

Sen, The World Bank and Poverty Alleviation. The case study of Brazilian urban poor.

Introduction

Shortage of housing and increasing expansions of informal settlements are some of the many challenges that developing countries are having to cope with. According to the United Nations, the world slum population of one billion squatter dwellers will double in the next three decades. The 2001 Brazilian national census identified 930 thousand residences in squatter settlements (IBGE, www.gov.br). Since the 1940s Brazilian housing policies have been tackling in different ways its housing problem. A major donor encouraging and influencing the Brazilian government on its housing strategies has been the World Bank. The evolution of policies has reflected the changes of conceptualization in the relation between physical improvements and quality of life. Policies moved away from eradication of slums and displacement towards legalization of tenure and upgrading. Recently the World Bank has once again redirected its conceptualization of poverty, based on Amartya Sen's understanding of *Development as Freedom*. However the challenge has not been overcome and slums population are still increasing. This article will firstly examine the relationship of international development trends and Brazilian housing policies. Then it will look at how Sen's Approach is adding to this on-going debate on the strategies to tackle urban poverty in the Brazilian squatter settlements.

Concepts and Policies

The relationship between squatter settlement upgrading and poverty alleviation is both complex and contradictory. The different definitions on the concepts of poverty and squatter settlements have influenced the changes in the strategies to tackle the housing problem. Since the Second World War the period of housing intervention in the developing world can be divided in four stages which were going through different development strategies: Modernization (1945-1973); Basic Needs (1974-1984); Neo-Liberal (1985-1999) and Sustainable Development (from 2000).

By the end of the Second World War, poverty was understood as a process that had happened in the developed countries, therefore the means to overcome it was through the modernization of the developing countries economic, political and cultural spheres. At an urban level, the most influential body of theory attempting to explain the Latin American urban reality (such as Amato, 1968; Turner, 1968; 1969; Harris, 1971; Schnore, 1965; Hoyt, 1963) was based on the Chicago School of Urban Ecology (Burgess, 1925; Park, 1925; McKenzie, 1925; Wirth, 1938). This body of theory perceived Latin American urban reality "in terms of a unilinear, dualistic, and irreversible transition to Western urban structures and processes" (Burgess in eds. Herbert and Johnston, 1981:60). The dominance of modernization theory on the housing policies were also influenced by Oscar Lewis' (1966) dualistic conceptualization of poverty, which believed that the poor had a 'culture of poverty' and the only way to overcome it would be by carrying out housing improvements mirrored on western standards.

In Brazil, squatter settlements were seen by international agencies and national ruling elite as marginalized places, where the disorganization was stimulating violence and pollution (Bueno, 2000). Interventions in popular housing in Brazil become in the 1960s a bit more systematic based on illegalization of squatter settlements and relocation of the poor in suburban ghettos. In 1962 the USAID funded a major project to eradicate and relocate the poor from Rio de Janeiro. Twelve squatter settlements were removed from the city and 800 housing units were built on the periphery (Teixeira, 2002). With the beginning of the Military government (1964-1984), oppressive measures intensified and squatters were being removed with the aid of the public security forces. On the other hand in 1964 the military government created the Brazilian National Housing Bank (BNH) with the goal to meet a national housing deficit estimated at 8 million units. However it failed to target the poor and it “rather promoted mass housing construction as a means to advance the interests of the prevailing elite” (Souza and Zetter, 2004:4). “Up to 1975, two thirds of the BNH’s social interest budget was allocated to families with an income range of one to five minimum salaries” (Shidlo, 1990:42).

The 1973 oil crisis and the rise of dependency theorist critiques led to the redirection of development strategies towards a more distributive approach. The Basic Needs period was marked by the rise of the Marginality Theory (Gremani, 1972; Vekemans et al, 1969), which perceived poverty as the lack of participation in the physical, economic, cultural and social life in the city. Marginality could be overcome by good planning, social welfare legislation and policies that encouraged popular participation. Instead of eradication and displacement, the new policies were based on Turner’s (1969, 1976) concept of poverty, which argued that the poor were able to get out of poverty as long as there were favourable conditions to do so.

Site and services and slum upgrading projects soon became World Bank’s and United Nations favourable policies to tackle urban poverty. As the BNH faced a financial crisis by the mid 1970s, the Brazilian military government reverted to the tradition of building houses to sell. Some initiatives started to see squatter settlements as cost effective solutions to the Brazilian housing crisis (Mattedi, 1979). Site and services and self help housing policies were funded such as PROFILURB (which was created in 1975 and encouraged low income workers to acquire a plot of land provided with basic infrastructure) and PROMORAR (which was implemented in 1979 and proposed land regularization and self help improvements). Another initiative that marked this phase was the intervention at the stilt-settlement of Alagados in 1975. It was the first attempt in Brazil to urbanize a squatter settlement (Teixeira, 2002). However, according to coordinator of the Alagados project Carlos Medici, those initiatives were not a result of a change of ideology by the ruling elite, but rather the match of two complementary factors: socially aware engineers who were motivated to tackle subnormal living conditions; which met the objective of the BNH to find less costly solutions to the housing crisis.

However, with the failures of the distributive policies and the financial crisis faced by most developing countries in the early 80s, market enablement became the dominant ideology in the World Bank and in Brazil. From the 1984 Mexican crisis, the concept of poverty widely held by international donors has been based on De Soto’s (1989) perception that poverty was a result of the failure to employ market rules effectively.

This dualistic interpretation divided the cities in the developing world into a formal and informal sector. Poverty would be a phenomenon associated mainly with the informal sectors. Therefore to tackle poverty it was necessary integrate the informal sector through policies orientated to increase competitiveness, and to give access to credits and technical assistance (Martinez, 1988). The US government together with the World Bank and the IMF consolidated in 1989 at the Washington Consensus the neo-liberal ideology that was to drive the 1990s urban development strategies: while sponsoring the provision of basic infrastructure and regularization of tenure in squatter settlements, the World Bank encouraged cutting public expenditure by the reconfiguration of state functions through minimum state intervention. The ultimate purpose has been to encourage developing countries to join the global market and to generate income to repay their international debts.

The introduction of the neo liberal agenda in Brazil can be divided in two phases: in the 80s there were the political and economic reforms necessary to balance the national account and empowering the market, while in the 90s regional loans aimed at alleviating poverty and improving the conditions for the market to work more efficiently. In one hand the return of the civilian government in 1985 initiated an era of renewed democratisation, but on the other hand, as the BNH faced a financial crisis, the World Bank was able to assume a more central role in the formulation of national housing policies. There was a reduction in public expenditure, in 1986 BNH was abolished, and international deficit was temporally controlled. Meanwhile poverty and inequality increased. "This period also saw the institutionalisation of much more avowedly market orientated government policies which, although in different ways, have similarly impacted negatively on low income urban dwellers." (Souza and Zetter, 2004:6) Organized land occupations returned and the squatter settlements population increased considerably (Gordilho, 2000).

After tackling the macro policies, the Bank also saw it as a priority to create an environment for the market to prosper, therefore an increasing budget became available for poverty alleviation programmes. In this context, poor housing has been recognised as one of the many facets of poverty (City Alliance, 2003). The aims of the squatter upgrading interventions were to re-urbanize the squatter settlements and integrate them into the formal city. While accepting that the housing solutions could be within the squatter settlements, their aesthetic conditions and social organization were still perceived as poverty. The investments concentrated on physical improvements. Social houses that were built in the periphery, were then being built within the squatter settlements. A typical example is the Project Viver Melhor I in Salvador. From 1995 to 2000, R\$ 200 million¹ were invested in physical interventions in Salvador (CONDER, 2004) Critiques of this intervention came from within the government and from the squatter settlement community. Tânia Scofield director of the regional government housing department, in an interview on May 25 2004, has pointed out that the great limitation of the Viver Melhor I has been its narrow perception of poverty as only physical conditions. Scofield argued that the success of the project was compromised because there was no attention to social capital. On the other hand, in an interview on June 9 2004, Lindalva dos Santos, the leader of the community organization of Calabar, a squatter settlement intervened believes that the major problem of the Viver Melhor I project was the characteristics of the physical

¹ 200 million Reais would be equivalent to 40 million Pounds.

improvements. Dos Santos argued that mass social housing buildings were not fulfilling dwellers expectations. Dwellers ended up moving back to the illegal areas where they could expand their capabilities in the way they were used to.

While there have been changes in policies since the Second World War, concepts were based on different forms of dualism. The dualist mode of explanation was first established by Max Weber, whose approach recognized a basic dichotomy between two polarities. Each of the two separate poles would have its own historical dynamic and productive system. Through the modernization period the internal structures of Brazilian cities were perceived as two poles: the modern and prosperous areas were mirrored on the Chicago model and its opposed polarity was the squatter settlements, where the rural based culture of poverty was maintained. The Basic Needs stage expanded the previous dualistic conceptualization of poverty by understanding marginality not only as physical but as social, cultural and political. Policies were aiming at 'integrating' the marginal areas into the prosperous ones. The neo liberal period introduced more econometric terms, at that time seeing the marginal areas as the informal sector, which was characterized by unemployment, underemployment, illegality and irregularity. This was contrasted with its 'ideal-typical polar opposite', the formal sector, which obeyed urban legislation. Academics criticized the dualistic framework as inadequate for understanding the nature of poverty in squatter settlements. "The result has been a static framework that fails to offer any meaningful analysis of the origins and future direction of the phenomena under study, other than a reiteration of the ethnocentric and ideological assumptions of modernization theory on linear evolutionary progress" (Burgess, 1981:85).

Therefore by the end of the 1990s the World Bank recognised the need to innovate their understanding of poverty and identified once again that their current upgrading policies were not alleviating poverty. The World Bank moved away from De Soto's conceptualization of poverty to one based on the writings of Nobel Prize winner Amartya Sen (1999), who believes "poverty must be seen as the deprivation of basic capabilities rather than merely as lowness of incomes" (1999:87). The commitment to operationalize this move can be clearly seen on the article written by the president of the World Bank, James Wolfensohn, and Sen (1999): "For the World Bank, too, development is a process that ends with freedom from poverty and from other social and economic deprivations". The 2000/2001 World Development Report marked the beginning of the sustainable development period and expanded the concepts of poverty by including dimensions of vulnerability, voicelessness, and powerlessness. This more elaborate way of conceiving poverty may help to reconfigure policies and thus accomplish increased poverty alleviation. However, meanwhile the World Bank's urban policies have become ambiguous and contradictory. Market enablement strategies are still been practiced which conceptually seems to be in disagreement with Sen's approach

Sen's Approach and Squatter intervention

By taking Sen's perspective on board, the World Bank's urban policies would be breaking with the dualistic tradition and moving towards a more integrated understanding of the relationship between poverty and squatter settlements. Sen's approach is based on two concepts: *capabilities* and *functionings*. Capabilities are freedom people have to achieve the lifestyle they have reason to value. Those

variables that people value doing or being are called by Sen as *functionings*. In this context, poverty alleviation policies should be expanding people's opportunities to pursue their goals. Income shortage becomes another dimension of poverty, and not the leading cause of it (Sen, 1992).

If these theories were converted into policies, the utilitarian tradition of the World Bank would be replaced by an approach based on Aristotelian roots. This approach would not only be an expansion of the dimensions of poverty, but a redirection of the process of identifying what is poverty. Innovative frameworks have been developed, such as the Livelihood Approach (Rakodi and Lloyd-Jones, 2002), which is however still within the utilitarian tradition, by understanding poverty as deprivations of multidimensional assets which impact on household productivity. Here there is still a relationship of causality narrowing its impact, since social policies would only be justified if they have a positive impact on income generation. Meanwhile Sen's perspective perceives functionings as ends in themselves. Communities would then be active agents of the process of change.

As poverty would be conceived through poor people's perspective, their social and cultural identities would be maintained and expanded. Sen's approach should generate interventions that accept and optimize the already existing process of urbanization in the squatter settlement. Otherwise the imposed process will destroy the existing capabilities conquered by dwellers and it will generate further difficulties for the poor to get out of poverty (Teixeira, 2002). In other words:

Sustainable poverty elimination will be achieved only if external support focuses on what matters to people, understands the difference between groups of people and works with them in a way that is congruent with their current livelihood strategies, social environment and ability to adapt (Carney et al, 1999)

However recent literatures have argued that the World Bank has not actually changed its preconceived ideas on poverty and squatter settlements. According to Fernandes (1999) the policies based on the multidimensional perception of poverty will only be implemented if they impact positively on household productivity. Once any of these social policies is causing more costs than income benefits, they are withdrawn. Fernandes illustrates her critiques by focusing on the role of participation: "The World Bank's squatter upgrading projects have finally recognised the need of participation, however unfortunately as a correct way of making business" (Fernandes, 1999:7). Zetter and Souza (2004) go further and argue that civic participation is still being manipulated and co-opted by the ruling elites. Therefore the participatory approach is legitimizing the market enablement policies. The process of co-optation in the participatory system is satisfying the twin objectives of achieving the acceptance of the poor whilst promoting cities as market places.

Meanwhile other academics have suggested that the World Bank's upgrading projects are still imposing the values and aesthetics of the 'formal city' by not accepting dwellers urbanization process. Teixeira (2002) argues that instead of maintaining dwellers livelihood strategies, the World Bank's squatter upgrading projects still aim at formalizing the informal settlements and including them into the formal city. Therefore while attempting to 'include' squatter settlements in the formal city there is

an imposition of values and lifestyle which would be compromising dwellers capabilities to get out of poverty. Teixeira (2002) believes that the upgrading programme in Novos Alagados² in the city of Salvador, Brazil, is a typical example of how the Bank has expanded its conceptualization of poverty, but has not changed its dualistic tradition of the need to ‘formalize’ the informal sectors (see picture 1).

As Jacques (2004) argues, this dialectic interpretation perceives the aesthetics and the social organization of the squatter settlements as poverty.

Picture 1: Novos Alagados upgraded residential area.



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“From the most extreme case, where the slum was removed and their inhabitants reallocated in Cartesian modernistic residential buildings, to the gentlest current case, where the architects of the so called post-modernity began to intervene in the existent slums with the aim of transforming them into bairros³, the rational logic of the architects and urban planners still is prioritized and they end up imposing their own aesthetics which is nearly always of the so called formal city”. (Jacques, 2004: <http://www...>)

Therefore rather than a change in direction, the 2000/2001 World Development Report would be marking a continuation of de Soto’s ideas. Physical improvements would not be enough to include the poor into the formal city. Poverty would then be seen as a multidimensional phenomenon and social policies would be crucial for social ‘exclusion’ to be tackled. The poor are still perceived as the marginalized and excluded. However, as Pradilla (1976: 100) put it: “It is a curious theory of knowledge that leads the social scientist to exclude from society those who are the fundamental basis of its existence as a society”.

Conclusion

This examination on the relationship between poverty and squatter settlements intervention shows that there is relationship between international development trends and Brazilian housing policies. While concepts have changed dramatically from understanding poverty as culture to deprivation of capabilities, policies have rather taken a more pragmatic and linear evolution. In theory, policies moved from eviction to multidimensional upgrading interventions in squatter settlements. This shift has been motivated more by economical and political factors than a change in ideology.

² Novos Alagados is the first stage of a squatter upgrading programme in the city of Salvador, the capital of the state of Bahia and the largest metropolitan area of the poorest region of Brazil, the Northeast. The intervention started in 1996 with mainly physical improvements. In 2002 the Bank accepted to lend to the regional government of Bahia US\$ 98 millions to “scale-up” the project which became the Ribeira Azul upgrading programme.

³ Formal districts within a city.

Dualistic interpretations of the Brazilian urban situation are still dominating current policy makers, leading to policies that impose cultural and social values while not expanding the dwellers' ability to get out of poverty.

Meanwhile Sen's approach offers an opportunity to break from the dualistic tradition of the conceptualization of poverty. Policies could finally accept the poor as active agents of change and focus on the expansion of their existent capabilities. This approach allows urban dwellers to be recognised as part and 'fundamental basis' of Brazilian urban cities. Even though the World Bank has in theory embraced Sen's perspective, it has been criticized recently by academics for not changing its preconceived ideology. The persistence of market orientated policies combined with an opportunistic Brazilian political tradition is ensuring that squatter upgrading programmes end up benefiting international agencies, local politicians and construction companies more than the urban poor.

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