



**Ministério
das Cidades**



Brazil's Growth Acceleration Program - PAC: Growth with Social Inclusion

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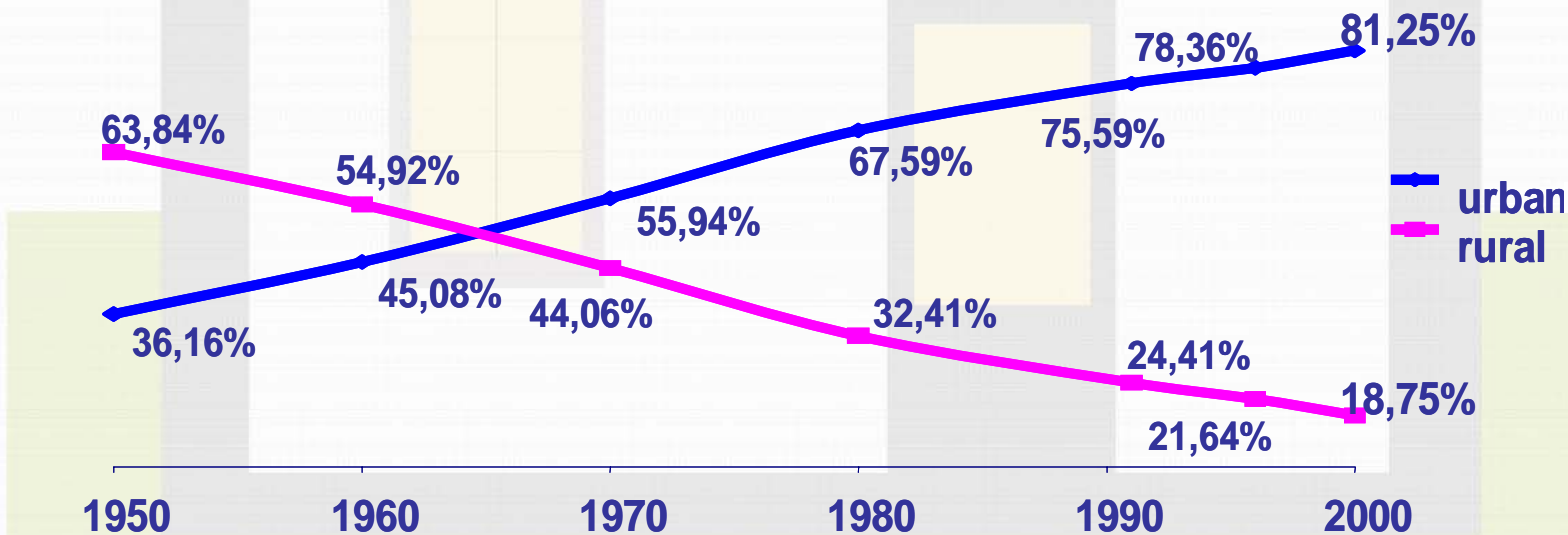
*Advisor to the National Housing Secretary
Ministry of Cities, Brazil*

Urban Week

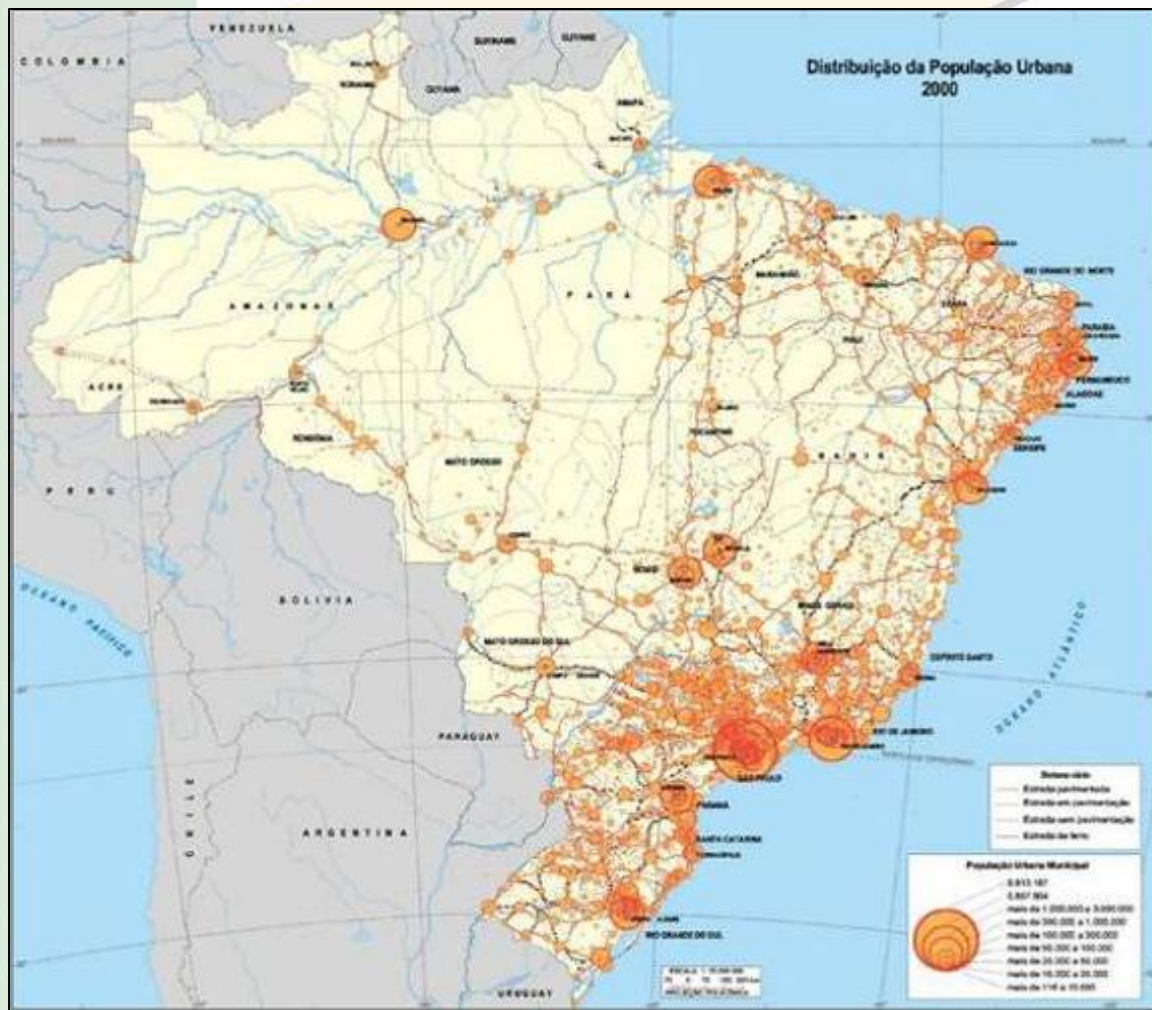
Washington DC, 10th of March 2009

BRAZILIAN URBANIZATION: ACCELERATED

- 1950 - 18 million inhabitants, 36% urban population
- 1960 - 70 million inhabitants, 45% urban population
- 2000 - 167 million inhabitants, 81% urban population



BRAZILIAN URBANIZATION: UNEQUAL AND CONCENTRATED



- Brazilian metropolitan areas concentrate 68 million people, 37% of the entire Brazilian population
- The 11 major metropolitan areas concentrate 80% of the housing units in slums, 33% of the housing deficit and around 60% of the Gross National Product – GNP
- On the other hand, medium-sized cities have been increasing participation in future housing demand

HOUSING DEFICIT IN BRAZIL



Housing Deficit and Future Demand

	Million Units
Deficit 2007	7,2
Potential demand 2007 - 2023	27,0
TOTAL	34,2

Source: Fundação João Pinheiro (2008), PNAD 2007 e MCidades/CEDEPLAR (2007).

Slum Upgrading Deficit

	Million Units
Slum Upgrading Deficit	3,2
Relocation needs	0,9

Source: Fundação João Pinheiro (2008) e MCidades/CEDEPLAR (2007).
Sourcet: Consórcio Via Pública/ Fupam Lab-Hab/ Logos Eng

PAC *PROGRAMA DE ACELERAÇÃO DO CRESCIMENTO*

GROWTH ACCELERATION PROGRAM:
MORE GROWTH AND LESS INEQUALITY

Complexo do Alemão - Rio de Janeiro/RJ



Investment: US\$ 300,85 million

Benefitted Families: 26,784

Construction of 3,082 housing units

Installation of a cablecar with 7 stations, improvement of existing homes and construction of 20 additional community facilities

Bacia do Beberibe – Recife/PE



Investment : US\$ 6,5 million

Construction of 400 housing units

Recovery of water-resources

Started: 04/07/2008

Finished: 31/12/2009



Guarapiranga - São Paulo/SP

Investment : US\$ 369 million + financing

Benefitted families: 44,940

Construction of 5,340 housing units

Integrated upgrading of 45 areas and relocation of units under risk or in environmental protection areas

Started: 01/07/2008



Alagados - Salvador/BA



Arrudas – Contagem/MG



Resources: Federal Budget
Investment: US\$ 86,5 million

Started: 31/03/2008

Finished: 30/12/2010

Construction 893 housing units

Benefitted families: 13,693

Construction of social equipment

GROWTH ACCELERATION PROGRAM - PAC



- **New concept:** infrastructural investments and other economic measures as means to stimulate economic growth and promote social inclusion.
- **Federative partnership:** selection of projects was discussed and agreeded between federal, state and municipal government levels.
- **Intersectorialism:** combination of several federal government poverty overcoming programs, involving Ministries of Cities, Finance, Planning, Culture, Social Development, Labor, among others.

PAC – INVESTMENTS IN INFRASTRUCTURE 2007-2010

AIMS:

- Accelerate sustainable development, eliminating logistics bottlenecks.
- Increase productivity.
- Overcome regional and social inequality.

AXIS	US\$ billion
Logistics - highways, railways, ports, waterways and airports	24.6
Energy - electrical energy generation and transmission, petroleum, natural gas and renewable energies	115.9
Social & Urban - housing, slum upgrading, sanitation, water resources, light for all, metros	72.0
TOTAL	212.5

US\$ 1 = R\$ 2,37

PAC – INVESTMENTS IN INFRAESTRUCTURE

Immediate results are needed, so projects were selected based on following criteria:

- **Capacity to generate social and economical development.**
- **Large projects, with territorial influence in groups of municipalities, regions and states.**
- **Articulated and territorially integrated projects.**
- **Environmental sustainable projects.**
- **Initiated and non finished projects.**

PAC – HOUSING and SLUM UPGRADING

- **In an unprecedented way slum upgrading was considered as a fundamental axis for economic and social development in the country.**
- **The aim is to allocate US\$ 5.7 billion in slum upgrading, sanitation and housing construction projects between 2007 and 2010.**
- **Great importance is given to keep population on the land they already occupy, near facilities and workplaces, but in an effort to eliminate excessive density or natural disaster risks.**

PAC – HOUSING and SLUM UPGRADING

- **Opportunity to improve housing sector diagnosis instruments.**
- **Opportunity to build institutional capacity in integrated urban management.**

PAC – HOUSING and SLUM UPGRADING

Selected projects involve integrated actions in:

- **House improvement and construction**

Construction and acquisition only in case of necessary unit removal or in substitution of irreparable units.

- **Sanitation Infrastructure**

Water and sanitation services, rainwater draining, solutions for garbage disposal, home water and sanitation systems.

- **Environmental recovery**

Prior evaluation must be made on environmental impacts, mitigation measures are taken if necessary. Cases of total slum removal are associated to preventive measures to discourage new occupations or return of dwellers.

PAC – HOUSING and SLUM UPGRADING

Cont.:

- **Land tenure regularization**

Essential stage, developed in parallel to construction works. All units produced should reflect commitment to the constitution of land tenure rights in favor of the slum dwellers.

- **Social equipments**

Building of equipment to attend the demands of the benefited population, such as health, education, leisure and safety, among others.

- **Social Work**

Stimulation of community organization, environmental and sanitary education, creation of job opportunities and post-occupation assessment.

PAC – HOUSING CONSTRUCTION

Possible actions under the “housing construction” benchmark:

- **Construction or acquisition of housing units, in legal areas served by proper water, sanitation and lighting services.**
- **Unit recuperation – acquisition of inadequate buildings or parcels for execution of works and services necessary to make them adequate for living.**

MANAGEMENT OF PAC

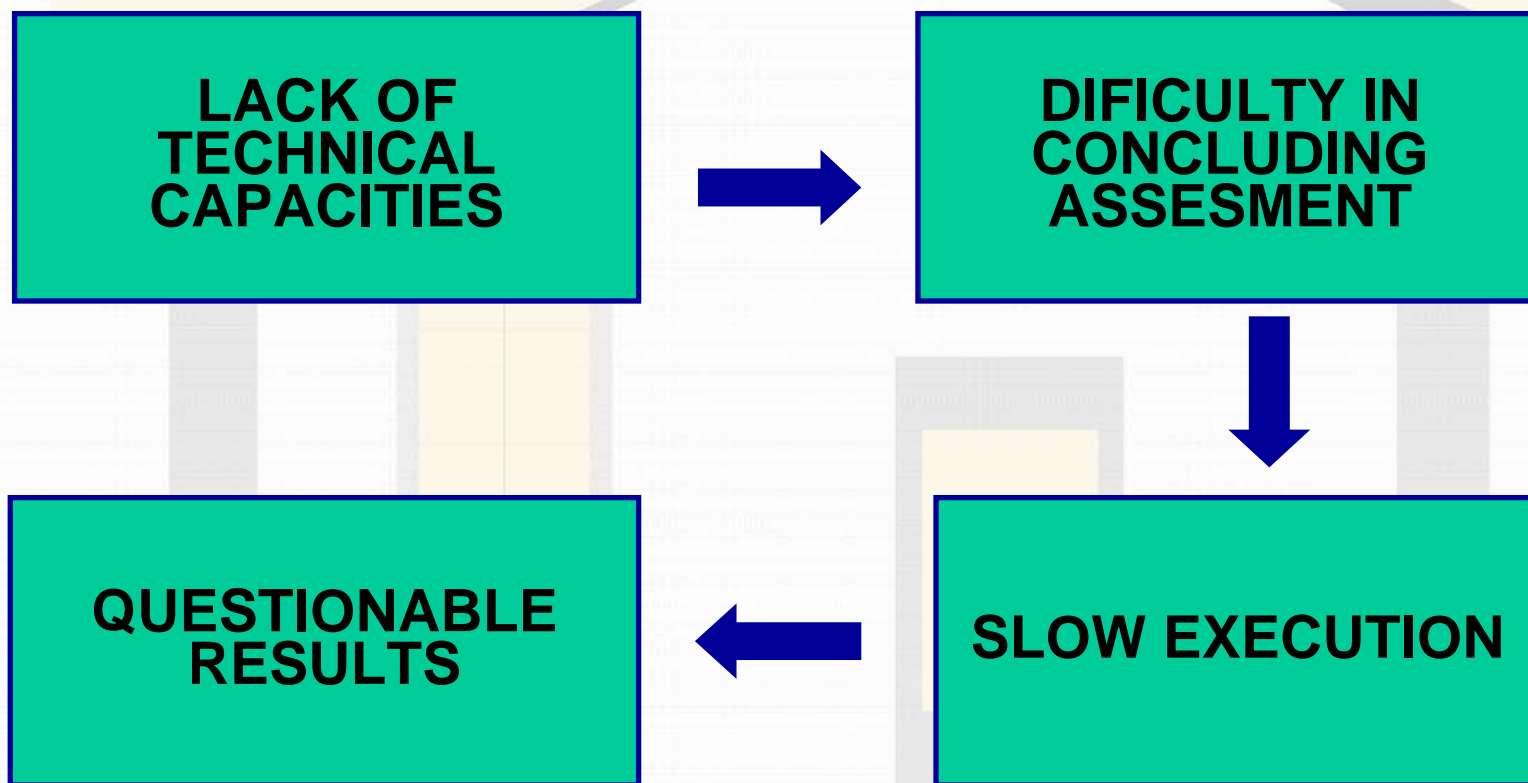
Agile management institutions were created:

- **Management Council – Presidency of the Republic: coordinates and supervises.**
- **Sectorial Executive Groups – Sectorial Ministries (ex.: Housing PAC – Ministries of Cities, Planning, Finance, and public financial institutions operating the program): defines actions, establishes goals and assesses results.**
- **Situation Room – Technicians of sectorial Ministries and program operators: keeps detailed follow up of the construction works.**

MANAGEMENT OF PAC

- **Execution is local, taken on by municipalities or state governments. Local Executive Units were created for each construction project, coordinated by permanent local staff, and representative of the thematic areas involved (housing policy, engineering, social workers, etc.).**
- **Project assessment and follow up is made by public financial institutions with great territorial reach and technical capacity.**
- **Video-conferences between federal government, operator and local executors are held every three months.**

CHALLENGES IN PAC OPERATION



PAC – SLUM UPGRADING: RESULTS



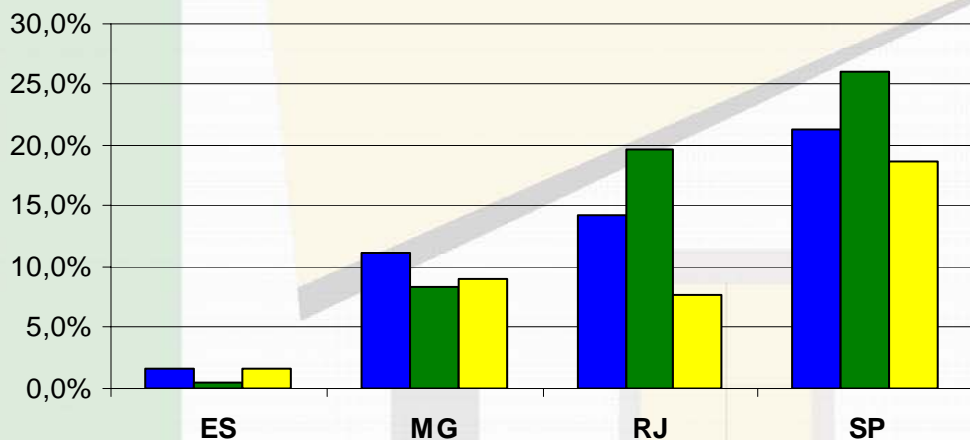
- 3,556 actions: in all 26 states and in 1,974 municipalities
 - **Upgrading of 544 slums**
 - **1,112 housing construction projects**
 - **Technical assistance to 793 housing construction projects**
 - **Revision or elaboration of 1,107 housing plans**

- US\$ 5.7 billion for slum upgrading
 - **National Budget (OGU): US\$ 4,22 billion and 745 thousand families benefitted.**
 - **Financing for local governments (subsidized funds): R\$ 1,48 billion and 238 thousand families benefitted.**

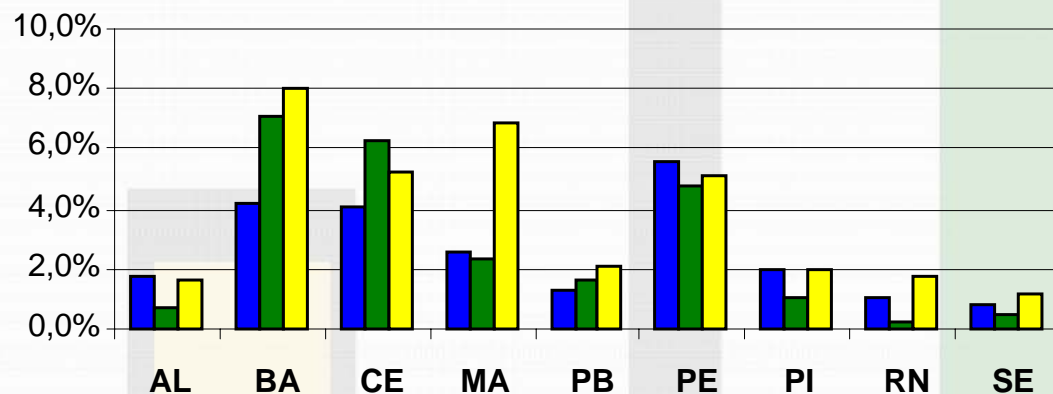
RESOURCES - REGIONAL DISTRIBUTION

Resources x Slum Dwellers x Housing Deficit

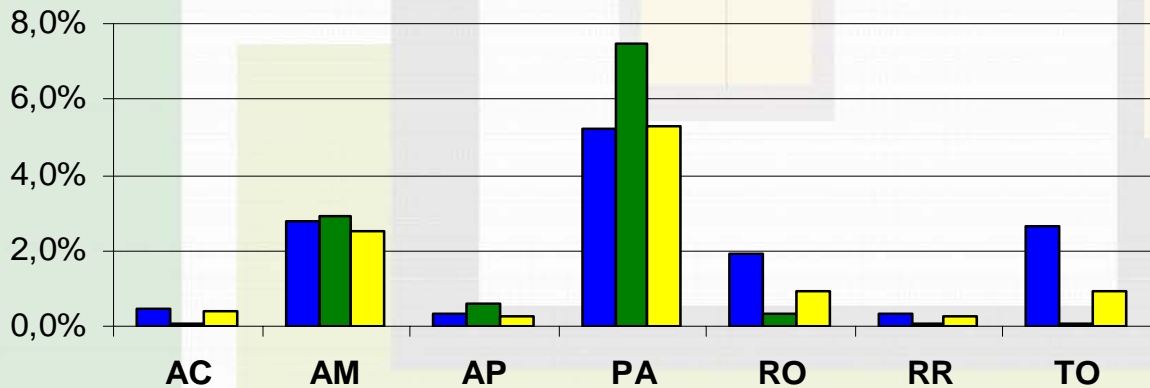
SOUTHEAST



NORTHEAST



NORTH



LEGEND

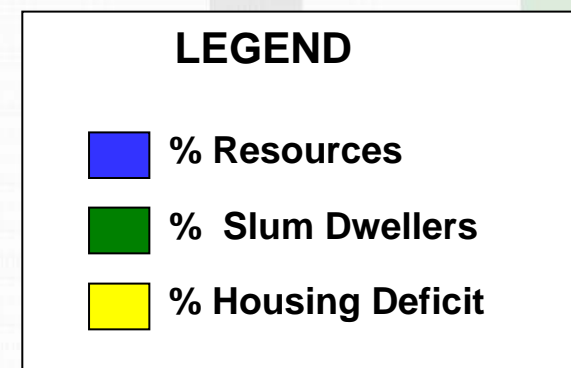
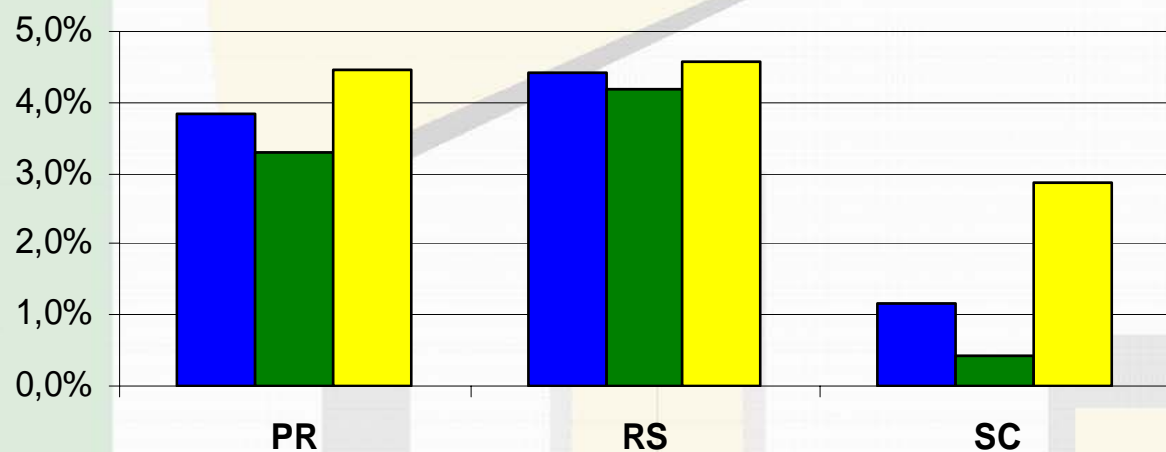
- % Resources
- % Slum Dwellers
- % Housing Deficit

RESOURCES - REGIONAL DISTRIBUTION

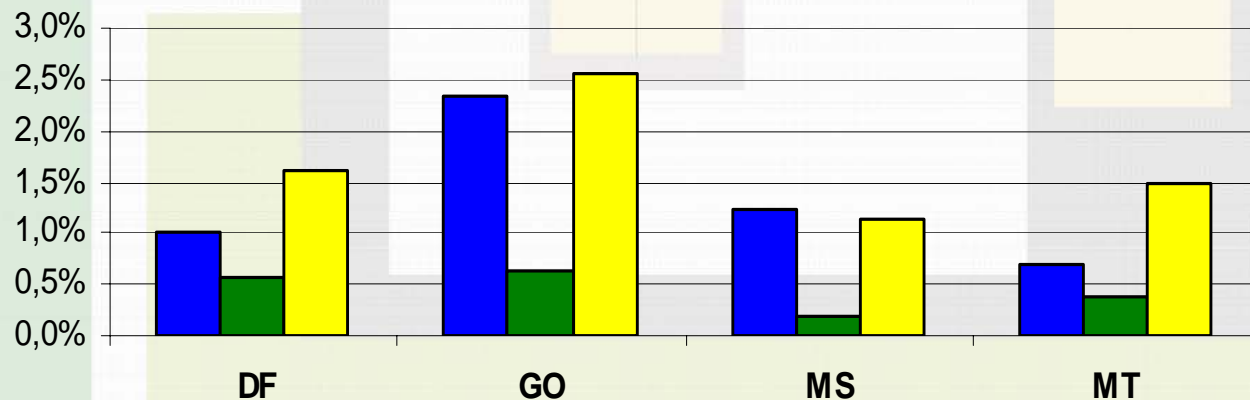


Resources x Slum Dwellers x Housing Deficit

SOUTH



MID-WEST



Key issues

- **Community engagement on data collection, planning and monitoring. Essential for the sustainability of the projects.**
- **Give a voice to the poor on finding their own solutions.**
- **Implement social and income generation programs, focus on community development not just bricks.**
- **Strengthen of local governments and community based organizations.**
- **Insert slum upgrading on the agenda of: governments, private sector, civil society.**

CHALLENGES TO A PREVENTIVE POLICY



FEDERAL GOVERNMENT:

On slums:

- **Keep the high level of investments on slum upgrading.**
- **Improve operational capacity and institutional**
- **framework.**

CHALLENGES TO A PREVENTIVE POLICY



FEDERAL GOVERNMENT:

On subsidies for new housing:

- **Maintain sustainable flow of resources and harmonize subsidies for housing.**
- **Encourage family and community savings.**
- **Create mechanisms to identify categories for targeting and prioritizing beneficiaries.**
- **Harmonize criteria and standards in existing programs, in a complementary way to other levels of government programs.**

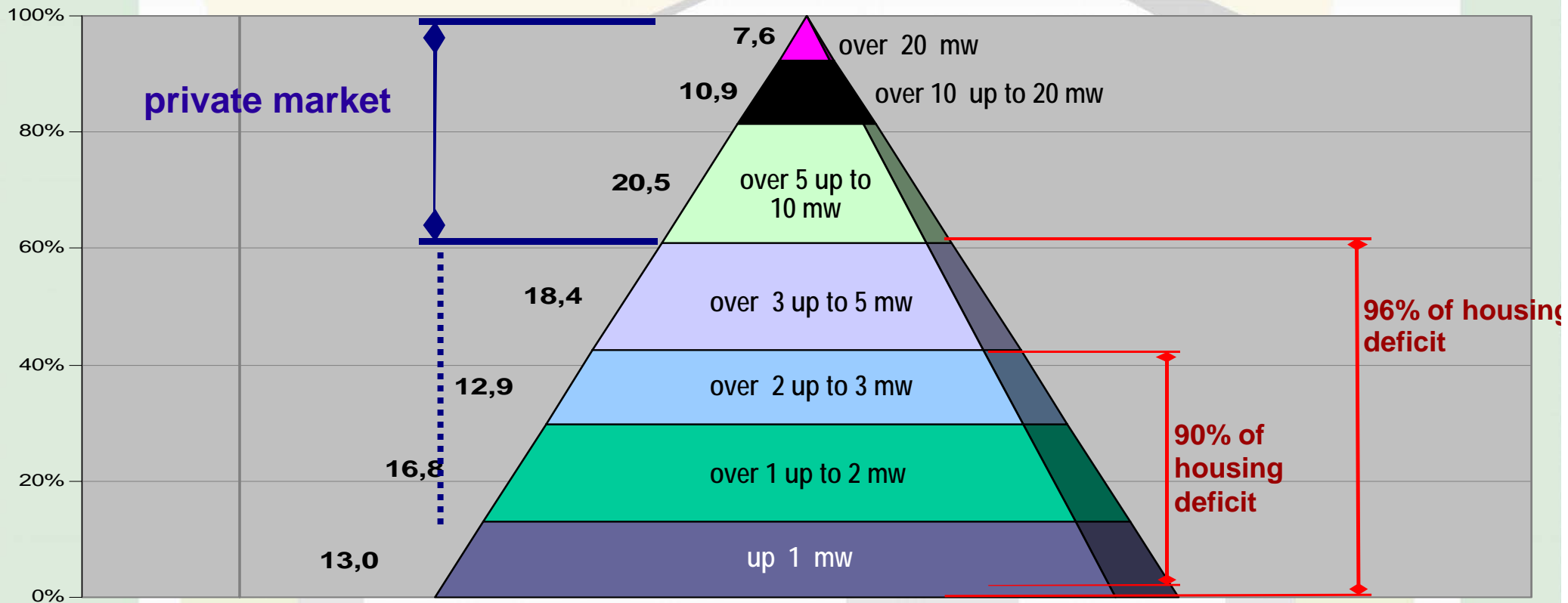
CHALLENGES TO A PREVENTIVE POLICY



PRIVATE SECTOR:

- **Expand construction down market.**
- **Scale and prices suitable to Brazil housing needs.**
- **Mortgage products designed for lower income population.**
- **Stimulate developments in central areas.**

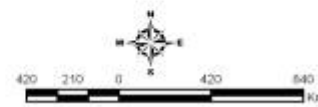
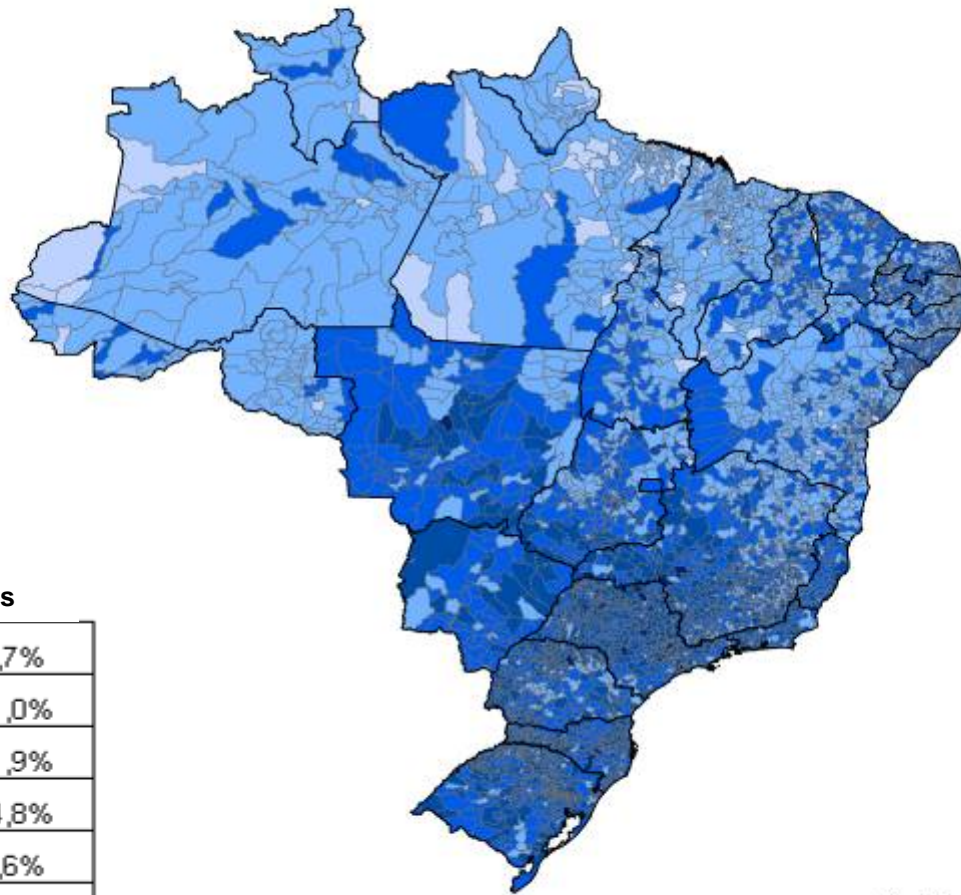
DEFICIT BY FAMILY INCOME LEVELS








1 minimum wage (mw.) = R\$ 465 = US\$ 196

MANAGEMENT CAPACITY LEVELS IN BRASIL

- Small rural municipalities in North & Northeast: dependent on federal government investment
- Middle sized municipalities in North & Northeast: could improve receipts to become less dependent
- Middle sized municipalities in South, Southeast & CenterWest: could definitely improve receipts
- Large municipalities in South & Southeast: potential receipts already being exploited



Source:CAIXA

Legend	Municipalities	
 High Management Capacity	41	0,7%
 Medium High Management Capacity	1167	21,0%
 Medium Management Capacity	2332	41,9%
 Medium Low Management Capacity	1935	34,8%
 Low Management Capacity	89	1,6%
Total	5564	100,00%

NATIONAL HOUSING POLICY

AIMS

- **Promote conditions for all income groups to access dignified housing**

PRINCIPLES

- **Social Function of Urban property**
- **Housing as a State Policy**
- **Democratic Governance**
- **Articulation of housing initiatives with urban policies**

NATIONAL HOUSING PLAN - PlanHab

2009 - 2023



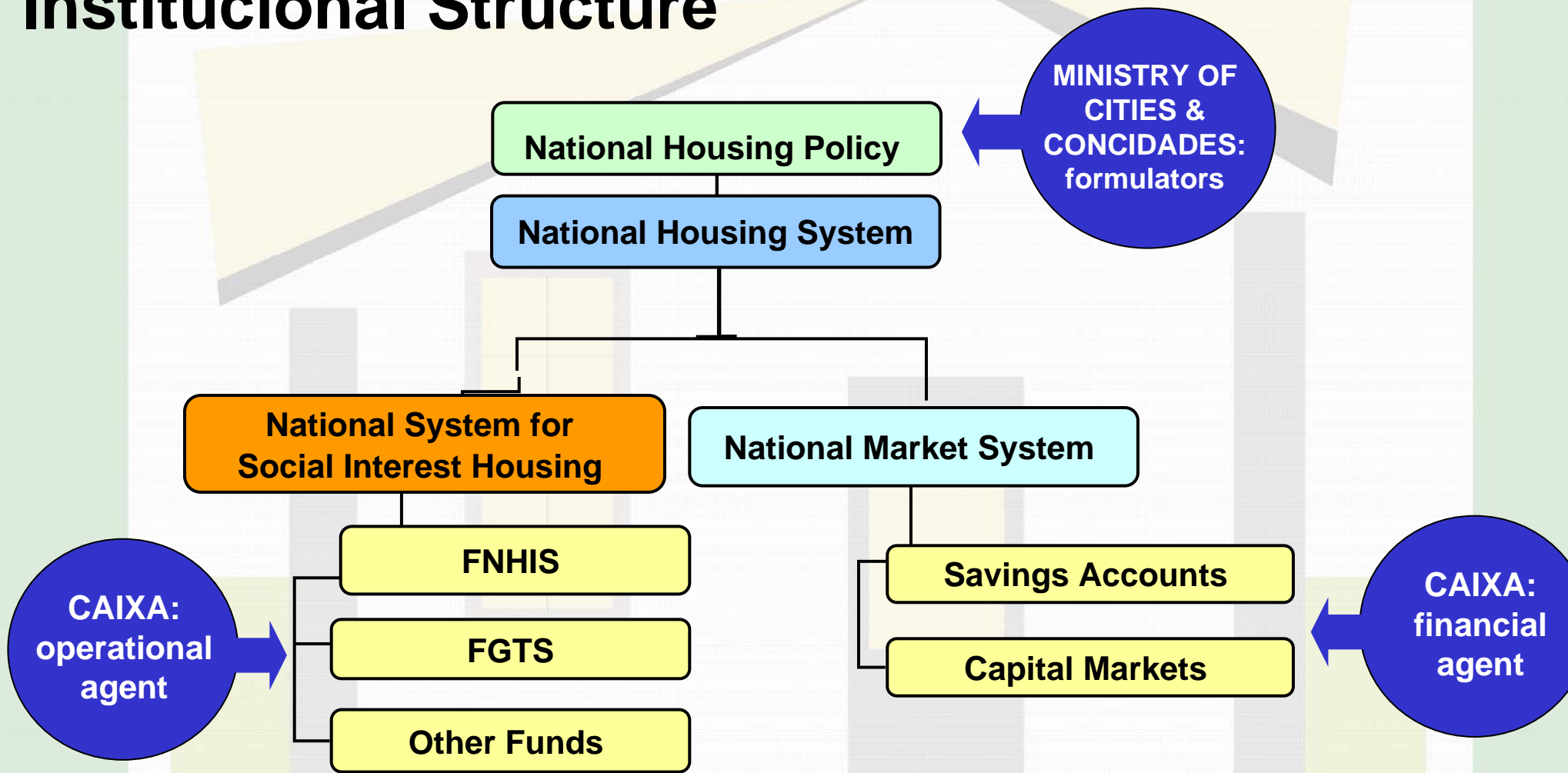
THEMATIC AXIS:

- **Subsidies and finance**
- **Housing Supply**
- **Civil Construction chain**
- **Informal Settlements and Slums**
- **Land and urban issues**
- **Institutional arrangements, democratic governance and management**

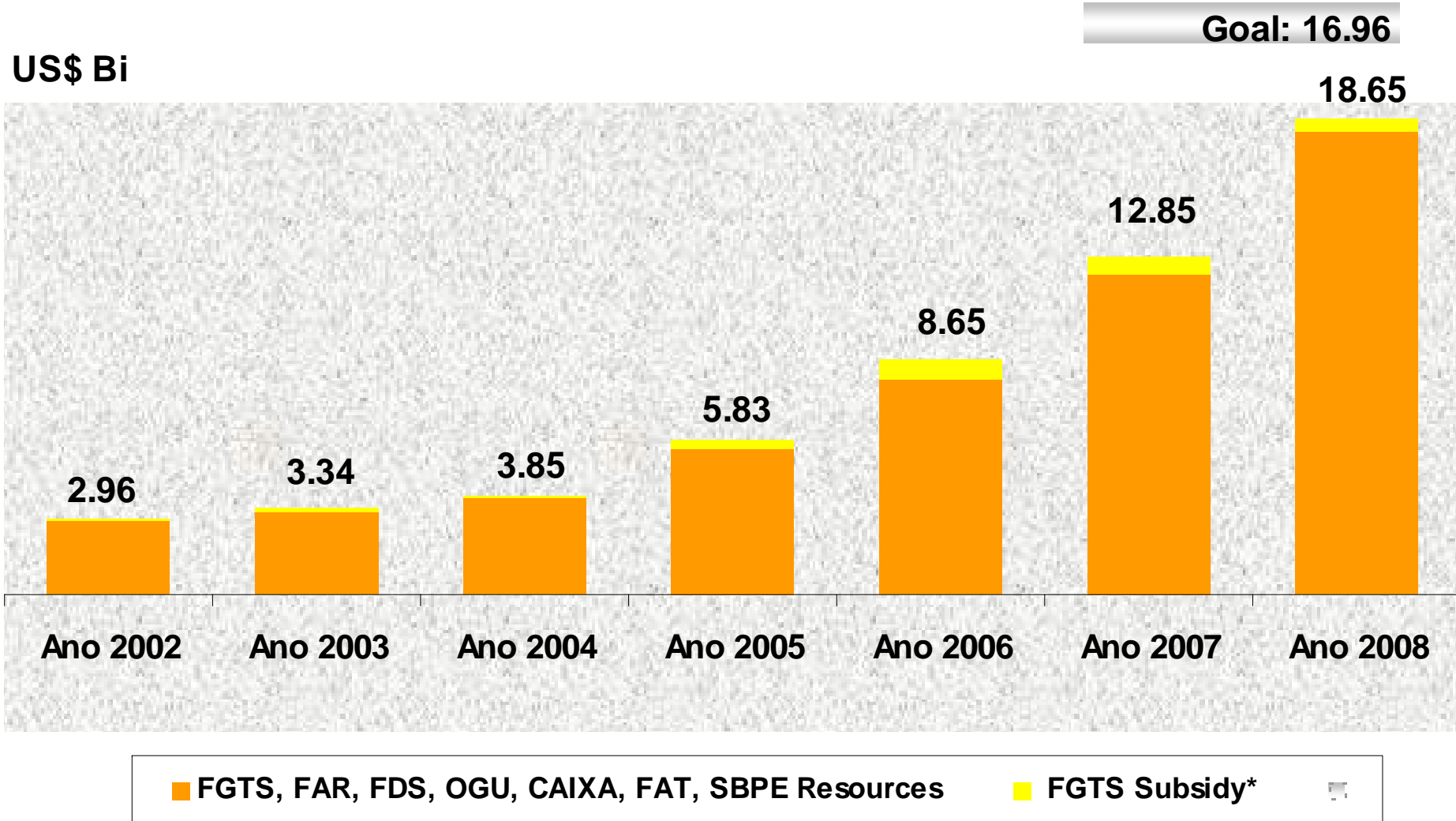
NATIONAL HOUSING POLICY



Institucional Structure

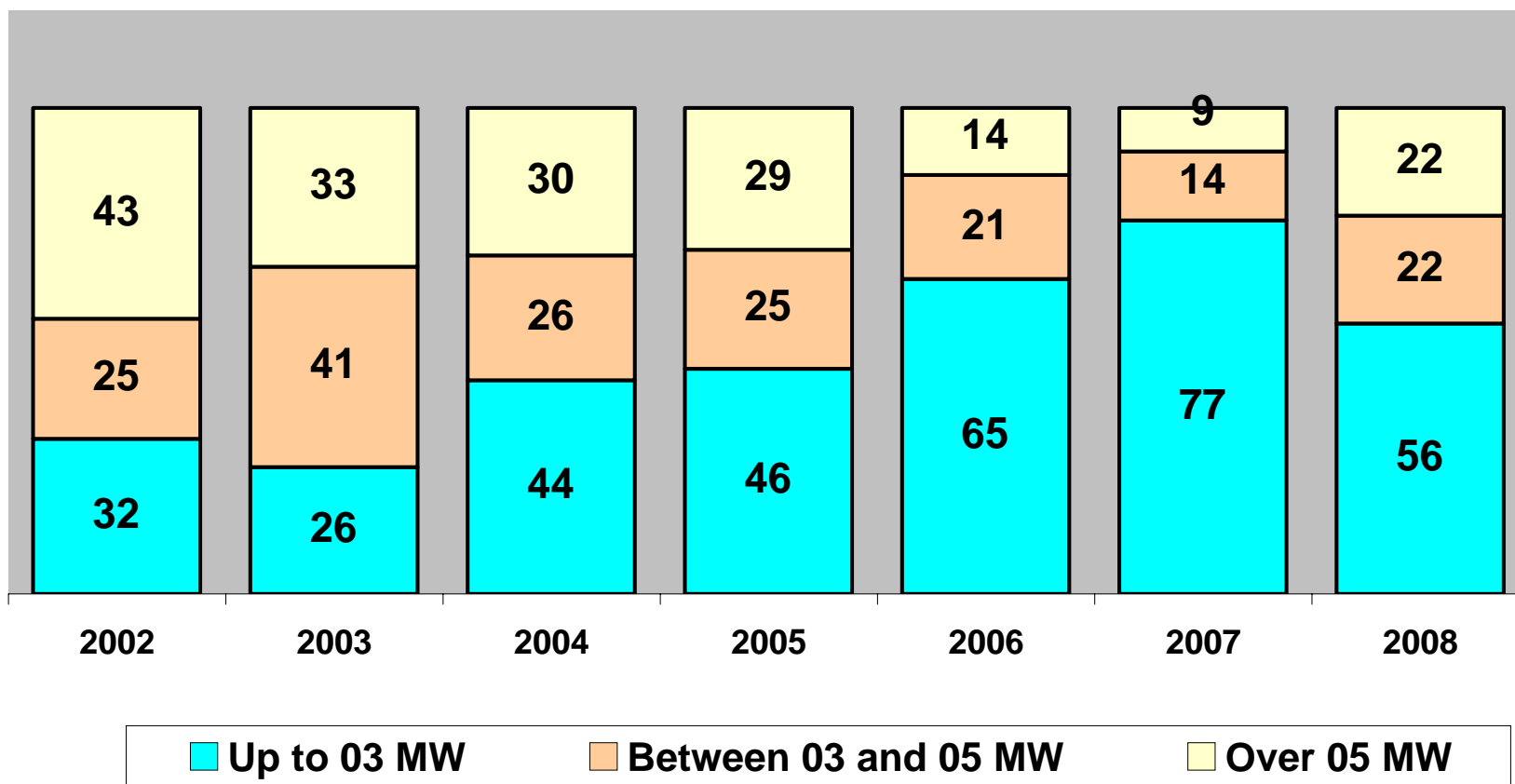


HOUSING INVESTMENT EVOLUTION



HOUSING ASSISTANCE BY INCOME LEVEL

%



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