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ETWEEN PUBLIC MANAGEMENT AND  
PRIVATE COMPANIES: CIRCUITS OF  
THE KNOWLEDGE ABOUT SLUM  
UPGRADING AND SOCIO-  
ENVIRONMENTAL POLICIES IN SÃO  
PAULO

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ABSTRACT

For over three decades, the public actions of intervention in Brazilian slums have gathered technicians with great knowledge on the varied and complex issues concerning this theme. Since the 1990s, municipalities have developed slum upgrading programs seeking to integrate actions of sanitation, environment and housing. An emblematic example is the “*Programa Guarapiranga*” (later renamed *Programa Mananciais*), developed between 1992 and 2016 in the city of São Paulo. The program was designed to provide sanitation systems in the slums located in the Guarapiranga waterbasin. The implementation of the program involved contracting private management and consulting companies, which, over time, formed a restricted network operating in the city and concentrated experienced professionals who were formed in actions promoted by the public agents and hold a unique knowledge of the territory, and the political disputes that structure the policy. This paper focuses specifically on the *Programa Mananciais* to problematize how public management conducts its policy, going through a process of outsourcing of activities, which implies in changes in the functions of the State, debating about the limitations of this model.

KEYWORDS

Programa Mananciais. Consulting and management firms. Slum upgrading. Public management.

ENTRE A GESTÃO PÚBLICA E AS  
EMPRESAS PRIVADAS: CIRCUITOS  
DE CONHECIMENTO NA  
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SÃO PAULO

RESUMO

No Brasil, há mais três décadas as ações públicas de intervenção em favelas reúnem técnicos com grande conhecimento acumulado sobre variados e complexos aspectos que envolvem o tema. Desde 1990, programas de urbanização buscam solucionar, além da moradia e infraestruturas, questões ambientais. O “Programa Guarapiranga” (posteriormente, “Programa Mananciais”) foi um exemplo emblemático desenvolvido entre 1992 e 2016, em São Paulo, pois visou qualificar e sanear os assentamentos precários situados no manancial metropolitano. A sua implementação contou com a contratação de empresas privadas de gerenciamento e consultoria, que passaram a concentrar o conhecimento sobre as intervenções, reunindo técnicos especializados formados a partir de projetos públicos. Hoje, esse *circuito de conhecimento* representa restrita rede de grandes empresas, também influentes na estruturação da política. À luz do Programa Mananciais o texto problematiza de que modo a gestão pública conduz a política, ao passar por um processo de terceirização de atividades, o que implica em mudanças nas funções do Estado, indagando sobre as consequências e limites desse modelo.

PALAVRAS-CHAVE

Programa Mananciais. Empresas de consultoria e gerenciamento.  
Urbanização de favelas. Gestão pública.

## I. INTRODUCTION

The 1930s is precisely when the urbanization process intensified in Brazil. Although there has been a fair number of precarious settlements in the urban space in every big city in the country ever since, it was only from the 1980s that more significant actions for dealing with the issue were structured<sup>1</sup>.

In the context of democratic restructuring in the country after over twenty years of civil and military dictatorships (1964-1985), various municipal administrations from north to south came to adopt slum upgrading practices, which arose, above all, from demands of social movements and other actors engaged in the improvement of precarious urban condition of cities, in the production of decent housing and in the struggle for spatial justice. Such practices were still experimental at that time, but they already brought up important formative essays of technical knowledge specialized on the subject.

Over the 1990s, the public actions of intervention in slums gradually became institutionalized program guidelines, with massive resources applied and with the development of more complex plans and projects of larger scale, sometimes articulating actions in sanitation, environment, housing, equipment and social care. Funded by international agencies like the World Bank and the Inter-American Development Bank - IDB, some very relevant and prominent programs were launched at that time, such as Favela Bairro in Rio de Janeiro and Habitar Brasil nationwide.

In this context, the presence of a discourse in favor of a “low-standards urbanization” is quite relevant. Such discourse was structured and promoted globally with strong participation of these agencies, and locally with their influence. They have done it not only by financing such programs. More than that, it is precisely in the mid-1990s that international agencies start to more clearly regulate the best way to govern in a reformist context, by setting standards for public investment and even conforming the state apparatus, which had important repercussions in the ways of operating the policy locally (Arantes, 2004). In São Paulo, one can clearly notice the early expansion of a model of outsourced public management that allows the allocation of a private technical staff in the heart of the state apparatus. This group, consisting of members from consulting and management companies, private foundations, NGOs and all sorts of consultants, became increasingly dense.

It is precisely in this context that the *Programa de Saneamento Ambiental da Bacia do Guarapiranga* (Environmental Sanitation Program for the Guarapiranga Basin - 1991) is created. In 2001, the basin of the Billings reservoir was included in the program that was then renamed *Programa Mananciais*, and later included other municipalities of the upper Tietê basin (*Programa Mananciais do Alto Tietê*). Developed between 1992 and 2016 in the *Região Metropolitana de São Paulo* – RMSP (Metropolitan Region of São Paulo), the program is designed to qualify and provide sanitation to precarious settlements in the basin of the Guarapiranga and Billings reservoirs. These reservoirs supply water for the metropolis and were occupied largely by slums without infrastructure, which compromised the quality of water sources.

In its long duration, the program connected quite a small circuit of companies, technicians and managers and, at the same time, accumulated and generated

<sup>1</sup> Since the 1940s, the state has been dealing with Brazilian slums as a social and urban issue to be tackled. Between the 1940s and 1960s, the dominant trend was to try and eliminate slums from urban spaces, for considering them unsanitary and dangerous. From the 1970s and 80s on, there was an inflection in the discourses and practices regarding the treatment to precarious settlements. The perspectives of total eradication were basically abandoned, and new intervention parameters and technologies were improved, boosting a process of institutionalization and complexification of the actions in some cities in the country (DENALDI, 2003).

substantial knowledge about the varied and complex issues involving interventions in slums. It promoted considerably the construction of knowledge and expertise about the territory, populations, demands, technical and political aspects of such practices.

The presence of consulting, management and project companies providing outsourced services was significant throughout the whole development of the Program, which is equivalent to saying that much of the knowledge accumulated in years of work in this area was, and still is, highly concentrated in circuits that they monopolize.

Over the past decades, outsourcing of management functions of public agencies responsible for housing policy in São Paulo has increased, and that has certainly happened to meet the requirements of international funding agencies, but that is not the only reason. A few other factors must be taken into account in this process, especially the fact that outsourcing has, ultimately, enabled the production and implementation of the policy, since the city administrations do not have their own technical staff to operate it, as we will discuss throughout this article.

On the other hand, we must consider that the model in which these firms are contracted brings under discussion the state's role in conducting the policy, since these companies are responsible for tasks that are, in principle, a responsibility of the state agency (supervising the work of other contractors, controlling construction schedules, making sure deadlines are met, checking products, etc.). Would this dynamic of re-accommodation of roles and responsibilities indeed represent a transfer of state functions to private agents, reinforcing a downsizing of public administration? Or is it possible that what is going on is the formation of a new arrangement in which the state's role is redefined rather than reduced (Pulhez, 2016a)?

Some authors develop this discussion based on the argument of urban entrepreneurship (or entrepreneurialism), when the transformations of capitalism of the 1970s and their macroeconomic implications promoted important changes in urban governance (Harvey, 2005, p.168). Others discuss it by explaining the logic established in public policy and urban planning that applies a business rationality in public management and places the city as a commodity in a global competitive logic (Vainer, 2013). Although slum upgrading does not correspond to the symbolic and economic power of large urban transformation projects, since the 1990s there has been a change in the size and characteristics of the projects, especially those receiving international funding, something that can be understood in the context of this structural movement.

In order to discuss these issues, this paper focuses on local management analyzing Programa Mananciais specifically. It discusses how public management carries out this policy, on the one hand, going through a gradual and broader process that presses a "reduction" of the state and, on the other, building a relationship of dependency on subcontractors and external private offices that end up becoming central actors in the production and

<sup>2</sup>The legislation on water sources was altered by Lei n. 9866/1997 and by the subsequent laws specific to each water basin, such as Lei n. 12.233/2006 that defines the Area of Protection and Recovery of Water Sources of the Guarapiranga, and Lei n. 13.579/2009 that defines the Area of Protection and Recovery of Water Sources of the Billings Reservoir. About the changes in this regulatory framework, see Ferrara, 2013.

accumulation of specialized knowledge on the urbanization of slums, possibly influencing, even indirectly, political decisions.

In this sense, in addition to reflecting on the circuits where “tacit knowledge” is created and deployed and its ability to induce policies, we also intend to discuss the actual scope of the policy model presented and analyzed in this work: to what extent has it been able to effectively address the serious housing and environmental problems of the slums? Are there limitations in this model? What are they? Is it possible to overcome them?

The text is divided into three parts, besides this introduction. The first describes the trajectory of *Programa Mananciais* and its relationship with the different agents involved in the formation of the policy and the construction of knowledge about the various aspects related to the territory under intervention; the second part deals with the model of outsourced public management and the role of consulting firms in the production and implementation of housing policy in São Paulo; finally, the third reflects on the production of knowledge on slum upgrading with the case presented as reference, and then discusses the scope and limit of the model it follows.

## 2. BACKGROUND AND TRAJECTORY OF PROGRAMA MANANCIAIS

The Area of Protection of Water Sources was defined in the 1970s with the enactment of state laws (Leis Estaduais de Proteção aos Mananciais n° 898/1975 and n° 1.172/1976) which delimited the watershed intended primarily for water production, covering totally or partially 25 of the total of 39 municipalities to the south and north of the RMSP.

A combination of factors led to urban sprawl on environmentally protected areas (Martins, 2006; Ferrara, 2013). This law aimed to control the occupation and use of land in the basins through restrictive and elitist urban parameters (large single-family lots) But the law alone did not contain the occupation due to high demand for housing without sufficient public housing policy, which meant that irregular settlements and slums were actually constituted as an alternative to low-income population, although the illegal land occupation and without infrastructure. From the point of view of the landowners in the region, the development became a lucrative business. Thus, it created a conflict about the use of an environmentally strategic area.

The scenario of consolidation of precarious settlements remained over the 1980s and 1990s, leading to an increase of pollution load in the reservoirs, which resulted also from the incomplete sewage treatment. The need to revise<sup>2</sup> the legislation of the 1970s became evident, as well as the need to build infrastructure in the slums.

In São Paulo, the municipal administration from 1989 to 1992 (mayor Luiza Erundina) represented a change of priorities in relation to housing policy of social interest in the city and particularly in the watershed areas of the southern region. In the early 1990s, the *Plano de Preservação e Manejo da Área do Município de São Paulo* (a land conservation and management plan) and the experience of

integrated supervision of SOS Mananciais (to supervise the territory) were important references to structure a government action in these areas.

In 1992, the *Programa de Saneamento Ambiental da Bacia do Guarapiranga - Programa Guarapiranga* (Decreto Estadual nº 33.266/91) started to be designed in association with *Companhia de Saneamento Básico do Estado de São Paulo - Sabesp* (water and waste management company owned by São Paulo state), with resources from the World Bank and consideration from the implementing state agencies. The main objectives were: sanitary and environmental recovery of the watershed, implementation of an integrated management system of the basin and quality control of water from Guarapiranga reservoir and its tributaries.

As Filardo (2004) noted, as financial agent the World Bank played an active role in implementing *Programa Guarapiranga* because financial figures determined structure, pace and deadlines, as well as the selection of technical apparatus used in the design, implementation and evaluation of the program, and even interfered in the conceptualization employed in its formulation (FILARDO, 2004, p.251-252).

In 1993, with the change of municipal administration (mayor Paulo Maluf), the institutional framework for the slums of *Secretaria Municipal de Habitação - SEHAB* (São Paulo City Housing Authority) was dismantled and *SOS Mananciais* was undertaken by the state government. A decentralized intergovernmental structure linked to the *Secretaria de Recursos Hídricos, Saneamento e Obras* (Department of Water Resources, Sanitation and Works) was created for managing *Programa Guarapiranga* and was called *Unidade de Gerenciamento do Programa - UGP* (Program Management Unit).

The program was organized into five subprograms: 1) water and sewage services (under responsibility of Sabesp); 2) collection and final disposal of waste; 3) Urban recovery; 4) Environmental protection; 5) Management. Sabesp, *Secretaria de Meio Ambiente - SMA* (Department of Environment) *Companhia de Desenvolvimento Habitacional e Urbano - CDHU* (Housing and Urban Development Company) and the *Prefeitura Municipal de São Paulo - PMSP* (São Paulo Municipal Government) were in charge of the program execution. The first four implied physical interventions largely related to slum housing developments carried out by PMSP and the CDHU, and the sanitation works carried out by Sabesp.

According to the *Plano de Desenvolvimento e Proteção Ambiental da Guarapiranga* (Development Plan and Environmental Protection of Guarapiranga) 88% of polluting loads tributaries of the Guarapiranga were from domestic sewage (ANCONA, 2002, p.311). In 1995, considering the municipalities with illegal occupation in the basin, there were 117,654 inhabitants in slums and 188,648 inhabitants in irregular settlements, totaling 304,719 inhabitants, of which 94.41% were concentrated in São Paulo. Out of the total resident population in the basin (622,507 inhabitants in 2005), 48.95% lived in poor conditions (UEMURA, 2000, p.73).

Sub-program 3 - Urban Recovery, which fell to CHDU and PMSP, included urbanization and infrastructural adjustments in the slums and irregular or illegal settlements. In the first contracts for urbanization works, lots I, II and III

(1992-1996), the intervention focused on slum nuclei and prioritized those located along streams or direct tributaries of Guarapiranga. But from the fourth lot of work, the form of contract was changed and the slums and land developments throughout the basin were divided into 13 lots with contract values of R\$ 7 to R\$ 10 million (1995 reference). Each winning bidder (contractor) would execute the construction works, in one or more slums, that would total this figure. However, resources were insufficient to meet all the demands of urbanization (UEMURA, 2000, p.100).

On the other hand, from the fourth lot of works there was also a change in the scope of urbanization projects, whose expansion generated a new pattern of slum interventions by articulating solutions in housing, infrastructure and public spaces.

Nevertheless, the execution of the works presented several problems because the contractors made them in a manner that was scattered and didn't correspond to criteria for selecting more polluted or precarious sub-basins. Also, there was no management control and systematic monitoring of works, not even of resources used (UEMURA, 2000, p.107).

From 1994 to 2000, the interventions covered 67 of the 168 slum nuclei and 54 of the 135 land developments initially planned. Out of the target of 60,139 families, 22,599 were assisted, that is 37.6% of the total predicted in the program. When it comes to sanitation works, as Filardo (2004, p.271) stated, although the program has reached the targets initially set relating to the expansion of sewage systems, the coverage of sanitation services stood at 61% of the households in 2000, far short of what was originally planned (89%).

Despite the social and environmental importance of urbanization works, at the same time these territories were turned into a large field of work for consulting and contracting firms. With the accumulated experience from *Programa Guarapiranga*, there was already a network of technical consulting firms and construction companies that provided services to PMSP, Sabesp and SMA and had great interest in its continuation and expansion. Consulting companies that had learned and developed technical expertise through the studies conducted also started to concentrate information and the modus operandi of the projects in watershed areas. A brief survey of the curricula of these companies shows that, since the design of *Programa Guarapiranga*, practically the same have been working on projects in water source regions to date (FERRARA, 2013, p.273).

*Programa Guarapiranga* was planned to last five years, ending in 1997, but was extended until 2000. From 2001 to 2004 the municipal administration (mayor Marta Suplicy) continued the program with its own resources and the municipal budget allocated funds for slum urbanization in some of the areas that were part of the initial plan. Sabesp also maintained the investment in this period (WHATELY et al, 2009, p.113).

The precarious settlements around Billings were then considered objects of intervention and the program was renamed *Programa Mananciais* (Watershed Program). The program continued in the administration Serra/Kassab (2004-2008) and the next, Gilberto Kassab (2009-2012). From 2005, São Paulo city

administration starts calling the actions in Guarapiranga and Billings program “*Saneamento, Proteção Ambiental e Recuperação da Qualidade das águas em áreas degradadas de manancial hídrico*”, still known as *Programa Mananciais*. SEHAB kept a team from *Programa de Urbanização de Favelas* (Slum Upgrading Program) in its structure for *Programa Mananciais*, using the accumulated experience of most technicians in the field.

According to SEHAB/PMSP the period 2005-2008 can be considered the first phase (*Fase 1*) of *Programa Mananciais* and 2008-2012, the second (*Fase 2*). The third phase (*Fase 3*) started in 2012. *Programa Mananciais Fase 1* included the complement of slum upgrading work lots that had not been completed since *Programa Guarapiranga* and nine more areas. Other areas, whose interventions were incomplete for various reasons, were included in the planning of *Fase 2* of the program, totaling 81 areas for intervention. For the total 81 areas there was a composition of resources. Of this total, 45 areas received federal funding through *PAC Mananciais* (also called *Programa Guarapiranga e Billings* by the state government), in addition to the compensations from PMSP and the state government (CDHU and Sabesp).

Considering the resources from all the executing agencies, *PAC Mananciais* (total amount US\$ 533,31 million)<sup>3</sup> received more funding if compared to *Programa Guarapiranga* (final amount spent until 2000 US\$ 335,99 million), to be spent in a shorter time. The third phase had a budget of approximately R\$ 2.8 billion, with resources from the municipality of São Paulo, the state government and the federal government<sup>4</sup> (Ferrara, 2013, p.303). The end date for the contract was December 2014, initially, but it was extended until May 2018 (SÃO PAULO, 2018, p.104)

At the state level, the attempt to achieve a new loan agreement from the World Bank mobilized the government soon after the end of funding for *Programa Guarapiranga* in 2000. It was proposed that the program included five sub-basins of the Alto (upper) Tietê basin: Guarapiranga, Billings, Alto Tietê-Cabeceiras, Juqueri-Cantareira, Alto Cotia and Baixo (lower) Cotia, thus called *Programa de Saneamento Ambiental dos Mananciais do Alto Tietê (Programa Mananciais-AT)*.

The program followed the same institutional design and program adopted and structured by *Programa Guarapiranga* and had participation of state agencies under coordination of *Secretaria de Saneamento e Energia*, CDHU and Sabesp, and additionally the municipalities of São Bernardo do Campo and Guarulhos. The works of urbanization and sanitation remained a priority and received greater input of funds, with the difference that the parks project gained more relevance in this version. The contract of this program with BIRD ended in 2018<sup>5</sup> (São Paulo, 2018, p.104).

With the end of international funding and no prospects of transfer of federal funds, when reviewing the Municipal Housing Plan (2016), SEHAB/PMSP redefined its activity regarding the watersheds, ceasing to treat the area as a specific program and including the construction works in the program guideline “*Intervenção Integrada em Assentamentos Precários*” (Integrated Intervention in squatter settlements). Thus, the area of protection to water

<sup>3</sup> According to Secretaria de Saneamento e Energia, 2008.

<sup>4</sup> According to article published by O Estado de São Paulo, “Recuperação de represas de São Paulo terá R\$ 2,8 bilhões”, Accessed 12 Mar 2012 at <http://www.estadao.com.br/noticias/cidades,recuperacao-de-represas-de-sp-tera-r-28-bilhoes,847509,0.htm>.

<sup>5</sup> Three loan agreements with the World Bank were signed: Acordos de Empréstimo com o Banco Mundial N° 7661-BR (Projeto GESP), N° 7662-BR (Projeto SABESP) and N° 8149-BR (Projeto São Bernardo do Campo). The Projeto São Bernardo do Campo was concluded in September 2015 without reaching the goals - some actions were not executed.



sources and other environmentally relevant areas of the city would be managed by a specific coordinating body of the Housing Department, due to the applicable legislation and specificities of intervention.

Anyhow, whatever institutional design organized to deal with the water sources (or any other areas of precarious occupation in São Paulo), the presence of outsourced private agents has been a constant in the public administrations, supporting the implementation of the actions.

In the case of Programa Mananciais, we argue that the program drove the participation of subcontractors to execute it, whether they were contractors, management and designing companies, as we have seen, allowing the consolidation not only of a particular model of management, but also a circuit of knowledge about the territory, the people and their demands, which is an issue to be addressed in the following session.

### 3. OUTSOURCED COMPANIES AND PUBLIC ADMINISTRATION

In the São Paulo state context, it cannot be said that there is any action, intervention, program or housing policy built over the last three decades without the support offered by the project, management, and consulting companies, at least when it comes to state institutions of larger scale, such as Companhia Metropolitana de Habitação – COHAB (Metropolitan Housing Company), SEHAB / PMSP or CDHU linked to the state government.

These companies are allocated in the branch known as Consulting Engineering. They were founded and developed as design and calculation firms and offices in the 1930s and 1940s, the start-up period of industrialization and urbanization in Brazil. They consolidated as large corporations from the 1960s and 1970s, under vast state incentives, in the golden era of national developmentalism, with a guaranteed place in the heated circle of massive construction works modernizing the country (CAMARGO, 1994; PULHEZ, 2014, 2016a).

In the specific market for housing developments, the part of design, consulting and management firms actually began to consolidate in the period post *Sistema Financeiro de Habitação/Banco Nacional de Habitação* – SFH/BNH (Housing Finance System/National Housing Bank) later in the turn of the 1980s to 90s, when the collapse of the centralized policy opened the way for the restructuring of the state's actions in this area.

It is important to note that the 1980s are marked by an important movement for a housing policy reformulation, not only as an alternative to the bankruptcy status of investment of the federal administration, but also as response to the claims from social movements and other sectors of civil society for the decentralization of state administrative capacities in this area and the empowerment of housing programs, bringing them closer to the latent demands of the impoverished population of the big cities, whom federal initiatives implemented thus far had not been able to meet satisfactorily (PULHEZ, 2016a).

According to Cardoso (1999), the municipalization of the policy was set off, initially, by a “spontaneous process” of formulation and development of local initiatives, such as the self-managed communal works and slum urbanizations. The urban agenda is embodied by the Constitution adopted in 1988, which stipulates the expansion of local competences and its assignments in implementing the policy.

However, it is not only that the technical staff of local administrations (particularly at municipal level) were unprepared to deal with the new policy that was taking shape and expanding, but also that there was indeed a shortage of professionals available to operate it. In this context, if we look more carefully into it, there is no denying that the appeal to outsourcing and expansion of contracts with management companies is justified by the very need to enable the policy, not only with the provision of technicians to operate directly in management, but also alleged agility gains in operating processes, facilitated in this case by the condition of the private agent (PULHEZ, 2014)<sup>6</sup>.

<sup>6</sup> An example of that is the possibility of hiring specific consulting and technical reports from a management company, without the need for budgeting or bidding processes appropriate for a state public agency. Technical reports of risk areas, for example, which normally require some urgency, can be managed and arranged by the firm, which includes this kind of services in their contract.

<sup>7</sup> Unlike a design product that had always been outsourced and thus fundamentally not done by the state, in this case, it was a contract for an activity which was, in principle, done by the state, which was being deprived of its typical planning, organizing and regulating duties, in a manner.

Nevertheless, we must consider other parallel and complementary elements that enabled this process. The first are the very interests of the engineering industry at that time: design and management companies were also plunged into the acute crisis that plagued Brazil in the 1980s. For national engineering, the boom/prosperity cycle of large projects and infrastructure works sponsored by the military government had ended, investments shrank, and the market was forced to redirect the provision of consulting services. Amid the country’s unfavorable economy, many of these companies reviewed their internal processes and services, in order to take measures to ensure satisfactory levels of productivity and profit: restructuring procedures, such as increase in outsourcing, more cost savings and service flexibility, management indicators and total quality policies, as well as the focus on activities that do not require too much investment and training, such as the management of enterprises, as opposed to acting in areas of creation of new technologies (CODAS, 1987; PULHEZ, 2016a).

The Brazilian government had always been, until then, the main contractor of these companies, but primarily ordering project development services – usually large ones: roads, ports, power plants, hospitals, precisely those that were halted because of the crisis. The expansion of the supply of management packages, that is management support, demarcated a shift in the scheme of interaction between the government and this private agent at that time<sup>7</sup>.

Concomitantly, there was another movement underway that was also quite significant for encouraging the adoption of management techniques by the Brazilian government offices. It was mentioned earlier, and it should be noted again, that is the spread, on a world scale, of the reformist agenda of international agencies such as the World Bank and the IDB, with their contractual requirements to adhere to the so called “management components” and “streamlined” procedures of private management (ARANTES, 2004; PULHEZ, 2016a).

<sup>8</sup> According to the Inter-American Development Bank – IDB (Banco Interamericano de Desenvolvimento, 2006).

In São Paulo, programs Cingapura (also slum upgrading) and Guarapiranga, taken over in Paulo Maluf administration, are typical examples in which the private management was set as requirement for funding, making the “management units” common. These units were coordinated by management companies contracted to do so with leveled participation of public servants. The selection and prior contracting (prior to the beginning of actions) of external consultants was a condition to the release of funds. For that, the IDB even formulated a specific policy with recommendations regarding the profile of the professionals and the services/products expected<sup>8</sup>.

In fact, the practice of outsourcing services to these consulting companies had already been adopted since the previous government at municipal level, mayor Erundina’s, and since 1989 at state level, in the case of CDHU, but at this point it became a critical piece in the daily management of the policy. It was tailored in this conjunction of facts we listed: low capacity of state action, social pressure for policy reformulation, pressure from private external agents for new contracts, requirements from multilateral agencies, etc. (PULHEZ, 2016a).

In São Paulo, the list of engineering companies involved with this kind of service is not long. According to Pulhez (2016b), it is a universe of no more than twenty firms which have been taking turns in the agreements signed with public agencies mentioned previously, SEHAB, COHAB and CDHU, since the early 1990s. It should be noted that some of these companies are among the largest in the consulting field in Brazil such as Arcadis Logos, Concremat, Ductor, Sondotécnica and Sistema Pri. And although today they accumulate wide experience in housing, after years of work with public administrations, these companies do not have housing development as priority focus for insertion in the marketing niche of project management. On the contrary: these are large and medium-sized corporations, with various fronts in management and projects, most of them characterized by having a fairly powerful structure of material and human resources and by being highly competitive in private management market. Data from SINAENCO (2015), the union that represents the companies, confirm that the state is still the main contractor of the type of service they offer.

Regarding the expertise built up over the years, especially that concerning slums, an important point to emphasize regarding these companies is their ability to absorb professionals specialized in the subject, most of them trained in the “school” of public departments and therefore, with accumulated expertise on the intricacies of execution of daily operations of public policy. The work by Pulhez (2014) even registers a peculiar phenomenon that illustrates this kind of continuous transit between the public and private sectors in such situations: in the case of the professionals employed by the management and designing companies that provided services for CDHU, at the time of the survey, a legion of former employees laid off and/or retirees from the public agency had found jobs in those engineering companies, sometimes even performing the same tasks from before, but now as loose parts in the gears of outsourcing.

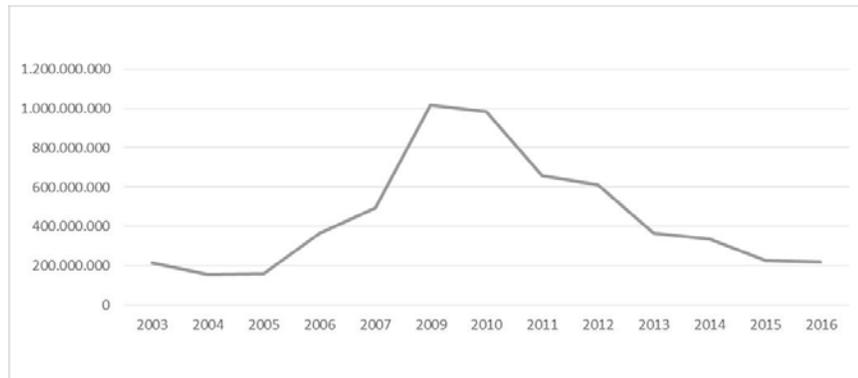
Another topic that deserves attention is the resource expenditure on this outsourcing model for the development of the most basic management activities, that would be first reckoned as a state responsibility, with high maintenance costs of the services provided, without which on the other hand, would have been impractical to implement any actions in the housing area in recent decades. Over the years, the contracts with the outsourced companies were becoming bigger, encompassing more and more products and services, also increasing values and incorporating profit rates proper to the private market (PULHEZ, 2014).

The following graphs 1 and 2 register, respectively, the amounts referring to SEHAB's overall reservations from 2003 to 2016 for implementing programs and actions developed there and the specific reservations, in the same period, for hiring the management companies by the secretariat<sup>9</sup>. It should be noted that the decrease in the reservation amounts registered in the second graph correspond to the time of the end date of contracts and normally coincide with the time of change of municipal administration.

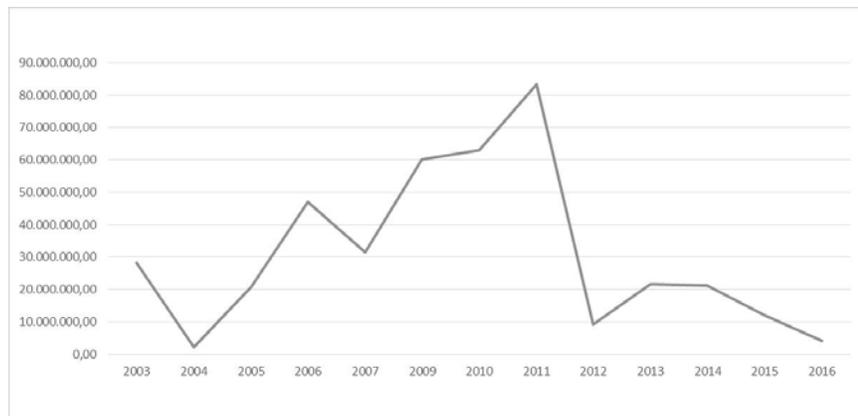
That is, in general terms, the picture of the management model operated today in São Paulo points to a reasonable reliance on private management for carrying out the policy routinely, so that, in these nearly thirty years, public agencies such as SEHAB and CDHU have never been out of such subcontracting. And it is not by chance that the companies concentrating more knowledge and information about internal processes, program guidelines,

<sup>9</sup> Although data from before 2003 have been requested, they were not made available by PMSP/SEHAB. In addition, the information we had access to refer to dedicated values and not necessarily liquidated regarding all the programs in the secretariat.

Graph 1: Overall reservations – SEHAB – term 2003/2016  
Source: PMSP/SEHAB, 2017.



Graph 2: Reservations for hiring management services – SEHAB – term 2003/2016  
Source: PMSP/SEHAB, 2017.



<sup>10</sup> PMSP/SEHAB, when requested, did not inform about the absence of these contracts on the list provided. Although it is not possible to state precisely, we can suppose that for being older contracts, they were possibly signed under a rubric other than management, which would explain why it was not systematized in the list required.

demands, territories, etc., are those which have been taking turns in contracts since the 1990s, although new contracts and the arrival of new companies is also a reality. On the other hand, that demonstrates that outsourcing seems to continue expanding, regardless of trends and political options of each government, both at municipal and state levels.

The following table lists the companies hired by SEHAB from 1990 to 2016 for management services. In the case of *Programa Guarapiranga*, which preceded Programa Mananciais until the early 2000s, general management was performed by consortium of the companies JNS-Hagaplan and construction work management by consortium Sondotécnica-ETEP (FRANÇA, 2000)<sup>10</sup>. As the following list shows, the same firms remained active in later contracts related to the development of the program.

Table 1: Management companies hired by SEHAB/ SP from 1990 to 2016. Source: PMSP/SEHAB, 2017.

Term	Contracts SEHAB/Companies	Department	Process Number	Companies in consortium
1990-2001	Ductor	(not mentioned)	1990-0.000.868-9	
	Bureau	(not mentioned)	1990-0.000.866-2	
2002-2007	Consortium Urbis	(not mentioned)	2002-0.220.651-0	ACTHON Planejamento Ambiental AHESE Engenharia
	Consortium Bureau / Pri	(not mentioned)	2001-0.250.876-0	Bureau Sistema Pri
	Consortium Cidadania	(not mentioned)	2004-0.034.137-5	Ductor ETEP
	Consortium Bureau / Pri	(not mentioned)	2003-0.210.941-9	Bureau Sistema Pri
2008-2014	Consortium Domus	DTPO	2008-0.279.853-1	Ductor Arcadis Logos
	Consortium Bureau / Pri	DTPO	2010-0.038.063-3	Bureau Sistema Pri
	Consortium Hagaplan / JNS	MANANCIAIS	2008-0.154.800-0	Hagaplan JNS
	Consortium Ação Mananciais	MANANCIAIS	2008-0.251.287-5	Arcadis Logos Sondotécnica
2015-2016	Consortium Ductor / Arcadis	DTPO	2016-0.064.053-9	Ductor Arcadis Logos
	Consortium Bureau / Pri	DTPO	2016-0.064.051-2	Bureau Sistema Pri
	Consortium Ação Mananciais SP	MANANCIAIS	2016-0.064.054-7	Arcadis Logos Sondotécnica
	Bureau	DTPO	2015-0.137.472-5	
	Consortium Pri / Bauer / Planal	DTPO	2015-0.137.469-5	Sistema Pri Falcão Bauer Planal Engenharia
	Consortium SLP-S3	MANANCIAIS	2015-0.139.181-6	Sondotécnica Planservi
	Consortium HABITA SP SETOR 4	MANANCIAIS	2015-0.139.178-6	Enger Engenharia Geribello

#### 4. FINAL CONSIDERATIONS

It is interesting to reaffirm that there is a *circuit of knowledge* formed by the companies but also by the technicians, of which many worked for these companies in different projects for the public authority. This circuit certainly has become well-established and strong through Programa Mananciais, given the management model implemented, the magnitude of resources used, and actions taken, even though they have never met the real demands fully, as we have seen.

A brief description of the program sought to show its complexity in terms of institutional arrangement between federal entities and international financial agent, its wide territorial coverage, the multiplicity of actors and the ambitious goal of recovering the occupied watershed area. It has also highlighted the preference for a certain standard of service with the urbanization of large settlements that only takes place with heavy involvement of contractors and project management companies.

As a result of this model, for example, there are comprehensive contracts carried out with a series of outsourced services performed and managed, which enables a set of actions that the public authority often does not have staff and institutional capacity to carry out simultaneously in different settlements. However, judging by the ambitious goals set, the not so expressive results of the program in its long history, as evidenced by data presented in this work, raise questions about the role of the state itself in carrying out actions related to the model described herein.

As the traditional management function of the public agency is gradually handed to the outsourced private companies, it becomes evident that the process in course leads to overlapping of duties and responsibilities that turns cloudy the place taken by each agent involved in the routine of policy implementation, thus jeopardizing the regulatory role of the state, in the face of an unequivocal strengthening of private companies. Is this regulatory role, after all, enough to rule, guide, monitor and control the performance of large companies that manage the slum upgrading projects? The variable conjunction of interests in each administration can result in different answers to this question. Therefore, the political dimension plays a part in the process that goes beyond the economic argument and pragmatism required to carry out complex projects.

In this sense, it seems reasonable to argue that, from the ways in which the *circuit of knowledge* is formed, it would be possible to identify other patterns of interaction between public and private actors in urban governance, not necessarily dichotomized between a state merely trapped by business interests unrelated to its own and the proper arrangements of appropriation and appreciation of the private sector in this process. More than that, the complexity of this relationship would lie exactly in the coalition and in the game of strategies and actions that accommodate interests of one side and another, in and out of the state apparatus (MARQUES, July 2016).

Anyway, from an empirical point of view, it is worth questioning to what extent the circuit prompts the concentration of knowledge, enabling specific interests

that are strengthened in this process to prevail and, thus, exclude other forms of contracting and carrying out slum upgrading. The retrospective of companies' performance shows the concentration of projects as well as knowledge on the territory, on populations and on the gears of the policy, which makes the municipality somewhat dependent also on databases, mapping and information produced by these companies. Such questions are also relevant because of the type of political decision that adopting a single contract management model results materially in the territory. That is why they need to continue to be explored and debated in future research agendas.

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### **Acknowledgments**

This article is based on the authors' doctorate and post-doctorate researches, which were funded by FAPESP (grant numbers 2009/54237-6 and 2015/14242-1), and also received funding 2017/14321-4 from the same agency.

### **Editor's note**

Submitted: 11/01/2017

Acceptance: 04/24/2018

Translation: Karina Hymnô de Souza

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