The Greater ABC Region, comprising seven municipalities in the Sao Paulo Metropolitan Region, has established a number of innovative collaborative governance organizations. This case study examines urbanization of a favela and development of a highway requiring collaboration between two municipalities in the Greater ABC Region, São Bernardo do Campo and Diadema. It illustrates the challenge of inter-municipal cooperation where there are different municipal objectives.

Context

Regional Collaboration

The cities of São Bernardo do Campo and Diadema are located in the Greater ABC region which is known for its high level of mobilization around socio-economic, urban and environmental development issues.¹ In the 1990s, this mobilization led to the creation of innovative organizations, such as the Inter-municipal Consortium (Consórcio Intermunicipal - a collective arrangement of private rights signed by the seven municipal governments of the region), the Regional Chamber of Greater ABC (Câmara Regional do Grande ABC – an informal collaborative arrangement involving the State Government of São Paulo, the Inter-municipal Consortium and organized civil society),

¹ The seven cities of the ABC Paulista are Santo André, São Bernardo do Campo, São Caetano do Sul, Diadema, Mauá, Ribeirão Pires and Rio Grande da Serra.
and the Agency of the Economic Development of ABC (Agência de Desenvolvimento Econômico do ABC – a sectoral collaborative arrangement for economic development formed between the Consortium, businesses, the universities and workers’ unions).

**Favela Naval**

This case study examines the urbanization of the Favela Naval located on the border between the municipalities of Diadema and São Bernardo do Campo. The scope of the project involves interventions in the road system and in the systems of water and drainage as well as housing (resettlement, housing production and urbanization).

The Favela Naval (Figure 1) is located in the convergence zone of two bodies of water, one of which – the Ribeirão dos Couros (dos Couros Stream) – is the geographic and legal boundary between the municipalities, a fact that was ignored by the settlement that spread along the stream’s bank. More than 900 families live in the area: 703 in the municipality of Diadema and 207 in São Bernardo do Campo. The settlement is characterized by precarious sanitary, urban and environmental conditions, by the low quality of housing (including shacks and stilt houses) and by the social risk for children and teenagers, particularly crime and the lack of social services, especially in the education sector.

![Figure 1: The Favela Naval (borders in black).](image)

*Source: Municipal Government of São Bernardo do Campo*
Collaborative Governance

Different but Inter-related Municipal Objectives

Since its creation in 1997, the Regional Chamber of Greater ABC has provided strategic regional planning for a number of urban development aspects. The update of the strategic plan, which occurred in 2000, considered housing in relation to the sustainability of watershed areas (including social housing) and an urban environment of good quality (under the “urban improvement with social inclusion” program, in the sub-program the “housing and integration of housing interventions for actions of environmental improvement”). This institutional framework of regional governance of ABC, however, was not capable of effectively resolving the dilemma of integrated action in the precarious settlements of the region.

In the case of Favela Naval, although there is a common project, the objectives are not the same for each of the municipalities. For São Bernardo, the main objective, at least until the end of 2008, was implementation of a section of the municipal ring road (Figure 3), the settlement project being a condition to complete the project. For Diadema, a solution to the housing problem was always the main motivation.

The municipality of Diadema initiated the urbanization of Favela Naval in 1991 after a fire destroyed a section. Construction followed in an intermittent manner: from 1991 to 1994 when it was paused, and from 2001 to 2004 in which urbanization services reached 50% of the housing
complex. Until 2004, the resources employed were provided by the municipal government.

Throughout this time, Diadema had been trying to get funding from the federal government to carry out the urbanization of the Favela. In 2001, in developing a proposal for the Habitar Brasil IDB (Inter-American Bank of Development) Program, it reached out to the neighbouring municipality of São Bernardo do Campo seeking its support for a joint proposal for the urbanization of Naval. Diadema, however, was not successful and the project was rejected by the IDB for, among other reasons, not presenting an inter-municipal approach capable of resolving the issue more integrally.

In 2004, it was São Bernardo do Campo’s turn to seek the support of the municipality of Diadema. It was motivated by the Urban Transport Program (Programa de Transporte Urbano – PTU), which was in the process of contracting with the Inter-American Bank of Development (IDB), to support intra and inter-municipal integration and regional urban mobility through the construction, among other elements, of a Peripheral Ring Road (Anel Viário Periférico) in the urbanized portion of the municipality. Part of this Ring Road was projected to be on the border with Diadema, going through the neighbouring territory.

**Requirement for Collaboration**

In order to make the Peripheral Ring Road feasible, authorization laws for consortiation of São Bernardo do Campo and Diadema were approved in each of the municipal chambers, with the objective of joint execution of the construction necessary for the interconnection of their road systems. In 2005, two new laws settled the terms of the agreement between the parties, which considered that the road interventions, “*apart from responding to local needs, when observed collectively, it responds to more global logics, benefitting neighbouring municipalities and region. ... Although the program [the PTU] is municipal and has objectives that prioritize the transport in this space, because of its metropolitan aspect it cannot avoid servicing these broader flows as well, since it uses its routes, this way broadening its benefits at the regional level.*”

2  Diadema. Municipal Law Nº 2.466, of the 21st of December of 2005.
The partnership establishes:

- the construction of roads in the valley of Ribeirão dos Couros (dos Couros Stream) and the Córrego Taboão (Taboão Stream), bodies of water that establish the border between the two municipalities. This included canalization of these bodies and implementation of riverside road lanes on both banks, in both municipalities. Construction would be the responsibility of São Bernardo do Campo, although part of it would be executed in Diadema;

- specifically in relation to construction in the Ribeirão dos Couros, Diadema’s responsibility in relation to the expropriation of properties in its territory which are affected by the construction;

- that each municipality should develop a resettlement plan for the portion of the Favela Naval population who reside in the territory that will be affected by the road construction, making viable the production of housing for the residents that will be resettled;

- that all projects and construction be defined in partnership by the parties.

In 2007, both Diadema and São Bernardo do Campo presented proposals for funding from the Program for the Acceleration of Growth (Programa de Aceleração do Crescimento - PAC) related to the Favela Naval.

The PAC Naval/Diadema is an integrated urbanization project including the production of 336 new units and housing improvements for the already urbanized area (213 units). The project will benefit 1,303 families (600 residents around the area, as well as 703 of the Favela Naval) through actions including:

- urbanization of the section of the Favela that has not received construction yet. This includes: the demolition of 292 precarious settlements and construction, in the same place, of a new housing complex with 132 units; the implementation of a new housing complex with 204 units in a nearby neighbourhood, to resettle the expropriated families; as well as the care to these families by the Bolsa Aluguel Program (Rent Grant Program) during the construction period as a way to avoid temporary housing;

- in the already urbanized section of the complex, the execution of housing improvement in 213 houses, including cases of complete reconstruction;
land regularization and social work actions, as well as the implementation of community facilities including a day care centre, Naval Centre for Social Integration (Centro de Integração Social Naval), Centre for Solidarity Cooperation (Centro de Cooperação Solidária - income generation) and the installation of an "Ecoponto" (centre for the collection of recyclable materials);

- implementation, restoration and complement of the infrastructure network and of the pavement around.


The PAC Naval/ São Bernardo do Campo, however, had not begun construction because of a series of incidents. The administration of the municipality of São Bernardo do Campo, after taking office in January 2009, found the project in an unfavourable situation: still not approved by the Caixa Econômica Federal (CEF) and with an imminent risk of losing its funding. It was necessary to review the housing development since the project presented to the CEF had not been approved by the environmental bodies due to the fact that the land was an area of environmental compensation for another project.3

The development of a new project for a new piece of land extended the scope stipulated with the federal government through PAC, since the area that the municipal government made available for the investment had the capacity of accommodating a greater number of housing units. The expansion of the objective was proposed to take maximum advantage of the area and to respond to other needs for the provision of housing. The stipulated work plan consists of actions of different natures: urban housing, land and community participation and social development. This will result in intervention in two precarious settlements, as well as Naval: Favela Colina (consolidation of part of the area and moving part of the families to the housing complex that will be built next to the centre) and Alojamento Leo Comissari (total removal and external resettlement). Specifically in relation to Favela Naval, PAC predicts the resettlement of 207 families in a housing complex that will be implemented in a nearby neighbourhood (540 units) and the later

---

3 This project was different from the one discussed in 2004 with families to be resettled (in the inauguration of the partnership with Diadema). However, it was not possible to resume the 2004 project because the proposed area of the time had not been expropriated and a venture business had been approved for the land.
demolition of the existing housing, opening the area for the canalization constructions of the Ribeirão dos Couros and for the implementation of the riverside roads.

As for the Urban Transport Program (Programa de Transporte Urbano – PTU), the project has been implemented in stages and the section that is the subject of this case was not included in the initial stages of execution, under the authority of the previous administration. It is expected that the bidding process for this section will be initiated in 2009.

Outcomes

Action on Both Housing and Roads

The road and settlement projects mobilize resources of the order of 113 million reais: 26 million reais invested in Diadema through PAC and around 87 million reais invested in São Bernardo, of which 32 million reais are from PAC and 55 million are from the Urban Transport Program (Programa de Transportes Urbanos) financed by the World Bank.

Cooperation between the municipalities began to be designed in a context in which motivations were different: the urbanization of the favela (for Diadema) and road construction (for São Bernardo do Campo). The reason for collaboration was recognition of the interdependence of the interventions.

Between the establishment of the partnership in 2005 and the end of 2008 there was no integration of actions. Since January 2009, the formal instrument gave way to informal communication and decisions began to be made based on dialogue between the chief administrations of both municipalities. The integration of the projects both spatially and temporally and the unified effort of the two municipalities for its achievement revealed itself to be more than a strategy but rather an imperative, realizing the impossibility of integral execution of either the road constructions, or of the urbanization constructions of the housing complex, without there being at least minimal consensus on the actions beyond municipal scope. A general meeting was held between the two parties, with the presence of all the teams from several municipal secretaries involved. The agenda involved the redefinition of responsibilities, the adjustment between the scopes of the projects and an effort to communicate the schedules of the interventions. Periodic meetings for evaluation were defined. Both
municipalities have been carrying out systematic consultations for the involved communities.

The main difficulty of the project at the moment is coordinating the pace and deadlines of the interventions. Diadema has been making advancements in the implementation of the project. 35% of the construction has already been executed for the new housing complex for the resettlement of families that will be removed from Naval, and the construction for housing improvement was initiated. In São Bernardo on the other hand, where the construction has not yet started, it is necessary to integrate the interventions of housing production to those of the drainage and the road system. The construction of the housing complex should begin in October 2009 and will only be completed in 24 months. The Urban Transport Program (Programa de Transporte Urbano – PTU) construction will be initiated in early 2010, with the same time frame of 24 months.

**Observations on Collaborative Governance**

This case presents three key observations about collaborative governance. First, while inter-municipal collaboration was initiated in 2004, which enabled the formation of a formal partnership between Diadema and São Bernardo do Campo in 2005, there was little integration of the housing and road projects at first. Significant integration only began in January 2009 when new local administrations took charge. This reflects the limits of cooperation when the political orientations are divergent, which was the case of the two municipal administrations until December 2008.

Second, the case illustrates that it is possible to establish alliances that combine significantly different, although inter-related, municipal objectives - the road intervention (objective of São Bernardo) and the housing intervention (objective of Diadema). It is important to note, however, that the prime objective of the partnership is to make the transport program viable and the housing servicing is secondary. The urbanization of Favela Naval is, in some respects, driven by the need to complete the road construction.

Third, the case illustrates one possible role of a regional authority when faced with an issue involving two of its members. While the Inter-municipal Consortium of Greater ABC (Consórcio Intermunicipal do Grande ABC) has a strategic plan providing guidance on housing, the organization was not part of this initiative nor did it intervene as a facilitator.
to improve understanding between two municipalities and therefore help to advance its region-wide goals.

Questions for Consideration

1. Diadema and São Bernardo do Campo collaborated on the urban settlement and road projects in order to secure the support of federal agencies and therefore funding for the projects. How important are external requirements in establishing a consortium?

2. While the Inter-municipal Consortium of Greater ABC (Consórcio Intermunicipal do Grande ABC) has a strategic plan providing guidance on housing, it did not play a role in the Favela Naval and road case. What roles might it have played? How might this have changed the progress of the projects?

3. Significant integration of the housing and road projects only began when Diadema and São Bernardo do Campo administrations had similar political orientations. Is this inevitable? What integrations actions are appropriate when political orientations differ?