integrate the list of relevant ‘guests’ actors. Moreover, it is also sensitive to notice the absence of other levels of government (state and federal) capable of contributing to the network.

The municipality failed to present an enhanced selection of content mainly in the begging of the works. At this time, powerful actors imposed their interests of infrastructural developments and somehow converging their objectives, the municipality did not pay great attention to social subjects.

***Network management key findings***

In order to improve the network management, the local government should have better explored the institutionalization of partnerships with other public and private

organizations accountable for building part of the 8,500 housing units provided by the Urban Operation. Also, if key governmental actors had acknowledged the importance of solving the subnormal agglomerations critical situation from the initial stages, additional progress would have been achieved in the housing policies. Instead, roads works were prioritized.

The municipality network management achievements were hampered by the lack of a broad housing plan compatible to other works provided by the Urban Operation. The following tables summarize the previous management techniques and strategies implemented by the municipality of São Paulo to address substantive and strategic complexity.

<b>Network management technique/strategy to address substantive complexity</b>	<b>When applied</b>
<b>Creative competition</b>	Most projects were presented in an advanced stage, preventing other actors' insights. Important decisions were taken between important actors behind the scenes and merely introduced to other network members, this was the case of the 'cable-stayed bridge'.
<b>Package deals</b>	Applied to provide the first housing complexes in the year of 2008 as a consequence of the 'cable-stayed bridge' works.
<b>Coalition building</b>	Applied with the Brazilian Central Government to enhance the housing units offer through the MCMV partnership.
<b>Breaking through asymmetric debates</b>	The Leadership Training, offered by the Housing Department, developed a capacity building with subnormal settlements residents. As a result, a local organization was created to fight for housing rights. Now, they have better critical thinking concerning the Urban Operation policies.
<b>Foster the interaction process</b>	Relatively applied as the municipality promotes periodical meeting with the Steering Committee members since 2001.
<b>Organize substantive selection of actors</b>	Important actors as the Prosecutor's Office and the Public Defender's are not part of the steering committee network, as well as other levels of governments. Consequently, it prevents the improvement of the decision-making process.

Table 14 - Network management technique/strategy to address substantive complexity

<b>Network management technique/strategy to address strategic complexity</b>	<b>When applied</b>
<b>Openness, transparency, and accountability</b>	This component was extremely absent from the process management strategies. Several measures and interventions were not openly discussed with civil society representatives, and implement after internal negotiations between public policy makers and private sector actors (Cable-stayed bridge case, for instance)
<b>Avoidance of early substantive selection and fixation</b>	The municipality did not implement this strategy. On the contrary, they established early diagnosis of the problem and solution
<b>Agreement on the process rules</b>	Civil society Steering Committee representatives' role was unclear and could have been better explored by the network facilitator. At advanced stage of interaction it was still unclear their deliberative or participatory nature
<b>Parallel development of problem formulations and solutions</b>	The erratic nature of the interaction process and its dynamic aspect was somehow respected by the network facilitators. However, decisions were very sensitive to major changes, according to the new public administrator objective. The municipality inability to manage problem formulation and solutions with the Operation resources is also noticed as a negative aspect of this component.
<b>Cooperation to seek and clarify goal intertwinement and mutual benefits</b>	Through the creation of the Steering Committee arena
<b>Selectivity with regard to content and participation</b>	Lack of participation of civil society actors and other governmental entities

Table 15 - Network management technique/strategy to address strategic complexity

#### **5.4 The network outcomes and its impact upon the group of actors**

A network produces joint outcomes with positive and negative impact upon the different actors. Reflecting the nature of a complex network, and based on their decisions made and on the network internal and external environment, actors will achieve particular outcomes. This section will focus on preliminary results reached by the three group of actors integrating the Urban Operation Steering Committee.

##### ***Low-income households***

Community leaders who integrate the Steering Committee group do not demonstrate great dissatisfaction with their goals achievements. However, numbers has shown the opposite. From a total demand of 8,500 low-income families expected to be affected by the

operation, approximately 605 housing units have been delivered until June 2016. The progress made during 15 years of works is unexpressive when compare to the scenario of subnormal settlements existent in the area.

Joint efforts between the community and the public sector aiming to solve this matter is an ongoing process that demonstrates an unsuccessful outcome at this current stage. Institutional outcomes are also not successful as there is a lack of confidence from the slums residents on governmental works. A community leader that fights for his neighbors' right of housing states: "people don't believe they will get their houses anymore. When there is a huge delay, people just stop trusting the government. Some people even say 'this is never going to happen', because it took so much time and it's still taking too long..."

In addition to this scenario, some families removed from their original houses - either because infrastructure works would reach the area or because they occupied risk areas - are being supported by the municipality of São Paulo with a rental assistance of approximately USD 120 per month. This is an insufficient amount to cover a rent at their former community. Therefore, most people are living on the periphery while waiting for the government to delivery their new houses. This reveal an unsuccessful outcome and a high interaction cost as a high amount of money is debited from the urban operation fund to the payment of such rents.

Concerning the quality of the process, it is noticed a close dialogue between the municipality of São Paulo and the subnormal settlements associations that increased the quality of their relationship. A capacity building offered by the Housing Department focused on training community leaders to become local representatives to deals with the Urban Operation played a key role to improve the process quality. Although, one cannot say that these actors have developed an enduring relationship and shared joint perceptions of the problem.

Interviews with community leaders have demonstrated that they exclusively share a certain level of comprehension related to the social projects delay, however this reaction is not found among other subnormal settlement residents who are disbelieved with the implementation social policies. This scenario implicates unsuccessful achievement of enduring relationship and joint perceptions outcomes between the municipality and low-income residents' social groups.

### ***Middle and high-income households***

After a judicial fight with the public administration, residents from Vila Cordeiro and Brooklin achieved a substantial part of their goals: prohibiting high building in their area. The Conduct Adjustment Term determined that the CEPACs bonds could only offer private developers the right of changing the use of the land (from residential to commercial), but not constructing high buildings. This was a joint outcome between the municipality of São Paulo and social organizations; although it does not implicate that this was an easy achievement. Local residents argued that this process took two years and demanded high efforts to be implemented.

A second desired outcome seek by this group is the construction of streets in parallel to the Água Espraiada Avenue in order to decrease the traffic impact caused inside the residential neighborhoods situated along the main avenue. This outcome was still not achieved and social movements' representatives constantly bring this subject to the Steering committee meetings.

### ***Private sector***

Part of this group demonstrated to jointly achieve their desired outcomes with the Municipality of São Paulo. As several auctions issued CEPACs allowing the change of use in the former zoning, the real estate market group reacted rapidly buying these bonds and building their developments. From 2001 to 2011, a total of 14, 565 residential units have been launched in the Urban Operation perimeters<sup>20</sup> bringing new residents to this new area targeted by the real estate (Castro, 2013).

When it comes to the contractors' groups, it can be noticed a frustration with regard to the tunnel suspension. The involved companies had great interest in this work. Also, the negotiations related to this groups and the Municipality of São Paulo are not clearly publicized in official policy documents and were neither part of interviewees speech. It is known that lobbying efforts and pressure have been applied to bring the tunnel back.

Still, other works are being implemented by construction companies inside the Urban Operation as the two bridges (Itapaiúna and Laguna), the extension of two avenues (Água Espraiada and Chucre Zaidan) and other road improvements. In this sense, one can say

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<sup>20</sup> As a comparison, between 2002-2012, a total of 126,998 new apartments have been launched in vertical residential projects in the expanded center of São Paulo (Castro, 2013)

that this group integrated another arena of negotiations, outside the Steering Committee discussions, where they could better expose their interests.

### ***Municipality of São Paulo***

Considered a central actor to activate the network parties, the Municipality of São Paulo could partially achieve its objectives. That is, roads developments were clearly better enhanced when compared to social housing projects. Recapturing the purpose of this Consortia Urban Operation that promises to provide the transformations of the Água Espraiada region with social improvements and environmental enhancement, once can state the neither the social nor the environmental aspects were enhanced.

As abovementioned, the implementation of housing projects did not reach  $\frac{1}{4}$  of its total demand and the large linear park with approximately 612,000 sqm is still not finished. On the other hand, all bridges and most part of roads interventions are concluded. That is, most interventions and measures coordinated by the local government, in partnership with landowners, residents, and private investors are benefiting the most fortunate groups.

It is worth mentioning the positive achievements of the public sector. The municipality of São Paulo managed to break an old urban paradigm. For decades, low-income people were expelled to peripheral areas when new urban policies were designed and implemented in central areas. As this project guaranteed to informal settlements residents their right to remain inside the Urban Operation perimeter, this project achieved a significant progress concerning the social aspect.

### **5.5 Key findings**

This chapter exposed the high complexity of a network around an urban policy. Several events described in the first section - rounds and crucial moments -, demonstrated the influence of actors and external events on the progress of policies. Decisions such as MCMV partnership, which was supposed to enhance the implementation of social services, have failed and caused projects details and distrust among actors. Parties' frequent use of one-sided strategies, instead of cooperative and collaborative arrangements have also called attention. Besides others, this is one of the reasons that led to the achievement of increased unilateral and not joint outcomes. This condition creates a hostile environment and decrease trust and transparency within the network.

Several network management techniques, either to address substantive or strategic complexity, were not well applied by the municipality of São Paulo when facilitating the



parties' interaction. The limitations of public managers to activate actors; to propose a more open and transparent network; and to elaborate a proper housing planning instrument is evident. However, it is important to recognize the significant complexity of this Urban Operation arrangement that counts with powerful actors (contractors and real estate) which influences goes beyond the power and legitimacy of local public agents involved in the project. The interdependency between public and private sector inherent to this case is the reflect of a structural sensitive relationship between theses two groups developed in the past and present in different of the public sphere.

## 6. Conclusion

The Água Espraiada Consortia Urban Operation raised high expectations to its accomplishments. Conceived as the first Urban Operation in Brazil with the ‘consortia’ arrangement, after the enactment of the Federal City Statute in 2001, this urban policy was financed by a complex financial scheme and also designed a governance process to enhance the dialogue with all involved and affected actors, through the Steering Committee.

Still, the social impact caused by its interventions was not manifested in the initial discussions of the Urban Operation meetings. The public sector neglected the historical background of thousands of low-income families living in subnormal settlements in the area. They have been living there since the 1970’s, after the invasion of idle public land, and occupied areas close to an open and dirty stream, lacking basic sanitary conditions. In this way, public administrators followed the initial decision-making policies ignoring most parts of communities that

The right of proper housing is recognized in a number of international instruments<sup>21</sup>, and acknowledged worldwide as a fundamental right of people. Even conceived as an urban development instrument and not a social housing program, the Água Espraiada Urban Operation success is directly linked and dependent on the social housing problem resolution. Without tackling this primary issue, no urban renewal policy can be labeled as a successful one.

Nevertheless, the first works financed with the Urban Operation resources, derived from the sale of CEPACS, that offered as a counterpart to the buyer the change on the land use, were primarily addresses to road improvements. No public policy focused on the housing aspect of people living inside the whole perimeter of interventions was planned at the initial stages. The social housing developments were implemented either as a result of social pressure or a practical matter of removing people to give space to construction sites. That is, initially, although provided by the Urban Operation Act, no broad housing policies were developed. And until 2008, housing interventions were implemented in an

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<sup>21</sup> The Right to Housing is protected in:

Article 25 of the Universal Declaration of Human Rights

Article 11 of the International Covenant on Economic, Social and Cultural Rights

Article 27 of the Convention on the Rights of the Child

Article 5 of the Convention on the Elimination of All Forms of Racial Discrimination

Article 14 of the Convention on the Elimination of All Forms of Discrimination Against Women

Article XI (11) of the American Declaration on Rights and Duties of Man

uncoordinated way. An example of that is that until this date there was not even a list of total households affected by the intervention programs; and also the fact that families removed for the cable-stayed bridge constructions were resettled five years after the bridge inauguration.

A lawsuit proposed by a subnormal settlement association, through the Public Defender's Office, was the first official confrontation of a group of low-income residents with the Municipality of São Paulo. Counting with legal support and political pressure, the group of actors succeeded with their strategy and were contemplated with a new social housing complex (Jardim Edite I) built in the same area they used to live before the removal process needed for the cable-stayed bridge construction. This turned into a pivotal event that reveals the public sector willingness to prioritize these group interests instead other infrastructural works desired by the private sector.

This lead to another crucial element of this study case, the relative weakness of the high-level local administration to face the interest of contractors and the real estate market. A complex dependency bond rules the relationship between these actors. The contractors possess high lobbying power over the public administration as offer financial contributions to the campaign of main political parties in Brazil. And the latter is crucial to activate the financial scheme of the Operation: if the real estate market does not buy CEPACs bonds, there are no resources for the interventions.

### ***Public sector lack of empowerment***

A concrete example that demonstrates the lack of empowerment of the public sector concerning its relationship with contractors is the 'tunnel episode' approached in round four. Three out of four consortia groups, composed of several construction companies, who won the bidding process to build road and green areas projects, and 4,000 social housing units decided to quit the housing construction when the tunnel was suspended.

The go-alone strategy adopted by the private sector harmed the network and caused delays in the social housing policies. Contractors argued that their great interest was the suspended tunnel, so they would not follow with their other commitments, None of the Steering Committee minutes and policy documents approach this sensitive discussion. However, it gets clear that the public sector did not impose its power demanding the contractors to keep up with the rest of the agreement.

The potential outcomes generated by a good network management was neither well explored by the municipality. Several techniques and strategies - such the creation of creative competition, coalition building, interaction process, etc. – were not properly elaborated by public agents. And one of the main reasons for the ineffective management was the municipality late awareness to face the housing problem as a central element. Instead, the social housing issue was managed in parallel for many years, and fit through uncoordinated decision-making inside the Urban Operation infrastructure projects.

This situation led the municipality to implement strategies such as package deals and coalition-building that partially solved the housing issue. Clearly, it was not a robust and well-designed instrument, but rather measures taken by public administrators to address their lack of planning in the housing subject.

To improve the network integration and enhance the dialogue with communities affected by the Urban Operation, besides the Steering Committee group, the entity responsible for coordinating the program, ‘SP-Urbanismo’, in partnership with the Housing Department supported a Leadership Training inside the affected communities.

The training program led to the Leadership Forum creation, an important institution that works as the main interface between the public administration and the local residents to solve and discuss matters related to housing. This initiative partially breaks through the asymmetric debate between the slums residents and governmental actors. However, it is not sufficient to assure a sense of transparency in the network decision-making and implementation process.

### *Actor’s perspective*

According to households’ perspective, the public sector lacks good negotiation skills with private actors. The ‘tunnel episode’ illustrates how this posture can negatively interfere in the implementation of social housing. After this crucial moment, low-income residents lacked trust on governmental actions, which lead to a sense of insecurity and distrust inside the network. Frequent delays related to the implementation of housing developments resulted in a fragile and tense scenario of residents with high expectation to the production of social housing.

Societal groups are not the only actors to criticize public sector actions. Under the perspective of private sector agents, the municipality of São Paulo presents a high level of slowness to implement its projects. When public interventions are implemented after

private sector developments, traffic congestion and other infrastructure bottlenecks may affect the region. This is currently happening, and is part of the real estate market and local residents' major complaints.

The low-income residents group hold land resources, an indispensable asset to operationalize the interventions provided by the program. However, due to a complex social dynamic, the public sector also relies on the community permission to access the areas, as most of them are ruled by drug lords. This dependency relationship decreased when families are removed from their houses. From this moment onward, they do not own their main resources any longer and start to count on legal instruments and political pressure to achieve its desired outcomes.

### ***Families removal and positive achievements***

After the removal and until the provision of new housing, most people are subsidized with a rent assistance. The amount of money transferred by the municipality does not cover the rental prices in the area these people used to live, what increases their dissatisfaction with the housing policies implemented by the Urban Operation. In addition, in 2016, out of a total demand of 8,500 families, merely 531 housing units have been delivered to slums residents removed from their houses.

Still demonstrating minor achievements on the implementation of housing projects, it is worth mentioning remarkable progress presented by this study case. When compared to previous housing policies managed by the Municipality of São Paulo that arbitrarily expelled subnormal settlements residents to the extreme periphery of the city, this Urban Operation is innovating by breaking a paradigm and guaranteeing the permanence of these communities inside the Operation perimeter.

Another positive achievement is the stipulation, by legal instrument, of 10% of the total Urban Operation revenue to social housing expenses. To further urban renewals, this percentage should be better defined and discussed with the network actors. However, to this specific case it is still perceived as a progress, specially when compared to previous policies.

### ***Reflection on theory***

Reflecting on the theoretical framework used to support this empirical analysis, one can state that the governance network approach offered a substantial framework and qualitative material to provide a detailed evaluation of this urban policy. It has also been

proven that the practical implementation of certain theoretical techniques reveals to be more challenging than expected.

For instance, still applying certain network management techniques, especially the creation of an interaction process between actors through the Steering Committee meetings, the Municipality of São Paulo did not succeed in steering a network capable of adding substantive contributions to the decision-making process. This is due to the lack of transparency on the process coordinated by public agents; to the complex dependency relationship between the public and the private sector, and also to the absence of elaborate policies, instead of last minute strategies used to replace the lack of proper housing planning.

### ***Recommendations and final remarks***

As a recommendation to future works, two main points deserve attention: i) the prioritization of interventions provided by the Urban Operation and ii) an improvement of civil society use of their deliberative power.

The previous recommendation relates to the need of institutionalizing, through technical criteria and ensured by a legal instrument, the roll of interventions to be provided in an urban operations project. In this case, a technical urban development analysis should diagnose the precedence of works to be implemented in the perimeter. These works should reflect the real needs of the area and its residents, contributing to the city development and not to the interest of those who own more powerful resources within the network.

The prioritization of interventions would avoid the autonomy of new mayors to define their specific agendas, that can possibly harm the implementation of crucial actions such as social housing projects. It would also contribute to a better financial management of the Operation, an aspect which the municipality of São Paulo failed. The Operation is no longer capable of financing its role of interventions with resources derived from its fund, and should count with public treasury money.

The latter topic concerns the improvement of civil society use of their power. For instance, after the construction of a cable-stayed bridge, a new ‘package of interventions’ was voted in the 13th Steering Committee meeting. In this case, all member voted ‘yes’ for a program of interventions that clearly did not present a preference order. That is, the municipality had the space to prioritize certain works instead of others, based on its

dependent relationship and other actors' pressure, and the Steering Committee members did not use their power to prevent it. At this point, they could have explored coalition-building strategies to impose the implementation of projects suitable to their interests, and not to the contractors' companies.

In this event, any civil society representative voted 'no' or demand for a prioritization of works. Even after watching the first package of costs to be spent on the construction of a bridge (clearly not a top priority intervention), the members did not decide to block the network interactions in order to achieve their goals. The prioritization of other works, such as the channeling of an open stream that goes through subnormal settlements, and the development of areas that lack urban infrastructure in the Subdistrict of Jabaquara, were evidently more important than the bridge.

Undoubtedly, the choice of prioritizing the Urban Operation investments in the Santo Amaro Subdistrict (and not in the Jabaquara Subdistrict) is aligned with the real estate interest in this upscale neighborhood. By requalifying areas where the real estate is already interested, the municipality consequently gains more revenue for the Urban Operation, as they investors would buy more CEPAC bonds.

However, the public administration did not balance its interventions. The poorest areas of the Urban Operation were not revitalized, what consequently avoided its attractiveness to the real estate. This demonstrates how the public sector positioned itself in a reactive, rather than in a prepositive manner before the real estate interest. This dependency relationship and the public decision-making impairs the progress of less developed areas where most of the slums are located.

Actor's conflict of interests is an imperative aspect of complex networks, although when not properly managed it can frustrate expected outcomes. In this case, still presenting progress when compared to previous policies, the Urban Operation role to enhance the democratization of the urban space was merely understood as a form of partnership and exchange of counterparts with the private sector.

It shows the power of contractors and real estate actors before the municipality of São Paulo, and its asymmetrical relationship when compared to the dependency relationship of the municipality and low-income residents. The controversy of interests among these groups is also evident, as well as their different capacities to impose their desired

outcomes upon public policy-makers. Private actors have better succeeded to achieve policies suitable to their interests.

In general, the Água Espraiada Urban Operation can not be considered an efficient instrument with transparent governance process, proposed and controlled by the public sector, to improve urban life. The asymmetrical relationship between private sector, government and low-income residents is unfavorable to the enhancement of living condition inside subnormal settlements.

Thus, this reading makes clear that the Água Espraiada Urban Operation is ambiguous and its potential power to transform the urban fabric is not well implemented. Given the fact that there is no proper planning mechanism to address the social housing from the beginning of the project and due to its preference for road works, that suits the private sector interest. With that, the propositional characteristic of this urban instrument, that presents an efficient and advance mechanism to raise funds, is clearly underutilized by the public administration to bring social cohesion and more livable conditions to the city inhabitants.



## 7 - Appendices

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### The Água Espraiada Urban Operation Chronology

**Dec/2001** - Promulgation of São Paulo local Act 13,260 creating the Consortia Urban Operation

**Feb/2002** - Public Civil Action questioning the constitutionality of the previous act, demanded by middle-high income neighborhood residents from Vila Cordeiro and Brooklin

**Mar/2003** – First Steering committee meeting

- It was raised the issue of emergency housing assistance; however, the discussion was focused on the construction of 600 housing units in the Sub-district of Santo Amaro.

**Oct/2003** – Start of work - Octavio Frias de Oliveria cable-stayed bridge

**Dec/2003** - Environmental license for the Urban Operation works

**Feb/2004** - First regulatory decree for the Certificates of Additional Construction Potential (CEPACs)

**Apr/2004** - The Prosecutor's Office issue the Conduct Adjustment Term (TAC Vila Cordeiro) related to the 2002 Public Civil Action

**Jul/2004** - The 1st Auction of CEPACs was held

**Jan/2005** –São Paulo Mayor transition Marta Suplicy → José Serra (elected Mayor)

**Mar/2006** –São Paulo Mayor transition José Serra → Gilberto Kassab (deputy Mayor)

**Sep/2007** – Fire at Jardim Edith sub normal agglomeration

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**Mar/2008** – 13rd Steering Committee meeting – the public sector introduced the new ‘package of works’ for the Urban Operation. New investments were presented with regard to social interventions.

**May/2008** – Inauguration of road complex Real Parque, including the cable-stayed bridge

**Dec/2010** – 21st Steering committee meeting – first mention of the actual social housing demand, reaching 8,500 families

**Jul/2011** - Amendment Act 15.516 – reflects how the social element is starts to receive centrality in the agenda

**Jan/2013** – São Paulo Mayor transition Gilberto Kassab → Fernando Haddad (elected Mayor)

**Apr-May/2013** – Inauguration of the first social housing complexes: Jardim Edite (252 apartments), Corruíras (241apartments), Gutemberg (19 apartments) and Iguaçu (19 apartments)

**Jul/2013** - 30<sup>th</sup> Steering Committee meeting – public agents communicate the partnership with the Federal social program “Minha Casa Minha Vida” to broaden to offer of housing units

**Sep/2013** - The works of the tunnel were formally suspended. Contractors, which won the bidding process, take the position of no longer building the social housing units once the tunnel was suspended

**2016** – The partnership with Federal program “Minha Casa Minha Vida” is suspended

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### **List of interviewees**

**Angela dos Santos** – SP-Urbanismo

**Elizabete França** - former public agent at the Municipality of São Paulo, Housing Department

**João das Virgens** – Community Leader and representative of Association of slum dwellers

**João Meyer** – University of São Paulo, Faculty of Architecture and Urbanism

**Maria Tereza Diniz** – former public agent at the Municipality of São Paulo, Housing Department

**Regina Monteiro** - Movement Defend São Paulo (MDSP)

**René P.** – the Municipality of São Paulo, Housing Department

**Robin Hlavnicka** - Movement Defend São Paulo (MDSP)

**Rosa Miraldo** – SP-Urbanismo

**Sheila Mendes do Nascimento** - Community Leader and representative of Association of slum dwellers

**Thiago Soares Barbizan** - former public agent at the Municipality of São Paulo, Housing Department

**Valéria Canestri** – Jabaquara Subprefectures