

Capacity building for development in Brazil

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Building policy capacity within contextual and political boundaries: an analysis of policies in fiscal and social areas in Brazil (1988/2016)

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Beyond local (in)capacity: analyzing the implementation of a federally induced urban policy in Brazil

Fernanda Lima-Silva, Maria Rita Loureiro



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Editorial

Capacity Building for Development in Brazil

Dear Reader,

This special issue of the *Public Service Journal (RSP)* brings together papers on building policy capacity for development within the Brazilian context. Starting from a broad and integrated understanding of development, which is not restricted to the context of the economic sphere, this compilation presents analyses that discuss issues relevant to the current national agenda. The accumulated imbalance of 'capacities' in various policy areas, the challenges of implementing the Sustainable Development Goals, the peculiarities of capacity mobilization in the local context, and the intersection between capacities and governance are some of the topics debated in this publication.

It is worth mentioning that this publication is a result of the debate promoted during the International Workshop on Building Capable States for Development in Latin America, held in São Paulo in December 2018 - an event promoted in a partnership between the National University of Singapore (NUS), the Getulio Vargas Foundation (FGV/EAESP), and the Institute of Applied Economic Research (IPEA). Thus, the papers presented in this special issue have been examined and discussed previously among Brazilian and international academics dedicated to the study of state capacities. The aim of publishing these papers in English is to continue to promote this sort of dialogue in international debates on the field of public policy.

The first article of this special issue *Building Policy Capacity within Contextual and Political Boundaries: An Analysis of Policies in Fiscal and Social Areas in Brazil (1988/2016)* by Loureiro, Lima-Silva, Aranha, and Calabrez contributes to the debate on theoretical and methodological problems related to the state capacity concept. It discusses the distinctions and connections between state capacity and policy capacity, capacity and resources, and capacity and results. Looking at policies that gained priority in various recent federal governments, Loureiro *et al.* offer important reflections on the effects of historical and political contexts to state capacity accumulation and mobilization.

The second article, *Policy Capacity and Governance Conditions for Implementing Sustainable Development Goals in Brazil*, by Koga, Filgueiras, Nascimento, Borali, and Lima, promotes a dialogue over the challenges involved in the implementation of the UN 2030 Agenda in Brazil. Based on results from a survey answered by federal civil servants and in-depth interviews with key supporters of the SDG, the article looks at the capacities necessary to pursue this complex and intricated development agenda. In the same line with Loureiro *et al.*'s work, this second article highlights that, despite the relevance of building state capacity, it is not enough or is disassociated from other governance

conditions. Institutional arrangements of collaboration and leadership are shown to be essential to building capacity and to moving the state towards the level of policy integration demanded by the SDG.

In the third article, *Building Relational Capacities from Institutional Arrangements: Lessons Based on the Construction of Salvador's Subway System*, Lima and Vaz examine an interesting case of shifts of institutional arrangements throughout the implementation of urban infrastructure policy, in which state-owned companies played different roles. Employing this, the study manages to show the effects of institutional arrangements in building and mobilizing various dimensions of policy capacity, such as administrative, analytical, and relational capacities. The analysis of the interaction between the large array of actors involved in the implementation process also contributed to shed light on a still little explored aspect of empirical studies, which is the mutual interference of various dimensions of capacity, notably various types of relational capacities.

The fourth article, *Beyond Local (In)Capacity: Analyzing the Implementation of a Federally Induced Urban Policy in Brazil*, Lima-Silva and Loureiro bring the Brazilian inter-federative attribute of most of Brazilian policymaking as a central contextual aspect to be considered in the process of building capacity. The authors look at an unprecedented case of the federal government inducing municipalities to implement policies of slum upgrading interventions through the allocation of a large amount of investment. The study contrasts common sense with the municipalities' incapacity to explain the implementation failure or underperformance of inter-federative policies. By applying the nested-policy capacity model proposed by Wu, Ramesh and Howlett (2015), the paper shows that not only individual and organizational local capacities, but also the systemic level of capacity in its analytical, organizational, and political dimensions were part of the explanation. Moreover, other aspects such as the municipalities' heterogeneity, problems in the design of the policy or its instruments, and the problematic interaction between some of the stakeholders, were also pointed out as causes of unsatisfactory results, in addition to the large federal investments.

Finally, as invited special editors, we would like to express our special thanks to the editors and team of the *Public Service Journal (Revista do Serviço Público - RSP)* for their partnership and support in this publication. We understand that the collection of these papers meets the goals of the *RSP*, since it offers analytical and conceptual subsidies to the possibilities of expanding the capacity of formulation and implementation of public policies, governance, and management in the federal and local spheres of Brazilian public administration. Furthermore, it brings together analyses which originate from an examination of practical experiences within the national context that stimulate reflection on the part of academics and practitioners, the main readers of the journal.

We hope this publication proves provocative and helpful to those who are interested in the subject of building and mobilizing state capacity for development.

Natália Massaco Koga (IPEA), Raphael Amorim Machado (IPEA), Alexandre de Ávila Gomide (IPEA), Fernando Filgueiras (FGV) and M. Ramesh (NUS)

Building policy capacity within contextual and political boundaries: an analysis of policies in fiscal and social areas in Brazil (1988/2016)

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The current debate on state capacity, despite practical relevance for policy-making and analytical advances in the last decades, is still permeated by several theoretical and methodological problems. Considering that a revised concept of policy capacity has analytical utility, this work has contributed to the literature in three interrelated ways. First of all, we work on the concept of state capacity, highlighting its specificities in regard to the generic notion of power. Secondly, this article shows the relevance of bringing contextual and political elements into the debate of capacity. Thirdly, it helps to establish clearer boundaries on this notion, marking its differences to concepts such as resources and results. Empirically, it analyzes policy capacity developments in areas that have expressed priorities in the governmental agenda in former Brazilian presidencies. In the government of Fernando Henrique Cardoso, the focus is on the fiscal function of the state as a guarantor of credibility for investors, having as a case study the National Treasury Secretariat (STN), within the Ministry of Finance. In Lula's and Dilma's terms, the attention is the social area: the National Secretariat of Citizenship Income, within the Ministry of Social Development, and the National Secretariat of Housing, within the Ministry of Cities, both created at the beginning of the government Lula.

Keywords: state capacity, policy capacity, political priorities

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Construindo capacidade de produção de políticas públicas diante de limites contextuais e políticos: análise de políticas nas áreas fiscal e social no Brasil (1988/2016)

O debate contemporâneo sobre capacidade estatal, apesar da relevância prática para *policy-making* e dos avanços analíticos das últimas décadas, ainda é permeado por diversos problemas teóricos e metodológicos. Levando em conta que um conceito revisado de capacidade de produção de políticas públicas (*policy capacity*) tem utilidade analítica, este trabalho contribuiu para a literatura de três maneiras inter-relacionadas. Em primeiro lugar, trabalhamos com o conceito de capacidade estatal, destacando suas especificidades em relação à noção genérica de poder. Em segundo lugar, o artigo mostrou a relevância de trazer elementos contextuais e políticos para o debate sobre capacidade. Em terceiro lugar, ajudou a estabelecer limites mais claros entre essa noção e alguns de seus correlatos, como recursos e resultados. Empiricamente, o trabalho analisou o desenvolvimento da capacidade de produção de políticas públicas em áreas que expressaram prioridades na agenda de governos brasileiros recentes. No Governo de Fernando Henrique Cardoso, o foco esteve na função fiscal do Estado como garantidor de credibilidade para os investidores, tendo como estudo de caso a Secretaria do Tesouro Nacional (STN), dentro do Ministério da Fazenda. Nos mandatos de Lula e Dilma, o centro das atenções foi a área social: a Secretaria Nacional de Renda da Cidadania, dentro do Ministério do Desenvolvimento Social, e a Secretaria Nacional de Habitação, dentro do Ministério das Cidades, ambas criadas no início do Governo Lula.

Palavras-chave: capacidade estatal, capacidade de produção de políticas, prioridades políticas

Creación de capacidad para producción de políticas públicas dentro de límites contextuales y políticos: un análisis de políticas en las áreas fiscal y social en Brasil (1988/2016)

El debate actual sobre la capacidad estatal, a pesar de la relevancia práctica para la formulación de políticas y de los avances analíticos en las últimas décadas, aún está permeado por varios problemas teóricos y metodológicos. Teniendo en cuenta que un concepto revisado de capacidad para producción de políticas públicas (*policy capacity*) tiene utilidad analítica, este trabajo ha contribuido a la literatura de tres formas interrelacionadas. En primer lugar, trabajamos en el concepto de capacidad estatal, destacando sus especificidades con respecto a la noción genérica de poder. En segundo lugar, el artículo mostró la relevancia de incorporar elementos contextuales y políticos al debate de la capacidad. En tercer lugar, ayudó a establecer límites más claros entre esta noción y algunos de sus correlatos, como los recursos y los resultados. Empíricamente, el trabajo analizó el desarrollo de la capacidad para producción de políticas públicas en áreas que expresan prioridades en la agenda gubernamental en las recientes presidencias brasileñas. En el gobierno de Fernando Henrique Cardoso, la atención se centró en la función fiscal del estado como garante de credibilidad para los inversores, teniendo como caso de estudio la Secretaría del Tesoro Nacional (STN), dentro del Ministerio de Finanzas. En los gobiernos de Lula y Dilma, el centro de atención fue el área social: la Secretaría Nacional de Ingresos de Ciudadanía, dentro del Ministerio de Desarrollo Social, y la Secretaría Nacional de Vivienda, dentro del Ministerio de Ciudades, ambos creados en el inicio del gobierno Lula.

Palabras claves: capacidad estatal, capacidad de producción de políticas, prioridades políticas

Introduction

Pioneer research on state capacity emerged in the mid-twentieth century, anchored in reflections on the increasing complexity and expansion of governmental functions in the economic area with Keynesian policies, and in the social area, with the expansion and consolidation of the Welfare State. In the 1980s, this debate was taken up by historical institutionalists in the United States who analyzed the role of the state in economic development in late industrialized countries in Asia and Latin America (SIKKINK, 1991; EVANS, 1995, 2004) and in social revolutions (SKOCPOL, 1979).

Emphasizing the state as an analytical object, the debate in political theory - once centered on societal processes, seen as determinants of governmental decisions, such as class struggle, competition and conflict between interest groups - moved to state institutions and actors, and their power and actions. Consequently, not only has a broad literature on public policy emerged, but also one on state capacity to formulate and implement policies.

Later, debate on state capacity reemerged in an economic and ideological context different from that of its origin. Relating to the fiscal crisis of the State that affected particularly indebted countries in Latin America and Asia throughout the 1980s and 1990s, and to the second generation of neoliberal reform proposals, focused not on the dismantling of the State but on the improvement of governmental action, the concept of state capacity started to be discussed by approaches to good practices, such as transparency and efficiency (SCHNEIDER & DONER, 2000). In Brazil, this debate has also been reintroduced in the last decade with the reinsertion of developmentalism in the public agenda during the governments of Lula and Dilma (GOMIDE & PIRES, 2014). In this new context, capacity is no longer about the autonomy of state, but about the ability to implement public policies and to dialogue with external stakeholders.

In this article, we do not intend to review the debate on state capacity, which has already been done by several authors who point out current challenges and analytical problems in this literature. Such problems refer to the absence of a theoretically elaborated definition of the concept of state capacity, with the term being often used as a mere expression of common sense and in a polysemic way. Inconsistencies also involve tautological reasoning, ambiguity in causal relationships between variables, and resulting problems of operationalization and measurement. With a research agenda more linked to

policymakers, the discussion lacks further theoretical grounding and generates empirical analyzes in which the variables that are often used to define capacity - institutions, bureaucracy, infrastructure - are often the same as those used to determine the results of capacity (GOMIDE *et al.*, 2018; SAGUIN *et al.*, 2018; GOMIDE *et al.*, 2017; LINDVALL & TEORELL 2016; WU *et al.*, 2015; CINGOLANI, 2013; ENRIQUEZ & CENTENO, 2012; HANSON & SIGMAN, 2011; & KOCHER, 2010). In spite of these problems, we understand that the concept, besides its practical importance for policymakers, being related to economic development and lasting social change, has analytical utility.

Taking into account the idea of state capacity as a form of power (LINDVALL & TEORELL, 2016), we adopt an understanding that any analysis of state capacity, particularly in democratic societies, cannot be separated from broader considerations on the context in which public policies are inserted, including the political and ideological priorities of those in power positions in governments. Differently from the notion of power, frequently used in generic terms, this concept of state capacity is relevant because it allows a more accurate understanding of the process by which political actors who, having drafted a government project, are able to garner support and counteract potential vetoes, while at the same time, to use the administrative apparatus of the state to execute that project. In other words, this concept unravels the concrete functioning of the state in action, with its technical and specialized officials, financial and information resources to carry out the governmental projects. The concept of state capacity could even be thought of as the fulfillment of the "prince's virtue", who is able to circumvent the "contingencies of fortune".

As the literature has already pointed out (LINDVALL & TEORELL, 2016; CINGOLANI, 2013), it is necessary not to confuse the concept of state capacity with the achievement of goals or results, which may also be affected by contingencies external to governmental action. It is also relevant to be cautious and not to misunderstand this concept with the mere existence of indicators of stock of resources (specialized staff, structured careers, volume of financial resources, etc.). These indicators express a necessary but not sufficient condition for the apprehension of state capacity. If they already exist, they must be activated by political decisions.

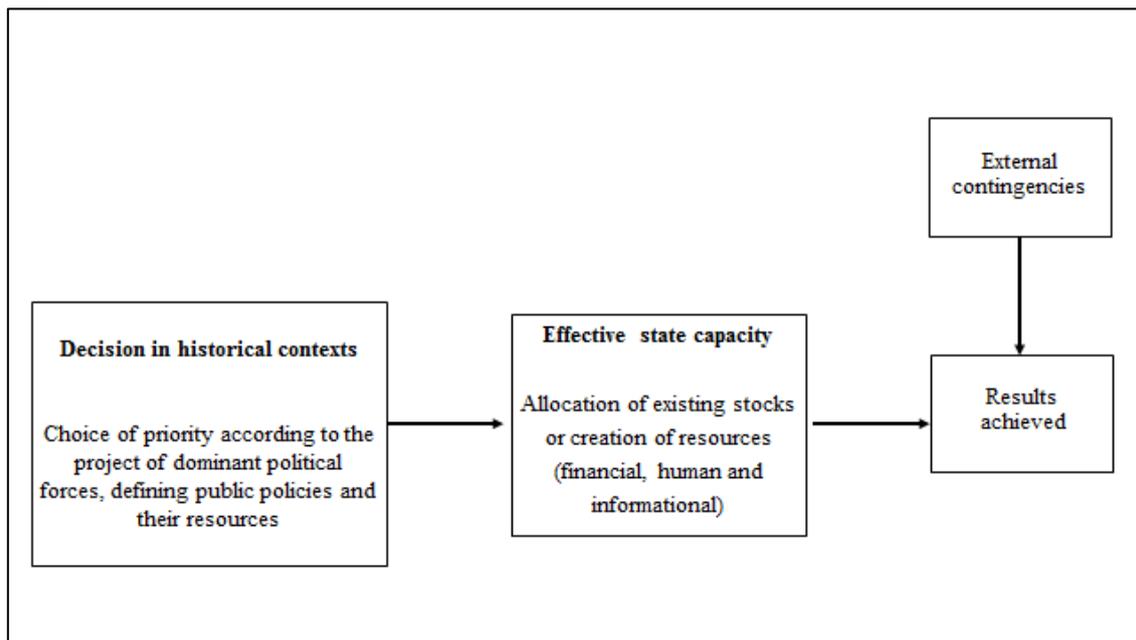
The diagnosis of state capacity, therefore, is an inference based on an analysis in which the actions of political actors (elected officials and bureaucrats) are oriented to the implementation of priority projects and, for this, they create or activate stocks of

resources. It is never enough to reinforce that the results obtained on a policy implementation can be partly determined by state capacity, which is produced by the deliberate and “virtuous” action of the rulers, and partly by external contingencies.

In addition, it is important to clarify that the concept of state capacity refers to the generic ability of state officials to make and execute a decision. Considering that it is made up of several dimensions, such as coercive, fiscal, administrative, legal, etc. (CINGOLANI, 2013), the literature has recently started to use the concept of policy capacity, understood as a set of analytical, operational and political resources and competences necessary for developing specific policy functions, being applied in different levels – individual, organizational and systemic (WU *et al.*, 2015).

In the present work we aim to bring political and ideological governmental orientations and historical-conjunctural context as relevant variables into the debate of policy capacity. Based on Lindvall and Teorell (2016), we consider that the creation or activation of resources (human, financial and informational) are crucial expressions of policy capacity. We also argue that the mobilization of these resources derives from the dispute between political groups that compete for power and influence. We assume that this revised concept is useful to understand how the correlation of political forces at a given historical-conjunctural moment is expressed in the state apparatus mobilized to implement policies. This dimension is still rarely approached in the literature.

State institutions can express capacity already in place, but they can also reflect and condense the political forces in dispute. Thus, changes in power and in contexts can contribute to increase or decrease the resources available to a given area of policy (and programs under its responsibility), creating non-existent areas or eliminating others that already exist. The figure below presents our analytical model.

Figure 1 - Research analytical model

Source: Elaborated by authors.

Through this analytical lens, we examine the capacity-building process of some policies in the fiscal and social areas in the Brazilian State. Our argument is that the mobilization of resources, which conforms effective state capacity in different policy areas, is affected by the political-ideological orientations of governments. Therefore, the research question is: how have different political-ideological orientations of the government influenced the allocation of resources to generate the necessary policy capacity at a given historical context?

The text is composed of the following parts: firstly, methodological considerations are approached and then the political and economic conjunctures and orientations of the analyzed governments. Thereafter, policy capacity building in each of the selected state agencies is analyzed separately. Final considerations are also presented.

I Methodological considerations

This work uses the research method of the case study, which is considered the most appropriate in providing answers to 'How?' and 'Why?' questions and to explaining contemporary events over which the researcher has little control (ROWLEY, 2002; YIN, 1994). In more specific terms, it develops a multiple-case study, aiming to understand and compare different cases in a historical perspective. This research strategy was chosen

because it allows the detailed and contextualized understanding of the mechanisms that explain the phenomenon of interest, contributing to theory development and improvements in conceptualization (MAHONEY, 2005). That said, its results cannot be generalized without careful considerations regarding historical contexts.

In the present study, we take policy capacity developments in social and fiscal areas as our case studies. The selection of cases in the fiscal area for Cardoso's government and in the social area for Lula and Dilma's governments was based on comprehensive literature pointing to them as priorities in the agenda of these governments (ALÉM & GIAMBIAGI, 2000; RAMOS, 2001; OLIVEIRA & TUROLLA, 2003; LOUREIRO *et al.*, 2011; BICHIR, 2016; SOARES *et al.*, 2010; SOARES & SÁTIRO, 2009; KLINTOWITZ, 2015; LIMA-SILVA & LOUREIRO, 2018). It is worth to pinpoint that (i) the selected case studies represent extreme examples, receiving a visible priority status in the presidential agenda, while many other policies were subject to varying levels of governmental effort and commitment, (ii) and that these priority areas don't necessarily refer to the totality of the policy arena, but to sections of the broad areas.

The period analyzed in the Brazilian federal governments goes from the 1990's to mid-2010's. Firstly, we investigate Fernando Henrique Cardoso's (hereinafter FHC) government, from the Brazilian Social Democracy Party – PSDB (1995 – 2002), that, in a context of monetary instability, prioritized inflation and public debt control, austerity policies and other fiscal measures in order to guarantee credibility for investors (ALÉM & GIAMBIAGI, 2000; RAMOS, 2001; OLIVEIRA & TUROLLA, 2003; LOUREIRO *et al.*, 2011). The case study focuses in the National Treasury Secretariat (STN), an agency of the Ministry of Finance. For comparison, two agencies of social areas are taken as case studies in the government of Lula (2003-2010) and Rousseff (2011-2016), both from the Workers' Party - PT. Anchored on a pro-poor agenda and in a context of economic stability, these governments, in general, prioritized policies that dealt with poverty reduction (SOARES *et al.*, 2010) and social housing (KLINTOWITZ, 2015; LIMA-SILVA & LOUREIRO, 2018). These two areas were so relevant in the governmental agenda that new Ministries were created to manage them on the first year of Lula's mandate: the Ministry of Social Development (hereinafter MDS) and the Ministry of Cities (hereinafter MCIDADES). In the first we analyze the National Secretary of Citizenship Income (SENARC), and in the second, its National Secretariat of Housing (SNH).

Considering that qualitative research, when compared to quantitative studies, is subject to a higher degree of subjectivity in their procedures, selection, and management and analysis of their data, it requires as much clarity and transparency as possible when reporting the procedures adopted by researchers (BELTRÃO & NOGUEIRA, 2011). The table below presents an overview of the data collected and analyzed, the indicators used to evaluate the allocation of resources, which were selected based on the literature on state capacity, specifically the definition of informational, human and financial resources proposed by Lindvall and Teorell (2016), and the indicators of results¹.

¹ Although the analytical framework of these authors does not incorporate institutional aspects, it is worth mentioning that the development of the analyzed policies required building institutional resources, such as the creation of government agencies and legal rules that have guaranteed some continuity, even when these policies ceased to be priorities. Some examples are, in the social area, Law no. 10,386 / 2004, which created the Bolsa Família Program and the Basic Citizenship Income Law, no. 10,835 / 2004. In the housing sector, relevant rules for building institutional capacity were Law 11.124 / 2005, which established the National Social Interest Housing System (SNHIS) and Law 11.977 / 2009, which created PMCMV, as well as the varied and detailed laws and degrees issued to regulate others aspects of this policy, explored by Lima-Silva and Loureiro (2018). In the fiscal area, Decree N°. 94.443/1987, that transferred the public debt management from the Central Bank (BACEN) to the STN and Decree n° 4.643/2003, which defines STN as the area of the Ministry of Finance responsible for “managing the domestic and external public and contractual debts, internal and external, of direct and indirect responsibility of the National Treasury”.

Table 1 - Overview of the indicators and data used in the research

	Sources and types of data	Resources mobilized/ activated	Indicators - Resources	Results of policy capacity
Ministry of Finance/ National Treasury Secretariat	<ul style="list-style-type: none"> - Literature review - Other sources: official statistics 	<ul style="list-style-type: none"> - Human: expansion of staff through public examination; specialization, training and financial valorization of workers, including Bonus for Performance and Productivity (GDP) - Informational: creation of Integrated System of Financial Administration of the Federal Government - SIAFI - Financial: increase of financial resources 	<ul style="list-style-type: none"> -Candidate-Vacancy Relationship - Improvement of educational background of staff (only masters or PhD) 	<ul style="list-style-type: none"> - Centralized management of public debt - Increase in the importance of government bounds for macroeconomic policies and state financing
MDS / National Secretary of Citizenship Income	<ul style="list-style-type: none"> - Literature review - Documents from MDS - National Budgetary Law - Data obtained with the Ministry of Planning through an official request of Access to information Law 	<ul style="list-style-type: none"> - Informational: creation of the Single Registry (<i>Cadastro Único</i>) and of an evaluation and information management structure (Secretariat for Evaluation and Information Management-SAGI) - Human: creation and expansion of a specialized staff through public examinations; increase of professionals in the decentralized network through management incentives (creation of the Decentralized Management Index); training courses for the entire network (CapacitaSUAS) - Financial: significant increase in investment 	<ul style="list-style-type: none"> - Annual evolution of budgetary resources - Annual quantity of public servants. - Number of Registered Families in CadÚnico 	<ul style="list-style-type: none"> -3.4 million people stopped living in extreme poverty for and 3.2 million left the poverty line (2017) - 13 million and 800 thousand families served.
MCIDADES / National Secretariat of Housing	<ul style="list-style-type: none"> - Literature review - Data obtained with the Ministry of Planning through an official request of access to information. 	<ul style="list-style-type: none"> - Human: creation and expansion of a specialized staff through public examinations (MCIDADES and Caixa) - Financial: significant increase in investment - Informational: development of diagnosis, studies and projections to plan housing policies and subsidy decision-making 	<ul style="list-style-type: none"> - Annual quantity of public servants - Annual evolution of budgetary resources 	<ul style="list-style-type: none"> Development of the largest federal programs on slum upgrading and social housing (more than 4 million new housing units)

Source: Elaborated by authors.

II The External context and the main governmental orientations in the fiscal and social areas

Considering that state capacity to elaborate and implement public policies is not a fixed feature, but contingent on the correlation of political forces in certain historical contexts (SKOCPOL, 1985)², it is necessary to keep in mind that both the context and the political-ideological orientation of government influence the mobilization of resources for policy capacity. In other words, the historical context provides the boundaries for public action, but policymakers still have some choices among these limits, which are influenced by the political and ideological orientations of their political affiliations.

If in the context of globalized economy, the control of public accounts and debt became structural, turning into a permanent priority function of all governments, in other public policies, in particular the social ones, these processes can be met with more or less intensity in function of the dynamics of the economic cycles and each government's orientation. Thus, we briefly analyze how the requirements for inserting Brazil in the globalized economy, from the 1990s onwards, have generated needs related to the restructuring of the national state apparatus. Lula's government, for example, was able to initiate a process of building institutional capacity for the social area, without changing policy capacity previously installed in the fiscal area.

II.1 FHC's government (1995-2002): fiscal area reinforced and fragmented social policies

Controlling inflation and achieving monetary stabilization were key issues of FHC's presidency (CARDOSO, 1994; ABRUCIO & LOUREIRO, 2004; BELLUZZO & ALMEIDA, 2002). Concomitantly, this government was oriented by neoliberal policies and by the premise to leverage the country's insertion in the global economy. Therefore, it prioritized controlling public debt to guarantee investors' credibility, which implied in strengthening and consolidating governmental apparatus in charge of these tasks.

² As this author has mentioned, state autonomy can come and go as bureaucratic organizations are transformed both internally and in their relationship with social groups and other parts of government. Accordingly, to other authors, state capacity should not be analyzed detached from the political and institutional context in which it is inserted, depending also on a project – goals that were legitimized through election of certain political groups – and political support for such actions (GOMIDE et al, 2017).

Despite the centrality that FHC's government attributed to the control of expenditures, public debt increased substantially during his two terms. This is justified by the strategies for maintaining stability, which were based on high interest rates and overtaxed the public debt (BELLUZZO & ALMEIDA, 2002; MIRANDA, 1997). In this regard, it can be said that the public debt absorbed the costs of the monetary stability strategy, greatly increasing the amount of government bonds offered to the market for the purposes of fiscal and monetary policy, which probably would not have been possible without an agency endowed with great operational capacity.

FHC was able to set up an institutional engineering that seemed appropriate to modify the macroeconomic scenario, including the concentration of monetary authority in the Central Bank and the great power granted to the Ministry of Finance. Over his two terms, this agency played an important role in driving the increase in tax revenues and the growth of the tax burden in the country (ABRUCIO & LOUREIRO, 2004). In addition, during the 1999 economic crisis, already in his second mandate, the need for adjustments intensified, requiring a surplus generation policy, used as a guarantee of solvency for the market, which resulted in more stringent expenditure and public indebtedness control initiatives, for example, with the enactment of the Fiscal Responsibility Law (LOUREIRO *et al.*, 2011).

The outcome of this policy guided by fiscal bias and the guarantee of monetary stability compromised the development of social policies. Looking at income transfer and social housing policies in FHC's government, the social areas analyzed here, they were marked by institutional advances and fragmented programs. Pioneer national income transfer programs were launched by several ministries in a focused manner, with different access doors and information systems and benefits, in a scenario of difficult inter-institutional coordination.

On their turn, federal housing policies were marked by reduced investments, institutional fragmentation and a series of small reforms associated with private market regulation and reduction of risks that contributed to unlocking housing production, allowing a small increase after 1996, and grounding the housing construction boom in the next government (MARQUES, 2017, p. 9).

II.2 Lula and Dilma's Governments (2003 - 2016): maintenance of fiscal management and prioritization of social areas

Differently from Cardoso's government, in which resources for social areas did not increase significantly and policies were implemented in a fragmented way, Lula's government can be characterized by a double agenda (SINGER, 2012). It simultaneously maintained the fiscal policy built by the former president and promoted progress in the social areas. In the area related to fighting poverty, the institutionalization process started in 2003 with the creation of the Extraordinary Ministry of Food Security and Fight against Hunger and the Ministry of Social Assistance, as well as with the launch of the Zero Hunger Program. The different conditional income transfer initiatives inherited from the previous government were unified, originating the *Bolsa Família* Program (PBF), at the end of 2003. The consolidation of this process occurred in 2004. Previously fragmented initiatives - the areas of social assistance, food security and conditional income transfer - were gathered into a single institution with the creation of MDS. The National Secretary of Citizenship Income (SENARC) manages PBF, which has become one of the main social programs of the country.

As regards to housing policy, Ministry of Cities, a long-standing demand from social movements that supported the new government, was established on the first day of Lula's administration. After 2007, this Ministry acquired relevance in governmental agenda, in particular the National Secretariat of Housing (SNH), which was in charge of an important part of the works of the Program of Growth Acceleration. From 2008 onwards, as an answer to the international economic crisis, Federal government triggered countercyclical policies and launched Brazilian largest housing program: Program My House My Life (PMCMV), which aimed to build 1 million housing units for different income brackets, through the joint action of the three levels of government and the private sector (LOUREIRO *et al.*, 2013). In sum, Lula and Dilma's governments were able to prioritize social policies and mobilize resources for their implementation, while also privileging the fiscal policy, which, on its turn, was central to Cardoso's government. Next, the case studies that make up this research will be analyzed.

III The Progressive construction of capacity in the fiscal area

From the late 1970s onwards, the transformation of international capitalism, which led to the deregulation and liberalization of finances and changes in economic paradigms, were accompanied by transformation in the administrative structures of the National States. Included in this process, although marked by several peculiarities, the Brazilian State began to reveal a series of dysfunctionalities between the administrative structure responsible for its budget, and the exhaustion of the former development model that, from that moment on, started to impose a series of adjustments. Pressure from international organizations made it imperative to centralize the state's revenue and expenditure structure and increase governmental control capacity over the budget.

International pressures and administrative challenges caused by government accounting and financial disorganization, which encompassed a fragmented and decentralized public budget and lack of reliable information, were elements that, in 1986, led to the creation of the STN, a body allocated within the Ministry of Finance and responsible for the unified control of the budget and public debt management. Two interconnected processes explain the creation of STN: i) Need for centralized control over the federal budget, including the prerogatives of releasing and contingent resources; ii) Increased importance of public debt, both as a form of state financing and its interdependence with macroeconomic variables; in the new context of globalized capitalism, public debt became an indicator of fundamental importance for the maintenance of macroeconomic stability and market confidence³.

In sum, the increased importance of public debt in the context of the country's integration in the globalized economy has raised and maintained STN's relevance within the institutional structure of the Brazilian State. This process was accompanied by functional specialization of STN's internal bodies, increasing the complexity of its activities and even greater appreciation of its professional staff, contributing to the increase in analytical and operational capacity at the individual and organizational levels (WU *et al.*, 2015). This was done through: i) creation of sub-secretariats, subdivided into general coordinators responsible for increasingly complex and specialized tasks; and ii)

³ “The fiscal anchor has gained the status of factor that reduces the country-risk and the contagion effect of international crises, standing as the centerpiece in efforts to gain investors' confidence” (HELLER, 1997 apud LOPREATO, 2006, p. 7).

recognition of its technical staff, with programs to expand careers and salaries and attract skilled labor, with a high technical level.

Initially, it is important to highlight that public debt management, completely concentrated on STN, involves complex administrative tasks that include studies on government bounds composition, financing strategies and risk management. As a result, the accumulation and complexity of functions was accompanied by an increase in its organizational structure and the qualification of staff with the appropriate type of expertise to carry out these functions. This process of functional specialization and technical training was marked by important stages of institutional improvement, among which the creation of the General Coordination of Public Debt Administration (CODIP), responsible for the administration of internal debt, and the establishment of the General Coordination of External Affairs (COREX), which was then focused on the external debt accounting record, both dating from 1988. In the 2000s, in the midst of an intense process of international diffusion of ideas and practices aimed at improving public debt management, the debt coordination areas underwent an institutional restructuring, CODIP and COREX were reorganized into three new areas, all under the coordination of the Deputy Secretary of Public Debt.

Regarding STN's civil servants, they are reasonably insulated from other Federal Executive institutions and, above all, from the political-partisan system. In fact, it is a selective insulation process (Silva, 2015), in which the impermeability of the Treasury in relation to the political system occurs along a close interaction between STN and the financial market. In addition, reflecting STN's increasing importance, there was a notable and gradual effort of professional qualification of its civil servants, mainly characterized by the diffusion of international knowledge on public debt management practices (ROCHA, 2009) as well as salary increases. Therefore, in 1994, during the Real Plan, measures were taken to recover career wages and attract professionals with higher qualifications. This same year, STN would develop a variable remuneration system called Performance and Productivity Bonus (GDP), which would be paid according to the institutional and individual evaluation of each public servant. It is interesting to note that after 1995 no more civil service examinations were carried out for high-school level, only for higher education. Salary recovery and the prestige increase can also be noticed by the proportion growth of the applicants/ candidates per place observed in the last civil service examinations for STN: according to official data by IPEA related to civil service

examinations at STN, launched in 2009, while in 2002 there were 37 applicants per place, this number rose to 107 in 2008.

With regard to informational resources, in order to carry out its functions, STN implemented a system of budget financial execution, which, less than a year later, gave rise to the Integrated System of Financial Administration of the Federal Government (SIAFI)⁴. Creation of this system was successful and today all the financial inflows and outflows pass through STN'S unified budget and computerized system. One obvious consequence of this reorganization process of the state structure is the increase in the Finance Ministry's capacity to control public finances. Informal systems on public debt management strategy and risk management have also been constantly developed.

In short, STN's capacity building trajectory was in fact a continuous process of accumulation of resources (particularly human and informational) to enhance policy capacity in this area⁵. The strengthening of capacity for fiscal policy was, therefore, in line with certain priorities that are historically situated, strongly emerging on the government of FHC and remaining active on the governments of Lula and Dilma. After all, the institutional development of STN goes hand in hand with the increase in importance of the federal debt (system of government bonds operated by the STN) in macroeconomic policies and the financing of the Brazilian State. In other words, the creation of state capacity in this area seems to be essential to making this model of State financing viable.

IV The intermittent process of building capacity in social housing policies

In the early 1980s, the National Housing Bank (BNH), the first large-scale housing initiative in Brazil, began to show signs of exhaustion and financial difficulties. This bank was extinguished in 1986, and its functions were assigned to *Caixa Econômica Federal* (hereinafter CAIXA). Since then, a process of institutional instability and fragmentation

⁴ According to STN, the functions of SIAFI are “*integrate budgeting, financial execution and accounting systems; use more advanced technology, including online transaction processing; centralize and standardize procedures related to budget execution; be mandatory for direct administration, and allow the implantation of a single Treasury account*” (STN, 2006, p. 96).

⁵ Even though it was not possible to access disaggregated data on STN's budget, it is reasonable to suppose that the increase on the human and informational resources was anchored on the elevation of its financial resources.

of federal housing policies began, given the lack of resources and the reduced priority in the presidential agenda.⁶

Between 1986 and 2002, subnational governments assumed a leading role in the development of housing policies (CARDOSO & RIBEIRO, 2002). During the two terms of FHC's government (1995-2002), with the prioritization of inflation control and the stabilization of the economy, housing policy was merely viewed as a financial and market matter and it only received normative advances from federal government (KLINTOWITZ, 2015, p. 119). Against this backdrop, the decentralization of urban policies was accompanied by a lack of federative coordination and by heterogeneous municipal capacity for implementing housing policies (ABRUCIO, 2005).

Lula's election represented a change in the correlation of forces between political actors, impacting on the emergence of urban policy as an important element in the developmental project of the government. An evidence of this is the creation, on Lula's first day of government, of the MCIDADES, a Ministry entirely dedicated to urban issue, gathering into a single institution the different sectoral areas that compose the urban policy, including our case study, the National Housing Secretariat (SNH).

In the context of budgetary and financial constraints of Lula's first mandate and the need to qualify knowledge on the urban issue and policy alternatives, MCIDADES initially focused on its institutional structuring. In terms of human resources, this meant the creation of a specialized staff, composed by experienced public officers that had already worked with urban policy in subnational governments and a rare combination of "union activists, professionals and academics with previous participation in public administration experiences and very prestigious in the technical and academic environment, in addition to strong insertion in urban social movements" (MARICATO, 2012, p. 26)⁷. SNH also worked to improving its organizational-political skills, which was carried out through the establishment of the Cities Council and the National System of Social Interest Housing (SNHIS) and its informational resources, particularly through the formulation of studies and diagnoses on the housing sector, as well as demand

⁶ From 1986 to 2003, housing issues within federal government were subordinated to seven different ministries or administrative structures (KLINTOWITZ, 2015).

⁷ This excerpt, as well as other in the article, were translated by the authors from Portuguese into English.

projections for social interest housing⁸, that were used to support planning processes, such as the National Housing Plan.

In reaction to the international crisis of 2008 and based on the informational and human resources accumulated in MCIDADES, urban and housing issues obtained, in the second term of Lula government, a priority status with the Growth Acceleration Program and My House My Life Program (PMCMV), as can be seen in the excerpt below:

When PAC was set up, with Minister Dilma and Miriam Belchior at SAM (Coordination and Monitoring Subsection), there we have effectively become a government priority. Housing and policy programs became part of the first echelon of government (LIMA-SILVA & LOUREIRO, 2018, p. 545-546)

This brought significant political consequences: on the one hand, receiving the PAC stamp meant the inclusion in a centralized decision-making and intensive monitoring process, and, on the other hand, a remarkable increase in financial resources and exemption from any budgetary constraints (LOUREIRO *et al.*, 2013). These new programs changed the scenario: they became the most important housing policy implemented in the country (CARDOSO *et al.*, 2011; ROLNIK *et al.*, 2014) and constituted a new moment in the history of social housing and slum upgrading interventions, due to the unprecedented and much higher amount of investment in these areas of public policy (DIAS, 2012; KLINTOWITZ, 2015; CARDOSO & DENALDI, 2018). Rouseff's administration maintained these housing programs, although PAC-UAP, due to implementation difficulties, was reduced and PMCMV was relaunched and expanded.

The emergence of these priority programs, in particular, PMCMV, had double meaning. On the one hand, it delegated to the MCIDADES a more normative role, particularly the standardization of the program norms, while the construction enterprises assumed a central role in the elaboration and execution of the social housing projects (DIAS, 2012). The Presidency and CAIXA assumed responsibilities for, respectively, the centralized decision-making process and the operationalization of the housing and social policies (KLINTOWITZ, 2015). On the other hand, the decision to use housing policy as a strategy to leverage economic growth after the 2008 global financial crisis raised this policy's political-systemic capacity, increasing its legitimacy *vis-à-vis* other federal policies and even other urban policies. In other words, MCIDADES loses agenda power

⁸ Among these studies are the research on housing deficit, carried out by the João Pinheiro Foundation in 2005, on precarious settlements, from *Ministério das Cidades/CEM* (Marques, 2007), and on estimates of future demand for new housing, prepared by Cedeplar/UFMG in 2007.

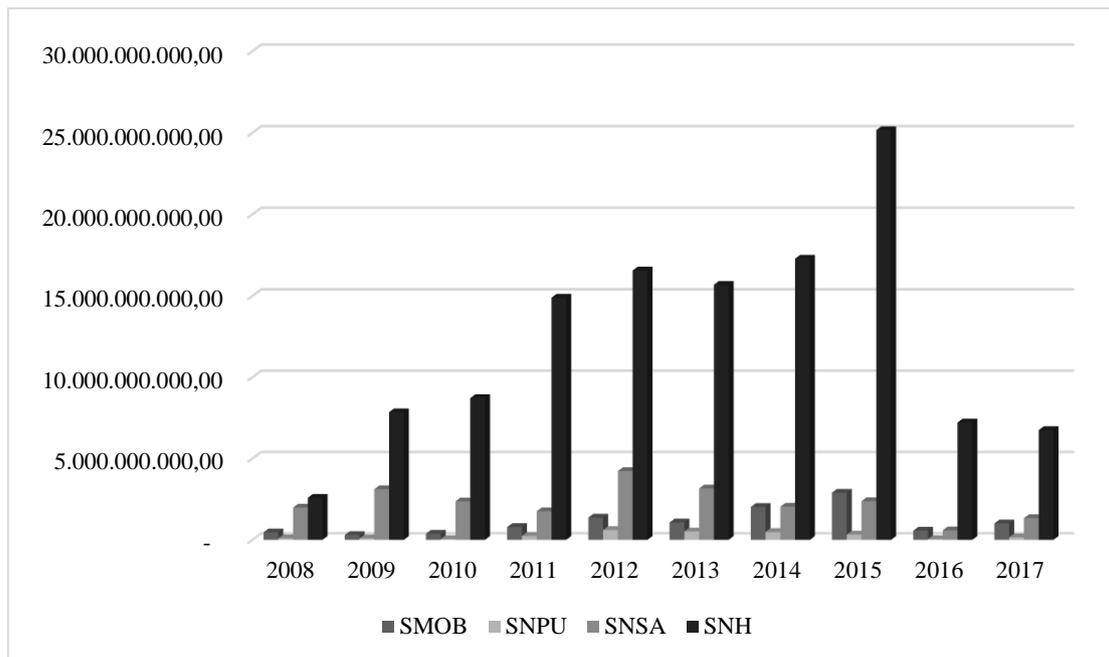
in the urban area, but the legitimacy of its programs and the mobilization of its human and financial resources increases.

During Lula's second term and Dilma's governments, in spite of critics and implementation problems found in PAC-UAP (CARDOSO & DENALDI, 2018) and in PMCMV (KLINTOWITZ, 2015; CARDOSO *et al.*, 2011), the programs, particularly the latter, were able to achieve the expected results and to deliver more than 4 million new social housing units. An analysis of these programs' implementation makes evident the process of creation and activation of resources for their development. Besides the improvement in informational resources, mentioned previously, this can be noticed in SNH and in other institutions involved in the execution of these programs, such as CAIXA. A clear indicator of this process is the increase in the volume of financial resources invested in housing programs between 2006 and 2014: federal government invested R\$ 2.52 billion *reais*⁹ in housing policies in 2006 and R\$ 19.55 billion in 2014¹⁰ (KLINTOWITZ, 2015, p. 239).

The analysis of budget allocation among MCIDADES's Secretariats makes it clear the prominent role played by SNH, as shown in Chart 1. In a low-budget entanglement that includes almost all departments of this Ministry, SNH distinguishes itself from the others by incredibly higher levels of allocated resources.

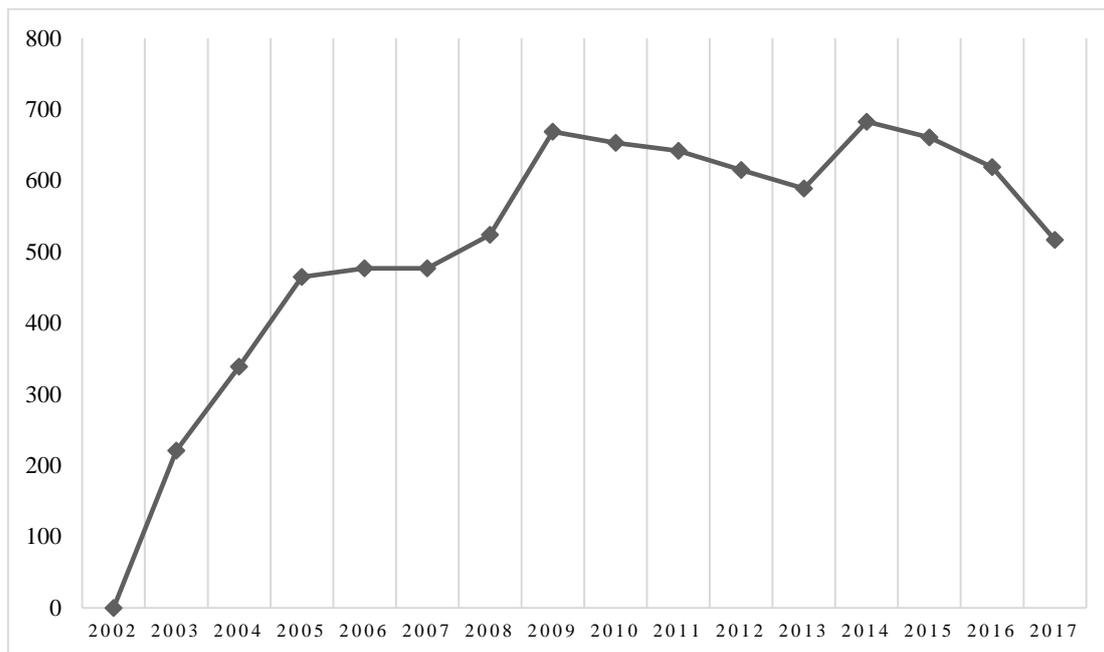
⁹ 1 US\$ = R\$ 3.79 (July 29th 2019).

¹⁰ The evolution of budget resources analyzed here include the following programs: PAC-UAP, PMCMV and FNHIS (National Fund for Social Interest Housing, which is associated with SNHIS).

Chart 1 - Budget allocation in MCIDADES' secretariats (2008-09/2017) (in Reais)

Source: Elaborated by the authors with data obtained with the Ministry of Planning through an official request of access to information. Data range from 2008 to October 2017.

In addition, MCIDADES capacity can be analyzed by looking at its human resources. From 2003 onwards, the Ministry has significantly expanded its staff, encompassing engineers, architects, social workers, and environmental specialists. It almost tripled its number of employees, as it can be seen in Chart 2. An important step was taken with civil service examinations related to the careers of Social Policy Technical Analyst and Infrastructure Analyst, which were held in 2012/2013. Likewise, CAIXA expanded its scope of engineers to monitor the execution of the works (BRASIL, 2010a, p. 27).

Chart 2 - Quantitative of active federal civil servants in the MCIDADES

Source: Elaborated by the authors with data obtained with the Ministry of Planning through an official request of access to information. Data range from 2003 to October 2017.

This gradual process of capacity building for housing policies, which included increases in financial, informational and human resources, was supported by PT's prioritization of this issue and by the availability of fiscal resources for public investments, particularly from Lula's second mandate on. However, this process was halted from 2015 onwards. Shortly after Dilma Rousseff's re-election, the political and economic crisis intensified and the balance of power between political actors began to change. With the impeachment and the new government of Michel Temer, in 2016, there is a transformation in the correlation of political forces and in the ideological orientations of the ruler. Based on an economic contingency agenda, the new government has reduced the legitimacy of the ongoing social housing programs and the resources available to MCIDADES. Charts 1 and 2 reflect the changing political and economic context and its impact on the resources: financial investment increased almost steadily until 2015, with a sharp drop in 2016/2017; human resources increased progressively until 2009, when it began to have an intermittent trajectory, and a constant decrease from 2014 onward.

In short, the analysis of this case anchors the claim that the development of capacity for housing policies resulted from the prioritization of housing issues in the developmental agenda of Presidents Lula and Rousseff, generating a gradual process of

accumulation of resources (financial, human and informational) to elaborate and implement this policy. In alignment with our argument, this process was significantly influenced by changes in the economic context and in the political-ideological orientation of new governments.

V Building capacity in social assistance policies

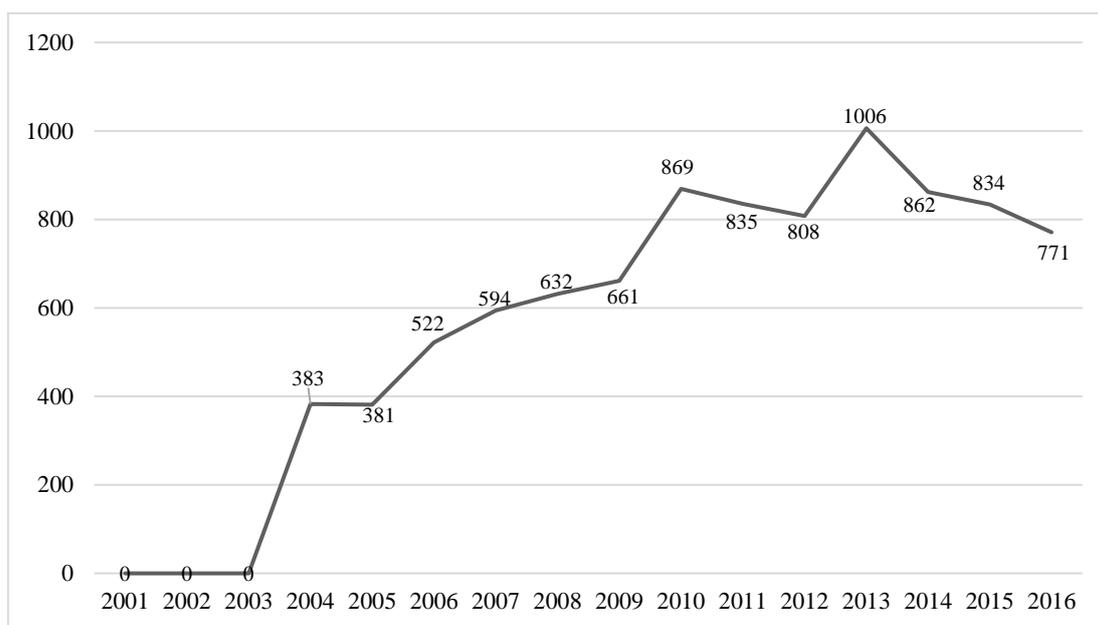
The trajectory of the social assistance area in Brazil has also been marked by institutional and programmatic intermittency. The 1988 Constitution established, for the first time, the responsibility of the State to ensure social protection to the entire population, defining social assistance as a non-contributory public policy.

This policy includes the implementation of programs and projects that fight poverty, as determined in the Organic Law of Social Assistance - LOAS (Law 8742/93). According to Cardoso Júnior and Jaccoud (2005), FHC's government launched new initiatives to reduce poverty, such as programs for eradication of child labor, to protect elder and disabled groups, with monetary benefits and some conditional income transfer programs. Notwithstanding, these programs were characterized by institutional, programmatic and informational fragmentation and by operational challenges, in a scenario of difficult inter-institutional coordination. This scenario changed with the launching of MDS in 2004, deriving from the integration of three areas with themes that were highly esteemed by the president and his political party and that were previously carried out by different programs and institutions: Food and Nutrition Security, Social Assistance and Income Transfer. With varied trajectories, these three social areas had already assumed leading roles in the presidential agenda since 2003, when Lula took office.

Indeed, MDS's creation was a turning point regarding institutional strengthening for planning and implementing large-scale social policies. This Ministry became responsible for managing *Programa Bolsa Família* (PBF), which aggregated the previous conditional income transfer initiatives and became the country's largest and most well-known social policy. Furthermore, PBF contributed to heating up the consumption economy among the low-income population and to reduce social inequality in the country. SENARC, the department responsible for PBF's operationalization, receives special focus within our MDS analysis.

MDS's launching and gradual consolidation helped to enhance the political-systemic capacity of these policies, with impacts on the analytical and operational capacities of this new institution, and on its human, financial and informational resources. From this inaugural moment, human resources at MDS have increased, even though this was not a steady process, particularly through the hiring of new civil servants, as depicted in Chart 3.

Chart 3 - Quantitative of active federal civil servants in MDS



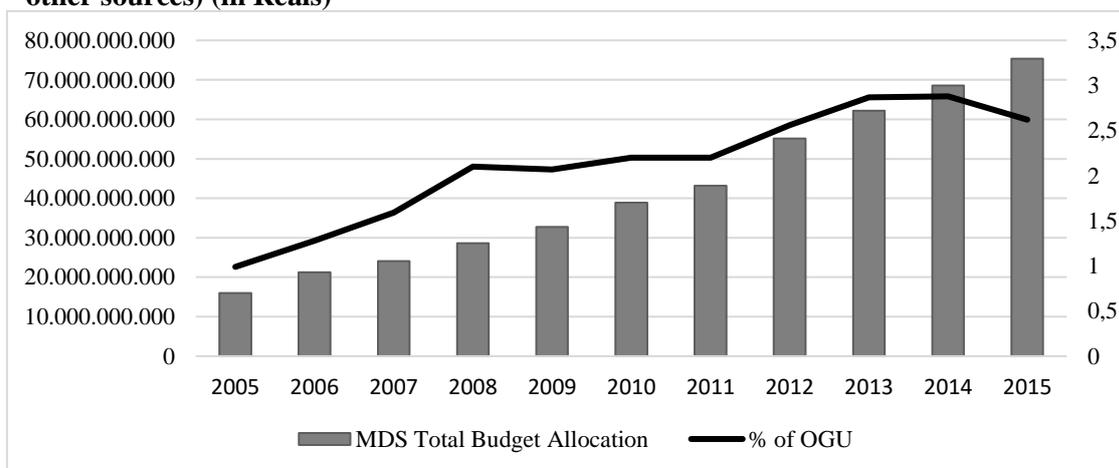
Source: Elaborated by the authors with data obtained in the Statistical Bulletin of Personnel and Organizational Information/ Ministry of Planning. Data range from 2003 to December 2016.

From 2003 to 2010, according to the Statistical Bulletin of Personnel and Organizational Information, from the Ministry of Planning, several civil service examinations were held to provide MDS with its general staff. In 2006, it held a civil service examination for 295 higher education and high school posts and a simplified selection process for 60 higher education temporary jobs. In 2008 there was another selection process for 110 higher education temporary jobs and in 2009, a civil service examination for 70 new high school posts. A review of MDS's structure in 2010 created 164 new posts for senior management and advisory positions. The civil service examination for the career of Social Policy Technical Analyst, in 2013, meant new posts to social ministries: 61 in 2014, and 142 in 2015.

However, similarly to what happened to MCIDADES, MDS's human resources had a discontinuous growth, reflecting changes in the political-economic context and in

the dynamics between the political forces. Human resources at MDS declined at the beginning of Dilma's government, as well as from 2014 onwards, perhaps due to the economic retraction process that had already began. Despite the changes in the number of employees, the financial resources invested in this Ministry had a more stable trajectory of growth, as Chart 4 shows. There is also a downward trend in the percentage ratio between the resources earmarked for this ministry and the General Budget of the Union (OGU), beginning in 2014.

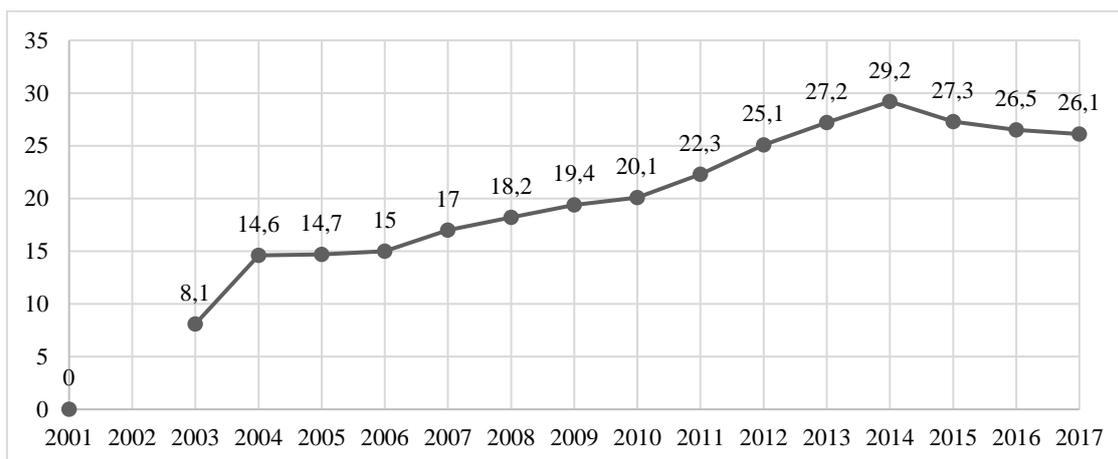
Chart 4 - Budget allocation at MDS (Total Budget, including resources from Treasury and other sources) (in Reais)



Source: Brazilian Budgetary Law 2006-2015.

Informational resources for PBF's management have also improved greatly during PT's government. Two examples stand out: *Cadastro Único* (CadÚnico) and Decentralized Management Index (IGD). CadÚnico is an instrument for collecting data and information to identify low-income families, defined as households earning up to half of the minimum wage per capita (about U\$ 128 per month). It was created in July 2001, during FHC's government, but it was only after 2003 that this family register increased exponentially, as Chart 5 depicts.

The effort to improve and systematize the registers from 2003 onwards is approached by several authors (SILVA *et al.*, 2004; BICHIR, 2016). Roles of each level of government have become clearer and the responsibility for the CadÚnico was shared between MDS, states, municipalities and CAIXA. Increasingly, these actors used CadÚnico to identify potential beneficiaries of innumerable social programs, improving their ability to address poverty, and to optimize program management and its efficiency.

Chart 5 - Number of families registered at CadÚnico (in millions)

Sources: Data from 2003 to 2010: BRASIL, 2010b: 59. Data from 2011 to October 2017: [https://aplicacoes.mds.gov.br/sagi/Rlv3/geral/relatorio.php#Visão Geral Brasil](https://aplicacoes.mds.gov.br/sagi/Rlv3/geral/relatorio.php#Visão%20Geral%20Brasil). Last accessed in November 2017.

In addition, MDS periodically measured the management quality of PBF and CadÚnico implementation, with a focus on subnational governments, using IGD, an index that ranges from zero to 1. The closer to 1, the better the management evaluation score. Based on this indicator, MDS calculated an extra amount of financial resources to be passed on to the subnational entities. These resources should be applied to improve the quality of local management of PBF and CadÚnico, including the acquisition of furniture and computer equipment, training, campaigns to mobilize and disseminate information, among others. Lastly, the relevance of SAGI - Secretariat for Evaluation and Information Management - in the process of building indicators and evaluations on MDS policies, is noteworthy. This served as a basis for improving programs and for providing evidence of their impact on the lives of the targeted population, contributing to increase support and legitimacy among society and other government agencies.

With almost 14 million families served in 2016 by PBF, recent research shows its contribution to the reduction of extreme poverty. Soares, Ribas and Osório (2010) point out that the program contributed 21% to the drop in the Gini index and 12% to poverty and 19% to extreme poverty. Kertenetzky (2009) reinforces the importance of the program for the reduction of poverty and inequality, considering the low percentage of the budget spent on it in relation to its cost. According to this author, between 2003 and 2014 there was the greatest historical reduction in absolute poverty in Brazil since 1976, a fall of 18%. In 2017, more than 3.4 million people stopped living in extreme poverty because of PBF, and 3.2 million left the poverty line (SOUZA *et al.*, 2019).

In short, MDS also showcases how changes in the correlation of political forces and in their respective political-ideological orientations altered the capacity of the policies to fight poverty and hunger. The creation and consolidation of this ministry initiated a process of accumulation of resources and development of individual, organizational, and systemic capacities. This path, however, was altered by the new context and the changes in the correlation of forces between political actors in 2016, which led to the impeachment of President Dilma Rousseff and the rise of the following governments of Michel Temer and Jair Bolsonaro, which began to de-prioritize PBF and other social policies. As a consequence, there was an initial freezing and reduction in the financial and human resources made available to this ministry¹¹, similarly to what happened to MCIDADES, which posteriorly led to their entire dismantlement and integration in other umbrella ministries in 2019.

Final remarks

The current debate on state capacity, despite practical relevance for policy-making and analytical advances in the last decades, is still permeated by several theoretical and methodological problems. This work has contributed to the literature on state capacity in three interrelated ways, which reinforce the analytical utility of this revised concept.

Firstly, we worked on the concept of state capacity, highlighting its specificities in regard to the generic notion of power. The former unravels the functioning of the state in action, offering the possibility of looking at how the result of the game of power among different political forces is reflected within the state, that is, how the state apparatus and the public policies are organized to carry out priority actions of the political group in power.

Secondly, departing from the recognition that state capacity is not a fixed attribute of the State, the article showed the relevance of bringing both contextual and political elements into the debate of capacity. We have depicted how changes in historical-conjunctural context and in the political-ideological orientations of dominant groups in government have engendered changes in the mobilization of resources. Furthermore, this

¹¹According to data from the proposed Annual Budget Law (PLOA) of 2018, PBF's budget allocation has been reduced from 29 billion to 26 billion *reais*. As regards housing policies, the 2018 PLOA corroborates the trend of decline in investment: while in 2017 the estimated budget was 13.1 billion *reais*, in 2018, this value reached only 2, 3 billion *reais*.

concept of policy capacity, which specifies the generic notion of state capacity, permits to understand how programs prioritized in the governmental agenda can be built or reinforced inside the state apparatus. The indicators of this process are the activation or creation of resources - financial, human, and financial. Prioritization in the governmental agenda can be viewed as a necessary condition for the activation or mobilization of the stock of resources, even though it might be limited by external conditions and, therefore, not be a sufficient condition for policy capacity building.

Thirdly, by trying to surpass the criticisms related to the theoretical and methodological problems contained in the studies on state capacity, this research has helped to establish clearer boundaries between this notion and other concepts, such as resources and results. It was possible to depict the differentiation between capacity and resources. While the latter are a necessary condition for policy implementation, they do not guarantee per se policy capacity: a government becomes more capable of elaborating and implementing a policy if this area is a priority in the governmental agenda and it decides to create or activate existing stock of resources for this end. On the other hand, this study also clarified the connections between capacity and results: these can partly explain by government's capacity to implement a policy, but they are also determined by external elements, such as economic context. The fiscal policy, for example, may be an area where government has an excellent capacity in terms of mobilization of resources, but unable to deliver the desired results in terms of fiscal revenue due to an economic crisis or recession.

In addition, the analyses of the cases allow confirmation of our argument that historical contexts may have different effects on policies. As such, the fiscal function of the State related to public debt management currently has such importance in the globalized economy that this area of policy is viewed as a basic condition of government and, therefore, characterized by a continuous capacity-building process, remaining a relevant area with increasing allocation of resources in all the analyzed governments, in spite of different political-ideological orientations. The social policies, on the other hand, have assumed a more contingent and dependent character in relation to the dominant political forces in each government, and the resources mobilized to realize their potential of capacity suffered important oscillations. The recent dismantling in social policy areas coupled with the maintenance and expansion of the fiscal function of the State in the governments of Michel Temer and Jair Bolsonaro are clear evidence of these differences.

Furthermore, the cases of MDS and MCIDADES suggest that different social policies present diverse degrees of resilience to keep unchanged their policy capacity when faced with major changes in the economic and political context and in the correlation of forces between political actors. From 2016 to 2018, MDS has had moderate budget cuts and has continued to implement, with minor changes, the *Bolsa Família* Program, a low-cost initiative with considerable support in society. Even though it has received criticism, the program has been able to consolidate itself, both nationally and internationally, as a best practice to fight poverty and a relevant electoral issue, guaranteeing a greater likelihood of its continuity in the governmental agenda. On the other hand, Ministry of Cities had a considerable reduction in its budget allocation and programmatic execution. This was probably due to its higher cost, in the context of extreme cuts in public spending, but also due to growing concerns and criticisms about its legitimacy and effectiveness, as well as the various challenges related to the implementation of housing policy.

Finally, if this work on state capacity could bring some theoretical and empirical contributions, it is also necessary to highlight its limits. First, as mentioned previously, the findings of this research are contextually bounded, and it may be challenged by future developments. Secondly, the article does not incorporate policies that were not a priority in governmental agenda which could be used methodologically as contrafactual or intermediary cases. We expect future research to overcome these limits. The advancement of knowledge on this subject depends on the development of new studies about other policy areas - with or without prominence in the governmental agenda, and even in comparative perspective with other countries and other political, institutional and ideological contexts.

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Policy capacity and governance conditions for implementing sustainable development goals in Brazil

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This article examines governance conditions for implementing the United Nations' Sustainable Development Goals (SDGs) in Brazil. The SDGs are a commitment (signed and adopted in September 2015 by 193 countries) to achieve 17 key milestones by 2030 for formulating and implementing public policies that promote economic, social, and environmental development. Yet the Goals' multifaceted and imbricated nature poses expressive challenges. One argues that the SDGs provide a rich set of interconnected policies to address key aspects of the governance debate, such as the capacities in a complex policy-implementation context; the association between administrative and relational policy capacities; and the dynamics of governance tools. This investigation entails quanti-qualitative analysis based on data produced by semi-structured interviews and a survey with a random sample of the Brazilian federal bureaucracy, answered by 2,000 individuals. The main findings are that the SDGs require a governance strategy capable of building capacity for promoting collaboration among state and society, horizontal and vertical coordination, and data and information for developing analytical capabilities. In sum, SDGs require higher levels of capacities, leadership, and proper institutional design to reach the necessary levels of collaboration for producing coherent and integrated policies, so leadership materializes as the main critical condition for SDGs' implementation in Brazil.

Keywords: Sustainable Development Goals, governance, policy capacities

Capacidade para produção de políticas públicas e condições de governança para implementação dos Objetivos de Desenvolvimento Sustentável no Brasil

Este artigo examina as condições de governança para a implementação no Brasil dos Objetivos de Desenvolvimento Sustentável (ODS) das Nações Unidas. Os ODS são um compromisso (assinado e adotado em setembro de 2015 por 193 países) de alcançar 17 Objetivos até 2030 para a formulação e implementação de políticas públicas que promovam o desenvolvimento econômico, social e ambiental. No entanto, a natureza multifacetada e imbricada dos ODS traz desafios expressivos. Argumenta-se que os ODS fornecem um rico conjunto de políticas interligadas para abordar aspectos-chave do debate sobre a governança, tais como as capacidades em um contexto complexo de implementação de políticas; a associação entre capacidades administrativas e relacionais de produção de políticas; e a dinâmica dos instrumentos de governança. Esta pesquisa envolve uma análise quanti-quali baseada em dados produzidos por meio de entrevistas semiestruturadas e um questionário aplicado a uma amostra aleatória da burocracia federal brasileira, respondida por 2 mil indivíduos. As principais conclusões alcançadas são que os ODS exigem uma estratégia de governança capaz de criar capacidade para promover a colaboração entre o Estado e a sociedade, coordenação horizontal e vertical, e dados e informações para o desenvolvimento de capacidades analíticas. Em suma, os ODS exigem níveis mais elevados de capacidades do Estado, liderança e desenho institucional adequado para alcançar os níveis necessários de colaboração para produzir políticas coerentes e integradas. Além dessas condições, a liderança emerge como a principal condição crítica para a implementação dos ODS no Brasil.

Palavras-chave: Objetivos de Desenvolvimento Sustentável, governança, capacidades para produção de políticas públicas

Capacidad para la producción de políticas públicas y condiciones de gobernanza para la implementación de los Objetivos de Desarrollo Sostenible en Brasil

Este artículo examina las condiciones de gobernanza para la implementación en Brasil de los Objetivos de Desarrollo Sostenible (ODS) de las Naciones Unidas. Los ODS son un compromiso (firmado y adoptado en septiembre de 2015 por 193 países) de alcanzar 17 objetivos hasta 2030 para la formulación e implementación de políticas públicas que promuevan el desarrollo económico, social y ambiental. Sin embargo, la naturaleza multifacética e imbricada de los ODS plantea desafíos expresivos. Se argumenta que los ODS proporcionan un amplio conjunto de políticas interconectadas para abordar aspectos clave del debate sobre la gobernanza, como las capacidades en un contexto complejo de implementación de políticas; la asociación entre las capacidades administrativas y relacionales para la producción de políticas; y la dinámica de los instrumentos de gobernanza. Esta investigación aplica un análisis quali-quantitativo basado en datos producidos a partir de entrevistas semiestruturadas y un cuestionario aplicado a una muestra aleatoria de la burocracia federal brasileña, respondida por 2.000 personas. Las principales conclusiones son que los ODS requieren una estrategia de gobernanza capaz de crear la capacidad de promover la colaboración entre el Estado y la sociedad, la coordinación horizontal y vertical, y los datos y la información para el desarrollo de capacidades analíticas. En conjunto, los ODS requieren mayores niveles de capacidades estatales, liderazgo y diseño institucional adecuado para lograr los niveles necesarios de colaboración para producir políticas coherentes e integradas. Además de estas condiciones, el liderazgo surge como la principal condición crítica para la implementación de los ODS en Brasil.

Palabras clave: Objetivos de Desarrollo Sostenible, gobernanza, capacidades para la producción de políticas públicas

Introduction

On September 25, 2015, with the support of the United Nations Organizations (UN), 193 world leaders approved Agenda 2030 of the Sustainable Development Goals (SDGs) (BRAZIL, 2014). This Agenda consists of a collaborative action plan to grapple with extreme poverty, social inequalities, and climate change (UNITED NATIONS, 2015).

SDGs have been characterized in official discourses as more comprehensive, challenging, and audacious than the Millennium Development Goals (MDGs). The Agenda 2030 contains 17 goals, unraveled in 169 objectives that associate economic growth, social development, and environmental protection. This broader Agenda rescues and imbues a comprehensive civilizing commitment by advocating for a development model and public policies.

However, the SDGs' multifaceted and imbricated nature poses complicated challenges to the 193 countries that signed a commitment to achieve the UN 17 SDG by 2030. Brazil's strong involvement with seminal international agreements and debates to conceive the SDGs', such as the MDG and UN Conference on Sustainable Development (Rio+20), raises expectations on SDGs' implementation in the country.

In 2016, through Presidential Decree No. 8,892/2016, the National Commission for the Sustainable Development Goals (CNODS) was created—the main Brazilian formal governance body responsible for establishing the process of implementing Agenda 2030 in Brazil. The Commission is integrated into the structure of the Government Secretariat of the Presidency of the Republic, with the purpose of internalizing, disseminating, and offering transparency to the process of implementing Agenda 2030 through articulation, mobilization, and dialogue with the three levels of government and civil society (BRAZIL, 2016).

CNODS encourages the creation of institutional mechanisms for implementing, monitoring, and evaluating the SDGs' agenda, as well as forms of territorialization and participatory decision-making processes. CNODS' discourse responds to the Agenda's general statement that achieving its goals and objectives requires transversality and intersectorality among Brazilian public policies. It is no longer a matter of addressing problems through sectoral policies implemented in isolation by federal organizations. It is about identifying and directing state capacities to achieve goals agreed upon in Agenda 2030.

Looking at the governance literature and data from the Brazilian federal government's context, analytical and relational capacities to implement public policy are unevenly distributed across the country's federal agencies; what becomes evident is that some capacities emerge as the main critical condition to implement SDG in Brazil. With this in mind, this investigation identifies and examines existing governance arrangements and critical capacities to implement SDGs in Brazil, particularly from the federal government's perspective. This paper seeks answers to the following questions:

- What are the critical conditions to implement SDGs in Brazil?
- Do all stakeholders from the federal government have the organizational capacity to participate in a meaningful way?
- Is there sufficient leadership to guide the process?

1. Theory: governance tools and policy capacities

Governance is an institutional arrangement that allows society to improve the state capacity and thus the production of efficiency and legitimacy in a political system (PETERS & PIERRE, 2008). That is the definition built by the first wave of governance studies which sought to understand the constituent elements of improving the state's capacity to implement public policies. According to that view, governance is about collective interests in governing, involving the state and society to define and implement collective objectives.

The governance concept is not a novelty. However, contemporary reforms in public administration and the political system consider the governance perspective because it shifts away from conceiving government as a hierarchical role of enforcing society's action toward a steering role in government's relationship with the market and societal networks (STOKER, 1997; 2019). A second wave arose on developing the concept of governance based on a social perspective (RHODES, 1997). In the face of the fragmentation of society's interests, this governance perspective considers that social actors are capable of building networks and influencing decisions and policy implementation (RHODES, 2007, 2012). Networks are governance structures that can expand the role of public administration. Rather than being government-centric, network governance is an interactional complexity structure among the state and society. It is thus an approach that can improve public institutions through political participation and

growth of democratic channels (Sørensen & Torfing, 2005).

This interactive concept for governance is not limited to the context of local societies. It also extends to global aspects. The expansion of international markets requires the existence of institutions to ensure the conditions for governance (ROSENAU, 1995, 1999). Public policies are also formulated in global arenas, promoting the diffusion of common objectives, formulation and decision-making processes, and monitoring and evaluation of global policy (STONE, 2019).

The definition of governance transcends managerial and administrative mechanisms. It represents a process that connects mechanisms of public administration to the political and infrastructural aspect of authority (FUKUYAMA, 2013). Thus, state capacity and the autonomy of public organizations are vital and associated elements of governance's approach. State capacity must be related to the degree of institutional autonomy. Autonomy consists of the institutions' capacity to carry out public actions, regardless of particular directives. The interaction of capacity and autonomy constitutes an optimum point at which it is possible to constitute government and administration processes of the highest quality (FUKUYAMA, 2013).

Unlike New Public Management, the governance perspective does not provide a universal solution for public sector reforms. The central concern is to promote a more robust institutional arrangement that enables improving the quality of public services in the context of a democratic public administration subjected to mechanisms of compliance and accountability (MUNGIU-PIPPIDI, 2015). The main element that defines New Public Management is the construction of bureaucracy's institutional autonomy (BARZELAY, 1992). By contrast, a governance perspective sustains that institutional development occurs according to the context. It questions universal solutions' applicability for distinct political and economic contexts, especially in the case of developing countries (GRINDLE, 2004; POLLITT & BOUCKAERT, 2004).

While the New Public Management approach considers that autonomy relies on the detachment between public administration and the political system, the governance perspective argues for a balance between management autonomy and democratic order to provide institutional improvement and reforms (OLSEN, 2009). The concept of governance contends that institutional reforms should promote improvements not only in management mechanisms, but also to enhance democratic legitimacy. Governance means not only how institutions promote their management capacity, but also how they are

accountable to citizens, adapt and learn from their own mistakes, and promote values that spread development and solidarity (MARCH & OLSEN, 1995).

More than a closed perspective of a theory, this governance approach is a strategy – it is a way to improve public services and public policies institutionally. Essentially, the governance strategy seeks to align the actions of public organizations with the interests of society and make it more capable of achieving its mission (CAPANO *et al.*, 2014). The governance strategy means conducting a process of institutional change that recognizes bureaucracy's role in formulating and implementing public policies and services, which is associated with a political system that ensures greater openness and connection with society.

Institutional mechanisms of governance focus directly on public policies and public services, depending on building administrative capacities, relational capacities, and analytical capacities. These capabilities interact so that public policy formulation and implementation occur in complex systems of multiple streams that encompass global, regional, and local arenas.

There are three elements (acting as tools) to a governance strategy. First, it improves transparency and accountability to achieve compliance. Second, it creates channels of participation and networks with society. Third, it builds mechanisms of political coordination in multilevel organizations. Working together, these tools buttress the legitimacy of public policies and government's action in society (PETERS & PIERRE, 2016; FILGUEIRAS, 2018).

Governance embraces not only the development of economic aspects but also criteria that seek to qualify its management mechanisms. These qualities are non-economic factors such as subjective happiness (FREY & STUTZER, 2000), citizen support for government (ANDERSON & TVERDOVA, 2003), and democratic stability (MUNGIU-PIPPIDI, 2006). The governance perspective recognizes the qualitative aspect of government in light of public policies and services supply that recognizes the value of equity as a founding principle of the political regime and a fundamental public value of the administration (ROTHSTEIN & TEORELL, 2008; FILGUEIRAS, 2018).

Public policies aimed at implementing SDGs occur in complex governance contexts. First, this happens because SDGs are formulated in a global arena, with different actors and by consensus. Second, policy implementation for SDGs involves translating objectives into targeted local policies coherent with the global development perspective. Third, implementation of these policies will be evaluated in local and global arenas, broadening the

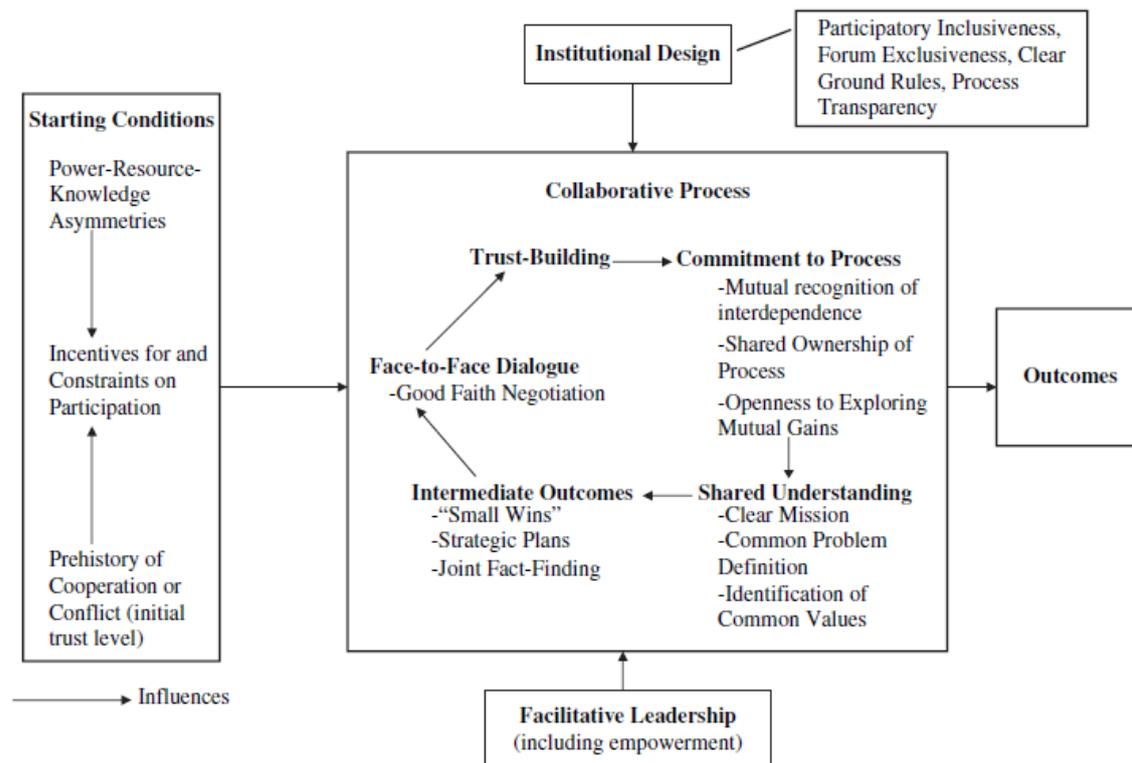
multiple streams of decision making and possibility of institutional learning. Fourth, governance conditions depend on the political and institutional environment to create support for the policies implemented.

With this in mind, the next section looks at analyzing the 2030 Agenda and the challenges of its implementation in Brazil.

2. Governance conditions for implementing Brazil's SDGs: a policy capacity approach

Overall, this paper aims to discuss governance conditions for implementing policies targeting the UN SDGs in Brazil. We argue that the SDGs provide a rich set of interconnected policies to address key aspects of the governance debate, such as the capacities' behavior in a complex policy-implementation context – for example, the contingency of policy areas or types of policies; the association between administrative operational and relational capacities; and the dynamics of governance tools.

Recent studies agree that the 2030 Agenda requires effective strategies (from governments around the world) for achieving policy integration and coherence. The 17 SDGs should act in an integrated, indivisible, and aggregated way (NILSSON, 2017). That is, the 2030 Agenda demands that public policies present coherence and integration to achieve a systemic development that balances the economic, social, and environmental spheres (EUROPEAN COMMISSION, 2015; GEORGESON & MASLIN, 2018; HOWLETT & SAGUIN, 2018). In this direction, two elements are essential for implementing policies to achieve the SDGs. First, creating governance mechanisms that ensure collaboration. Second, collaboration is essential to promote policy integration. These two elements depend on how actors can translate the goals set in the global arena to the local arena and promote policy collaboration and integration to increase policy coherence.

Figure 1 - A model of collaborative governance

Source: Ansell and Gash (2007, p. 8).

Ansell and Gash (2007) advanced the debate on governance conditions, proposing a more comprehensive analytical framework to explain the stages of the collaborative process (Figure 1). Based on a meta-analytic study of 137 cases of collaborative governance, the authors sustain that process models of collaboration result from a combination of (1) *starting conditions* – that involve accumulated capacities, incentives for participation, and a history of cooperation; (2) *institutional design* – that is, ground rules of collaboration; and (3) *facilitative leadership*. A positive arrangement of these aspects produces collaborative governance.

Howlett and Saguin (2018) propose an operational definition that advances the traditional dichotomy of horizontal-vertical integration. It sets policy integration as “the process of reconciling incoherent policy goals and inconsistent policy instruments and pointing them towards more congruent policies” (HOWLETT & SAGUIN, 2018, p. 3). Starting from the comprehension of forms of policy integration as types of strategies for policy coherence, which is the stage in which policies reinforce themselves mutually in the same directions (PETERS, 2015), the authors provide a typology of the policy integration level based on the degree of goals’ and instruments’ consistency: that is, harmonizing, mainstreaming, coordinating, and institutionalizing policies. Each form of policy integration holds different

levels of consistency among goals and tools and demands a specific type of strategy and mechanisms to reach policy coherence. Table 1 synthesizes the imbricated model of levels of policy integration; it appears that the SDGs would demand the highest level of integration during the institutionalization stage.

Table 1 - Relationship of coherence, strategies, and critical governance mechanisms according to the forms of integration

Forms of integration	Relationship of consistency	Strategy	Critical governance mechanism
Harmonizing	Inconsistent goals and tools	Standardization	Organizational leadership with a central position within the government, with resources and legitimacy to integrate actors to work together
Mainstreaming	Consistent tools and inconsistent objectives	Regulation	Modifying the framework of organizational planning, regulations, and procedures
Coordinating	Inconsistent tools and consistent objectives	Query and bargain	Transforming the actors' political positions in collective action results
Institutionalizing	Instruments and objectives consistent	Creation of permanent roles to deal with cross-cutting issues	Cooperating voluntarily through a shared governance scheme

Source: Adapted from Howlett and Saguin (2018).

Acknowledging the increasing complexity of public problems and required specialization for policy making, more recent governance literature highlights that certain challenges of the SDGs' Agenda magnitude cannot be faced easily by a sole organization. In turn, it requires state capacity for producing multiorganizational arrangements (AGRANOFF, 2013) and for operating in a "complex process through which a plurality of social and political actors with divergent interests interact to formulate, promote and achieve common goals through the mobilization of interests, exchanging and implementing a series of ideas, rules and resources" (TORFING *et al.*, 2012, p. 14). In other words, it demands high levels of policy capacities.

The analysis of governance, as well as implementation and bureaucracy studies, have advanced to the conception of policy capacity. In fact, the concept of policy capacity seeks to understand the role of bureaucracies in implementation by assembling

perspectives based on the interaction between individuals and organizations. In Howlett and Ramesh's work (2014), they discuss critical interfaces between policy capacity for governance and states. Starting from a definition that conceives "policy capacity as the set of skills and resources – or competences and capabilities – necessary to perform policy functions" (WU *et al.*, 2015, p. 2), the authors argue that policy capacity in its three dimensions (analytical, managerial, and political) are crucial for governance success.

Analytical capacity consists of the state's accumulative skills and resources to produce evidence for effective policy formulation, while managerial capacity allows the state to manage its resources effectively, and political capacities translate the state's ability to maneuver and negotiate ideas, programs, and plans with society and other policy stakeholders (HOWLETT & RAMESH, 2014). From that theory, the concept of policy capacity coalesces the necessary skills and resources for policy implementation, while factoring individual, organizational, and systemic dimensions. These dimensions and levels of capacity bring together predictors of policy results (WU *et al.*, 2015). It incorporates both dimensions: the collective action of state bureaucracies and political elements of legitimacy built in the state's interaction with society (MOORE, 1995).

Acknowledging the distinct dimensions of policy capacities as conditions for governance, this investigation tackles the following questions: What are the policy capacity constraints and governance arrangements to enable institutional conditions for the implementation of development policies? How are governance tools structured for the process of implementing public policies in Brazil?

3. Methodology

This investigation was carried out in three main phases. The first relied on the analysis of official documents produced by the Brazilian federal government after committing to the 2030 Agenda. The National Voluntary Report on the Sustainable Development Goals (2017) and CNODS' Plan of Action (2017) were the main sources.

The second phase entailed a set of semi-structured interviews with government representatives of CNODS. Representatives of the Secretariat of Government of the Presidency of the Republic (SEGOV); Presidency of the Republic Staff; Ministry of Planning, Development and Management (MP); Ministry of Environment (MMA), and

Ministry of Social Development (MDS) were interviewed.¹² Actors from the permanent technical advisory bodies of the Commission, the Brazilian Institute of Geography and Statistics (IBGE) and the Institute of Applied Economic Research (IPEA) also were interviewed.

In addition, the representative of the Abrinq Foundation for the Rights of Children and Adolescents (Abrinq Foundation) – one of the representatives of nonprofit entities in the Commission – was interviewed. There also were interviews with representatives of the United Nations Development Program (UNDP) that supports the Brazilian government in integrating the SDGs in its development actions.

In the process of conducting interviews, two new state actors were mentioned as relevant in the process of implementing the 2030 Agenda: the Federal Audit Office (TCU) and the National School of Public Administration (ENAP). As a result, these two actors were interviewed to expand the understanding of the challenges and critical capabilities surrounding the implementation.

Thus, 12 organizations were consulted in 12 interviews conducted from June to August 2018. The individuals selected to be interviewed in each organization were based on their participation on the CNDOS meetings and their strategic role in implementing the 2030 Agenda in the agency. Regarding interviews with the key actors in implementing the 2030 Agenda, content analysis was used. The analytical categories were defined after the interviews and were articulated via discussion of governance and policy capacity literature.

The investigation's third phase entails analyses of survey data produced by research carried out by ENAP (2018) on "Capacities of the Federal Public Administration for the Production of Public Policies." ENAP's survey was sent to a random sample of the 101,000 federal civil servants working in the agencies of the Federal Public Administration from October to December 2017. The sample consisted of 6,055 individuals distributed across 24 agencies. The response rate reached 30%, which corresponds to 2,000 individuals.¹³

¹² The Ministry of Foreign Affairs (MRE) was the only governmental member of CNDOS that could not be interviewed, because it was impossible to find a common agenda for interviews during the period of the study.

¹³ More information on civil service characterization, as well as on the process of sampling and data collection, can be found in ENAP (2018), available at <https://www.enap.gov.br/index.php/pt/pesquisas/capacidades-estatais>.

This dataset was analyzed based on descriptive statistics, considering measures for central tendency, having as a unit of analysis the agencies of the Federal Public Administration existing in March 2017, which is when we generated the database used for the sampling process. This yielded information to discern critical capabilities held by each agency, providing a more accurate picture of the present and absent dimensions necessary to implement public policies associated with the SDGs. Annex I lists the organizations consulted.

Simple correspondence analysis – a statistical technique that provides a graphical representation of cross-tabulations – was also applied to examine patterns of relationships and use of informational resources. Cross-tabulations arise whenever it is possible to place events into two or more different sets of categories. Furthermore, this technique provides a means of graphically representing the structure of cross-tabulations, to shed light on underlying mechanisms. To confirm with reasonable certainty the distribution from sample to sample, the usual method of answering such questions is Pearson's chi-square test for independence; it tests whether a cross-tab deviates significantly from one in which rows and columns are independent (YELLAND, 2010).

4. Findings

Policy capacity and governance analysis tend to emphasize government as an organized and unique entity. However, empirical research shows how organizations are different and shows variations in their capacity as well as the constitution of their governance mechanisms. Governments are both islands of excellence and organizations with many governance failures (BERSCH *et al.*, 2016).

The main finding of this research is that analytical and relational capacities for implementing SDGs in Brazil are unevenly distributed among federal agencies. Although there are islands of excellence, most agencies have weak conditions to meet the 2030 Agenda's high demands. What explains the success or failure of policy coherence implemented by federal government agencies with the 2030 Agenda is the political leadership of the 2030 Agenda process and the relational aspect of policy work performed by the bureaucracy.

The findings will be presented as follows. First, we address the interviews to identify governance failures in implementing the 2030 Agenda in Brazil. Second, we

show the variations in capacities among federal government agencies and how they mobilize their policy capacities in different ways.

4.1. What are the critical conditions for SDGs' implementation in Brazil according to federal government representatives?

Official documents from CNODS reveal that the Commission identifies three main challenges for creating governance arrangements and reaching sustainable development in 2030 (BRAZIL, 2017). First, these documents refer to the need for developing data and statistics that allow decision making and adaptation in public policies, as well as improvements in the country's monitoring and evaluation systems (BRAZIL, 2017). A second dimension relates to the importance of developing coordination mechanisms among the three federal branches. It is crucial to develop institutional capacities of the state and municipal governments, too, to fight disparities among subnational entities (BRAZIL, 2017). Third, mobilizing financial resources and strengthening partnerships and networks with civil society also are identified as important to this agenda that transcends state borders (BRAZIL, 2017).

Interviews confirmed some of these aspects, although additional considerations were raised by the Agenda conductors as being vital to its success. After scrutinizing critical capacities, the interviews detailed specificities along different dimensions.

Regarding the analytical dimension, interviews highlighted the following challenges for the Brazilian federal agencies to perform data collection and analysis at the level required by the SDG Agenda: (1) slowness in generating indicators; (2) failure to monitor actions; (3) lack of a long-term planning culture; (4) lack of clarity in defining priorities and goals; (5) lack of a system to evaluate performance; and (6) deficiency in managing integrated information.

As described by an interviewee, to integrate and define goals and indicators, this process "depends on information in order to analyze, and this information does not exist. Therefore, we cannot say that this information does not exist. It exists, however it is not organized." Another actor (interviewee) underscored, "We need to have statistics. Many of the proposed things depend on initiatives to be funded ... a lot of upgrading of the information system." Therefore, regarding analytical capacity at the federal agencies level, the general perception from interviewees is that higher levels are required to reach

the integrative standard demanded by the SDGs' Agenda.

Two other dimensions of capacity were pointed out by interviewees. Both are understood in this investigation as subtypes of a broader relational dimension. Internal coordination is conceived in Wu *et al.* (2016)'s model as part of the administrative dimension. It relates to the resources and skills that increase the internal coherence of state action, involving intersectoral and interfederative coordination. Therefore, they enhance policy agency inside the executive branch. Political capacity, as mentioned before, entails the ability to mobilize stakeholders outside the state membrane, such as civil society, economic agents, citizens, and affected populations.

Concerning the internal coordination dimension, interviewees reported concerns with the lack of interactions between the Ministries and the low level of openness to this Agenda. Apparently, capillarity of the SDGs' Agenda varies widely among ministries. According to one interviewee: "Some ministries pay more attention; others less [to the SDGs' Agenda]." Also, "almost all ministries are very closed communities ... What happens is that some ministries have a more internationalized agenda – as, for instance, environment, science and technology, and health. Ministries with more people traveling are more familiar with global discussions."

In short, the interviews point to a degree of self-centeredness surrounding the federal government's organization. So, high levels of bureaucratic insulation are perceived as a relevant hindrance to SDGs' Agenda coordination.

Furthermore, as one of the interviewees describes:

So another complicating factor, in addition to this issue of the planning model not having established priorities, so that the line agencies can act in an integrated way at the federal level, [is] there is also the difficulty of integrating the national entity with subnational ones in the implementation of policies. So, these are issues. But it is not the lack of an installed capacity; I think it is much more issues to be solved on management models, [a] planning model.

According to interviewees, the challenges related to relational capacity are both in the internal coordination subdimension (at the federal level intersectorally and interfederative), as well as in the political subdimension related to state interaction with non-state stakeholders.

Thus, regarding the relational capacities, they highlighted the following challenges: (1) ministries' isolation; (2) low articulation capacity among sectors and among levels of government; (3) lack of articulation between the center of government and line agencies; (4) lack of intersectoral trust; (5) low communication capacity; (6) lack

of a matrix work culture; (7) disputes among and intra-agencies; (8) lack of internationalization of public policies of executive agencies.

The interviews raised relevant findings concerning other conditions for SDGs' governance in Brazil, including low levels of agencies' involvement and lack of empowered leadership. Interviews report that SDGs, despite being allocated formally at the Presidency, are not today a center-of-government agenda. Although the National Commission is placed under the Presidency, the interviews underlined that this agency is not sufficiently empowered to carry out the SDGs' Agenda. Interviews suggest that more autonomy of leadership is required. Most interviewees identify the Casa Civil (Chief of Staff Office) as the entity that should lead the process.

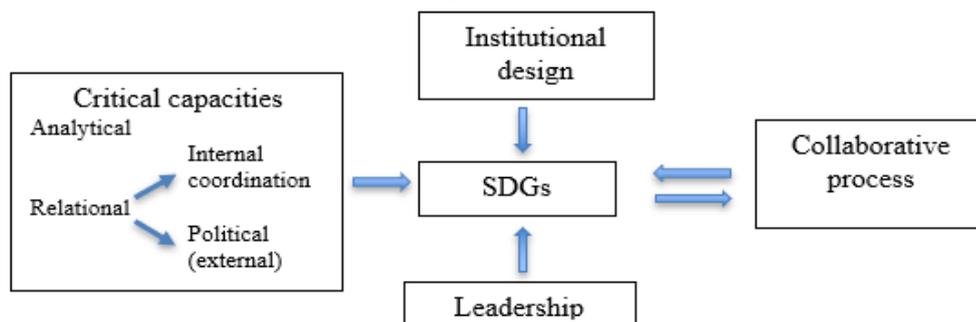
In addition, interviewees highlight the relevance of institutional changes as well. As stated by one interviewee:

There is no police coordination, unlike other countries that have created ... There are countries that have seized the opportunity of the 2030 Agenda for institutional change in their power structures, in their governance structures, in order to, to some extent, favor some issues of the SDGs, which is not the case in Brazil. There are at most isolated efforts. There is little capacity to change the course of politics.

In addition to coordination structure, strong fiscal structure and political stability were also pointed out as determining conditions related to the institutional environment.

From this, we concluded that federal government discourse and the perception of the Agenda's current conductors in Brazil confirm Ansell and Gash (2007)'s model pointing out that capacities, institutional design, and leadership are the primary conditions for building a collaborative governance process to the SDGs implementation in Brazil (Figure 2).

Figure 2 - Brazilian governance conditions for sustainable development goals' (Sdgs') implementation



Source: Adapted from Ansell and Gash (2007).

The following sections examine survey data that provide a diagnosis of the levels of these conditions in Brazil's federal agencies to identify the stage of the collaborative process or form (HOWLETT & SAGUIN, 2018) found in the country for the SDGs' implementation.

4.2. Diagnosis of policy capacity conditions and governance arrangements for SDGs' implementation

4.2.1. Levels of capacity

Next, this section pursues the question: "Do all Brazilian federal agencies have the organizational capacity to participate in a meaningful way in implementing the SDGs?" To find out, data regarding analytical, coordination, and political capacities are examined.

Analytical capacity

Table 2 shows that the distribution of analytical capacities varies among Brazilian federal agencies and that they are not high in general. "To define indicators and methodologies to evaluate and monitor the public policy" translates the substantial level of analytical capacity necessary for SDGs' implementation. On a scale of 1 to 10, in which 1 was very difficult and 10 very easy, civil servants were asked to inform on which level they perform that activity in their policy work. The data indicates that it was not an easy task for them to perform.

Table 2 - Average frequency of civil service's ability to define indicators and methodologies to evaluate and monitor public policy

Agency	Averages	Agency	Averages	Agency	Averages
AGU	4.71	MF	4.79	MME	5.18
Chief of Staff Office	6.55	MDIC	5.63	MDS	5.61
GSI	5.21	MI	5.47	ME	4.88
MTPA	4.55	MJ	5.51	MMA	5.53
MCTI	5.59	MS	5.65	MP	5.63
MINC	5.52	CGU	5.29	MT	5.10
MD	6.02	MCid	5.56	MTUR	5.72
MEC	5.90	MRE	4.78	MDH	6.55
MTPA	5.49	General Gov. PR	6.07	General Sec. PR	5.10

Source: ENAP, *Research on Challenges and Conditions to SDGs' Agenda Implementation in Brazilian Federal Public Administration*, 2018.

As Table 3 shows, many sources of information that could contribute to the decision-making process are not used on a recurring basis. Experts' and international bodies' opinions, as well as the recommendations and/or resolutions of conferences and public policy councils are among the less used. All combined, these exceed 70% of non-use. When accessed on a daily basis, those with the highest employment are information from traditional media (16%) and social media or social networks (13%), followed by recommendations and determinations of audit bodies and legal opinions and decisions, each with 12%. Therefore, in general, while traditional analytical work such as scientific or technical knowledge do not seem to be relevant in policy making, endogenous information produced within the state and media in general seem to be the most influential sources.

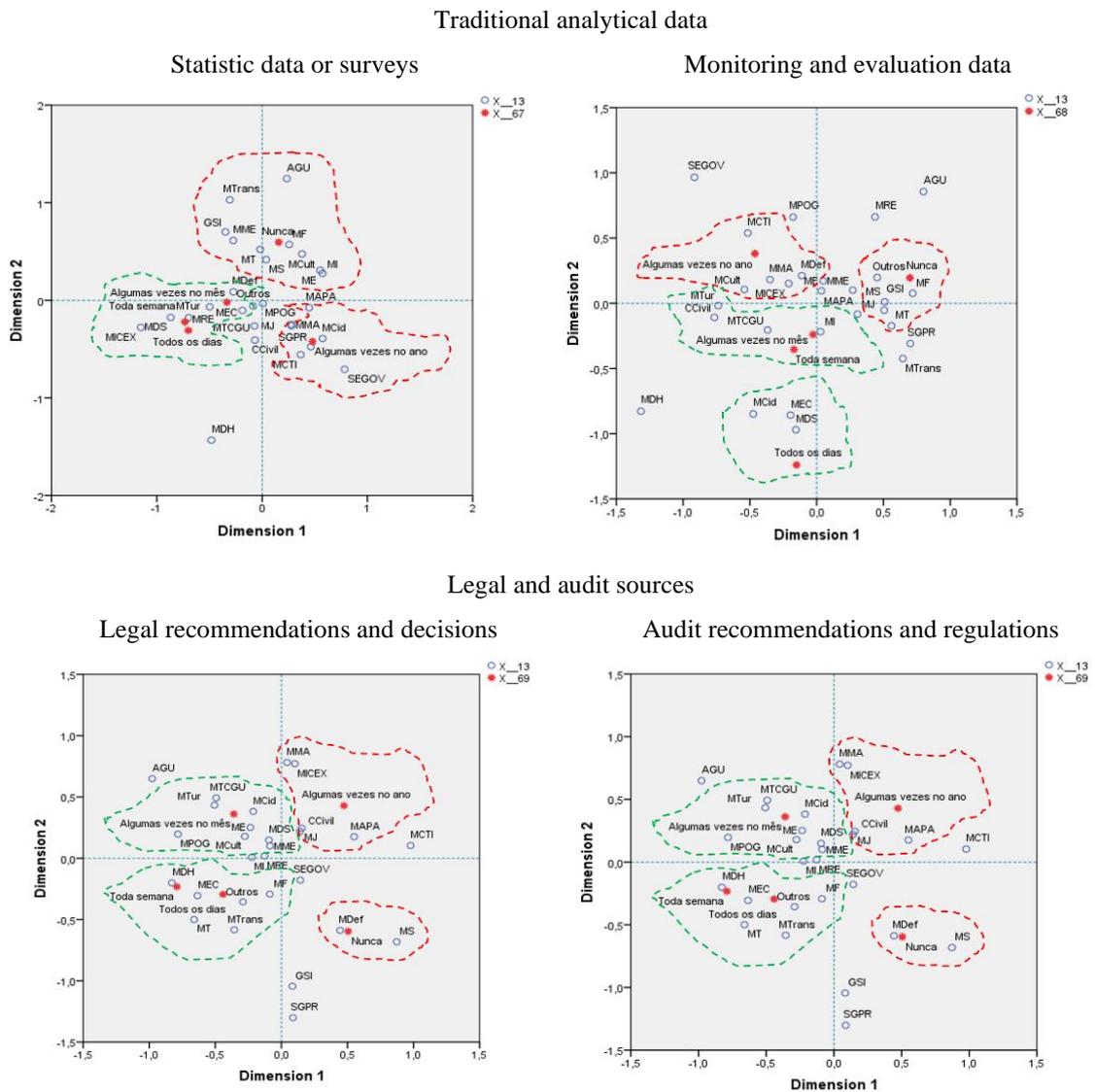
Table 3 - Information resources

Type of resource	Average		Never		Sometimes in the year		Sometimes in the month		Every week		Every day		Answers	Missing
	N	%	N	%	N	%	N	%	N	%	QTD	%		
Statistical data or surveys	2	31	512	31	523	31	318	19	205	12	106	6	1,664	336
Monitoring and evaluation data of public policy (PP).	2	33	457	27	558	33	356	21	194	12	120	7	1,685	315
Legal opinions and judicial decisions	2	28	394	23	484	28	397	23	244	14	211	12	1,730	270
Recommendations and determinations of the audit bodies	2	36	310	18	626	36	365	21	224	13	205	12	1,730	270
Recommendations from participatory instances (e.g., PP councils or conferences)	2	37	570	35	609	37	254	16	118	7	80	5	1,631	369
Expert opinion and international organizations	1	39	642	39	544	33	254	16	115	7	74	5	1,629	371
Experiences or opinions of PP beneficiaries	2	33	538	33	577	35	294	18	136	8	90	6	1,635	365
Information generated by interest groups	1	36	585	36	544	33	299	18	141	9	64	4	1,633	367
Social media or social networks	1	38	624	38	384	23	254	15	184	11	215	13	1,661	339
Traditional media	1	28	473	28	428	26	293	18	204	12	276	16	1,674	326

Source: ENAP, *Research on Challenges and Conditions to SDGs' Agenda Implementation in Brazilian Federal Public Administration*, 2018.

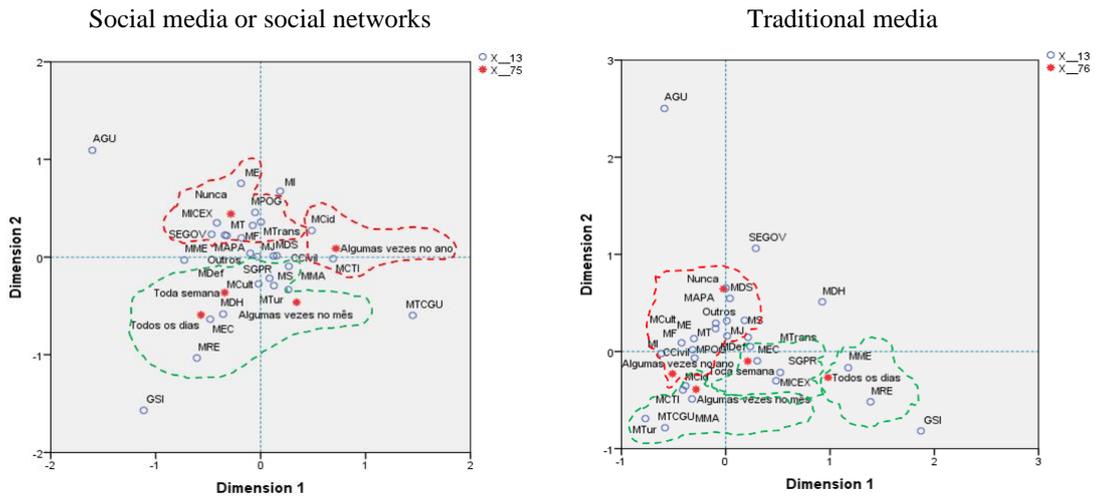
The general pattern depicted here can be found at some level in different agencies, to varying degrees. Figure 3 shows the results of correspondence analysis that illustrates each agency pattern of use of these three sets of data resources.¹⁴ Different interpretations can emerge from that analysis. Data shows that few agencies have a high level of use of traditional analytical data, although “islands of excellence” are identifiable, such as the MDS (Ministry of Social Development) and the MEC (Ministry of Education). Legal and audit sources influence most agencies, revealing a specificity of the Brazilian context. And some agencies practically do not use any of these informational sources, such as the Ministry of Defense (MD) and Ministry of Finance (MF).

Figure 3 - Use of informational resources, by agency



¹⁴ All correspondence analyses were significant (at a level of 1% or 5%).

Media



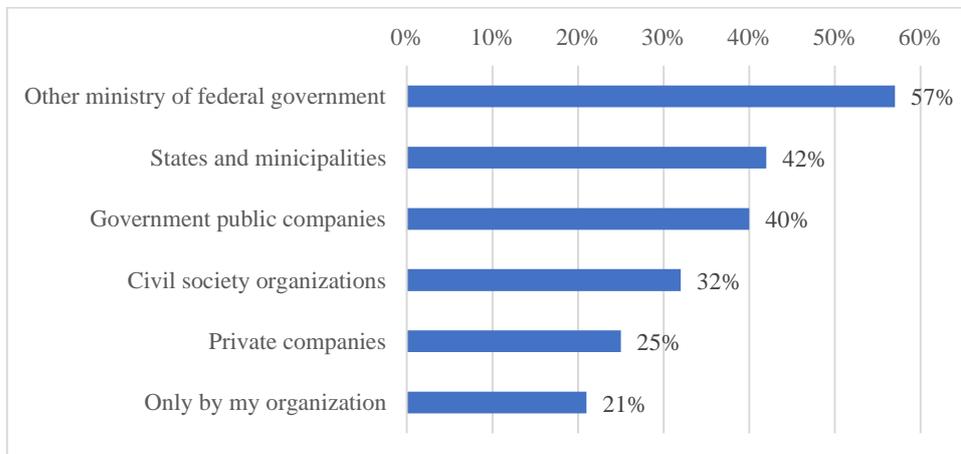
Source: Authors' elaboration and Macedo *et al.* (2019).

Relational capacity

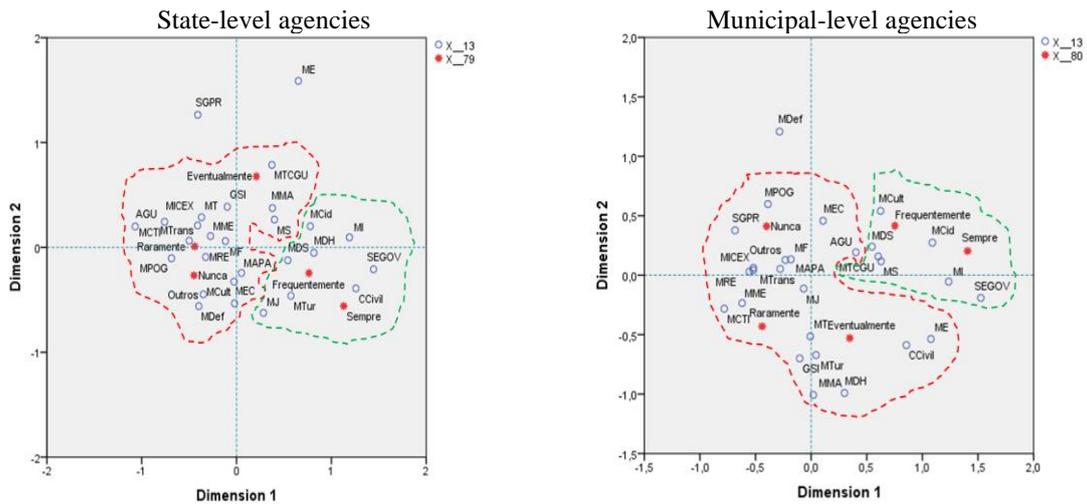
On the relational context, respondents were questioned about interactions with other agencies and entities in their work. According to Figure 4, 57% of respondents stated that the public policy are in which they work is implemented in collaboration with other ministries of the Federal Government. That is, according to the respondents' general perception, most of the public policies implemented by the federal public administration are inherently intersectoral.

Among those surveyed, 42% answered that they also implement public policy in conjunction with states and municipalities, placing the interfederative component of policy implementation second in comparison to different possible partners.

Figure 4 - With whom public policy is implemented



Source: ENAP, *Research on Challenges and Conditions to SDGs' Agenda Implementation in Brazilian Federal Public Administration*, 2018.



Source: Authors' elaboration.

Intersectoral / horizontal collaboration

In cases where the interviewee stated that there was collaboration with other federal agencies or entities in implementing public policies, in which he or she acted, the interviewees' perception of their agreement or disagreement on six statements was surveyed, seeking to analyze the conditions for coordinated action between the different entities. Response options ranged from 1 to 10, on an increasing scale of agreement, on each of the items presented. Table 4 presents the data per agency.

Taking into account Howlett and Saguin (2018)'s model of forms of integration, this question aimed to measure levels of consistency of goals and tools between federal agencies. As for the item "existence of clarity of roles and responsibilities", the mean of the interviewees' average in the scale was of a position of 6.35, with a maximum position of 7.26, and a lower position of 4.71. The heterogeneity of interviewees' perception was measured from across different agencies. If we consider that there are agencies that approach or distance themselves from the middle of the scale, this indicates a variation of results depending on the policy area.

Regarding the item "existence of joint rules that facilitate cooperation", there are agencies for which the average responses of interviewees tended toward the middle of the scale, clarifying the behavior of responses in the average of the previous category.

In the item "existence of an intergovernmental coordination instance", the average maximum perception of the interviewees on the scale was in the order of 9.00, with an average minimum position of 5.00. In general, the answers' behavior was positioned close

to the middle of the scale, with an average of 6.64. The value of the maximum average points to the existence of some interviewees' clear perception that the collaborative implementation of its agencies with others is mediated by an instance responsible for coordinating this interaction among governments.

Regarding the item "usual availability of the database and information to other agencies," an affirmation that placed the agencies as facilitators of collaborations, through the provision of data and information, there are cases in which the perception is highly positive, as in MDH, MEC, MDS, and in the MD. However, among all categories, there are cases where the lowest mean perception was in this category. The trend toward the middle of the scale of responses, on average, points to the possibility of a lack of a systematic data and information culture, which is another challenge indicated by interviewees for implementing the 2030 Agenda.

Concerning the item "there is competition of agendas and resources between my agency and other agencies," some agencies tended to strongly disagree with this assertion—yet there were others who strongly agreed, on average, to perceive competition. The existence of competition distances the possibility of effective cooperation to implement policies, in addition to denouncing the supremacy of unilateral planning of agendas and the execution of resources, as already pointed out by some interviewees, who are active in the 2030 Agenda.

The results of the interviewees' perception, on average, of "resistance to cooperation on mainstream issues" points to a perception that, when the topic is shown de facto as a co-petitioner, the willingness to collaborate seems to increase. This behavior of the responses, on average, shows the possibility of agencies' perception about the nature of policies they deal with, within their competence: there are policies that are "my agency," there are those that are of "other agencies," and there are those that require collaboration because they are not my exclusive competence. It should be emphasized that for this item there was a reversal on the response scale – that is, 1 corresponded to the lack of mainstream cooperation and 10 to total mainstream cooperation. Caution must be taken in interpreting Table 4.

Table 4 - Average of interviewees' agreement on the collaborative implementation of public policies with other federal agencies or entities, per agency

Because public policy is implemented with other federal agencies or entities, how much do you agree with the statements below?	Existence of clarity of roles and responsibilities	Existence of an intergovernmental coordination agency	Existence of joint rules facilitating cooperation	Usual availability of the database and information to other bodies	Existence of competition of intra-agency and intra-agency agendas and resources	Existence of resistance to cooperation on mainstream themes
	Average	Average	Average	Average	Average	Average
AGU	6.00	9.00	7.00	7.00	8.00	9.00
Chief of Staff Office	5.55	5.61	5.20	5.63	6.52	5.92
GSI	7.10	6.80	7.20	7.22	6.25	6.00
MAPA	5.77	5.47	5.62	5.32	4.89	5.06
MCTI	5.59	5.73	5.41	6.25	7.44	5.78
MINC	6.17	5.19	5.15	5.50	5.38	5.61
MD	6.94	8.00	7.69	7.47	5.84	4.52
MEC	7.12	7.39	7.00	7.47	5.49	5.72
MF	6.86	6.74	6.60	6.60	5.32	4.19
MDIC	6.30	7.15	6.42	6.84	7.07	4.96
MI	6.11	5.49	5.62	5.38	6.00	4.63
MJ	6.89	7.60	7.09	6.95	4.92	4.95
MS	5.93	5.63	5.51	6.25	5.63	4.41
MTFCGU	6.14	6.53	6.48	6.64	6.05	5.26
MCid	6.39	6.45	5.83	7.14	6.77	5.48
Itamaraty	6.33	6.52	5.96	6.56	6.14	4.90
MME	7.26	6.97	6.61	5.93	5.35	5.30
MDS	6.86	7.31	7.16	7.43	5.73	6.22
ME	4.71	5.00	5.92	6.31	6.64	5.00
MMA	5.95	6.62	5.97	6.88	6.77	5.63
MP	6.57	6.67	6.30	6.72	5.54	5.18
MT	6.73	6.59	6.32	6.70	6.02	5.00
MTUR	6.56	6.00	5.43	5.20	6.70	6.11
MDH	6.00	7.33	5.33	8.00	6.17	7.43
MTPA	7.13	6.79	7.05	6.62	5.26	4.63
Gov. Sec. PR	6.07	7.00	5.15	7.00	5.00	6.00

Because public policy is implemented with other federal agencies or entities, how much do you agree with the statements below?	Existence of clarity of roles and responsibilities	Existence of an intergovernmental coordination agency	Existence of joint rules facilitating cooperation	Usual availability of the database and information to other bodies	Existence of competition of intra-agency and intra-agency agendas and resources	Existence of resistance to cooperation on mainstream themes
	Average	Average	Average	Average	Average	Average
General Sec. PR	6.13	7.43	5.43	5.33	8.40	5.20
Others	6.65	7.02	6.10	6.31	6.05	5.45
Minimum	4.71	5.00	5.15	5.20	4.89	4.19
Maximum	7.26	9.00	7.69	8.00	8.40	9.00
Average	6.35	6.64	6.16	6.52	6.12	5.48

Source: ENAP, *Research on Challenges and Conditions to SDGs' Agenda Implementation in Brazilian Federal Public Administration*, 2018.

Table 4 shows that, in general, there is a trend of responses toward the middle of the scale in the items related to consistency of goals and tools. However, heterogeneity also was found across agencies' results, suggesting that variation can be explained partially by policy areas. Nevertheless, when respondents were asked to inform whether they perceive competition or resistance when they have to work with other federal agencies, competition between agencies can be identified as one critical aspect in vertical collaboration.

Interfederative / vertical collaboration

Also, from a scale from 1 to 10, from "totally disagreeing" to "totally agreeing," survey respondents displayed a wide range of responses for four other items related to the conditions for collaboratively implementing federal public policies with states and municipalities. This question also acknowledges Howlett and Saguin's (2018) model of forms of integration to measure levels of goals' and tools' consistency in the interfederative relationship.

As for the item "existence of clarity of roles and responsibilities of each entity of the federation," there were cases in which interviewees' average perception was close to total disagreement, while others were close total agreement, according to Table 5.

Next, we analyze the data that compares the answers of two items: “existence of tools and strategies that facilitate the cooperation of my agency with states and municipalities” and “current laws contribute to stimulating cooperation between federal government, states, and municipalities.” We can see that there are agencies which, although on average they express strong agreement with the existence of clarity of roles and responsibilities among the entities, they strongly disagree on the existence of rules and tools that favor interfederative collaboration. That is, although the agencies know their role in collaboration, they do not have the necessary means to operate in collaboration, nor an integrated strategy that contemplates the direction of this type of implementation.

Finally, on the question of the “existence of resistance of states and municipalities to cooperate with the federal government,” the responses’ average behavior points to the involved entities’ predisposition to collaborate, but this may be impeded because there are no clear rules establishing roles and responsibilities, as well as the lack of tools and legislation (laws) encouraging them to work collaboratively. Recall again that there is an inversion of the scale also in this item—that is, that option “1” (or red in Table 5) means the existence of total resistance of states and municipalities and “10” (or green in Table 5) means no resistance.

Table 5 - Average of interviewees’ agreement on the collaborative implementation of public policies with states and municipalities, per agency

Given that public policy is implemented with states and municipalities, how much do you agree with these statements?	Existence of clarity of roles and responsibilities of each entity of the federation	Existence of tools and strategies that facilitate the cooperation of my agency with states and municipalities	Current laws contribute to stimulating cooperation between federal government, states, and municipalities	Existence of resistance of states and municipalities to cooperate with the federal government
	Average	Average	Average	Average
AGU	8.50	4.00	4.50	6.00
Chief of Staff Office	6.70	5.72	5.69	5.54
GSI	6.00	6.00	5.33	4.00
MAPA	6.28	5.41	6.13	5.44
MCTI	5.23	5.09	4.58	5.59
MINC	6.86	5.88	5.81	5.00
MD	7.38	6.31	5.83	5.08

Given that public policy is implemented with states and municipalities, how much do you agree with these statements?	Existence of clarity of roles and responsibilities of each entity of the federation	Existence of tools and strategies that facilitate the cooperation of my agency with states and municipalities	Current laws contribute to stimulating cooperation between federal government, states, and municipalities	Existence of resistance of states and municipalities to cooperate with the federal government
	Average	Average	Average	Average
MEC	7.28	7.56	7.19	5.67
MF	6.89	7.03	5.97	5.94
MDIC	6.42	6.89	5.85	5.20
MI	6.92	6.25	5.66	5.25
MJ	6.75	5.78	6.03	4.59
MS	5.78	5.63	5.46	6.57
MTFCGU	6.09	6.14	5.63	7.24
MCid	6.83	4.91	4.97	5.32
Itamaraty	7.70	7.11	6.20	5.80
MME	3.29	3.14	3.50	3.83
MDS	7.23	7.63	6.90	5.16
ME	5.56	5.65	6.22	6.06
MMA	5.90	5.36	5.28	5.26
MP	5.65	4.53	5.75	6.16
MT	6.52	5.48	6.29	5.10
MTUR	7.00	6.94	7.00	5.19
MDH	6.29	6.57	6.29	6.86
MTPA	7.70	7.00	6.50	5.50
Gov. Sec. PR	6.00	5.62	5.92	6.31
General Sec. PR	7.00	4.50	4.00	1.50
Others	6.43	5.50	5.47	5.10
Minimum	3.29	3.14	3.50	1.50
Maximum	8.50	7.63	7.19	7.24
Average	6.51	5.84	5.71	5.37

Source: ENAP, *Research on Challenges and Conditions to SDGs' Agenda Implementation in Brazilian Federal Public Administration*, 2018.

In sum, goals and roles in vertical collaboration seem to be clearer than in horizontal collaboration, given that it is usually regulated in norms, law, or even in the Federal Constitution. Although the average of responses reached 6.51, that cannot be considered a high percentage. However, as with horizontal collaboration, fragilities also are found regarding the existence and performance of collaborative tools in many agencies.

Considering the challenges posed by interviewees in implementing the 2030 Agenda, the data point to the relevance of rethinking tools and rules to facilitate state performance, in an integrated way, in the three branches of government.

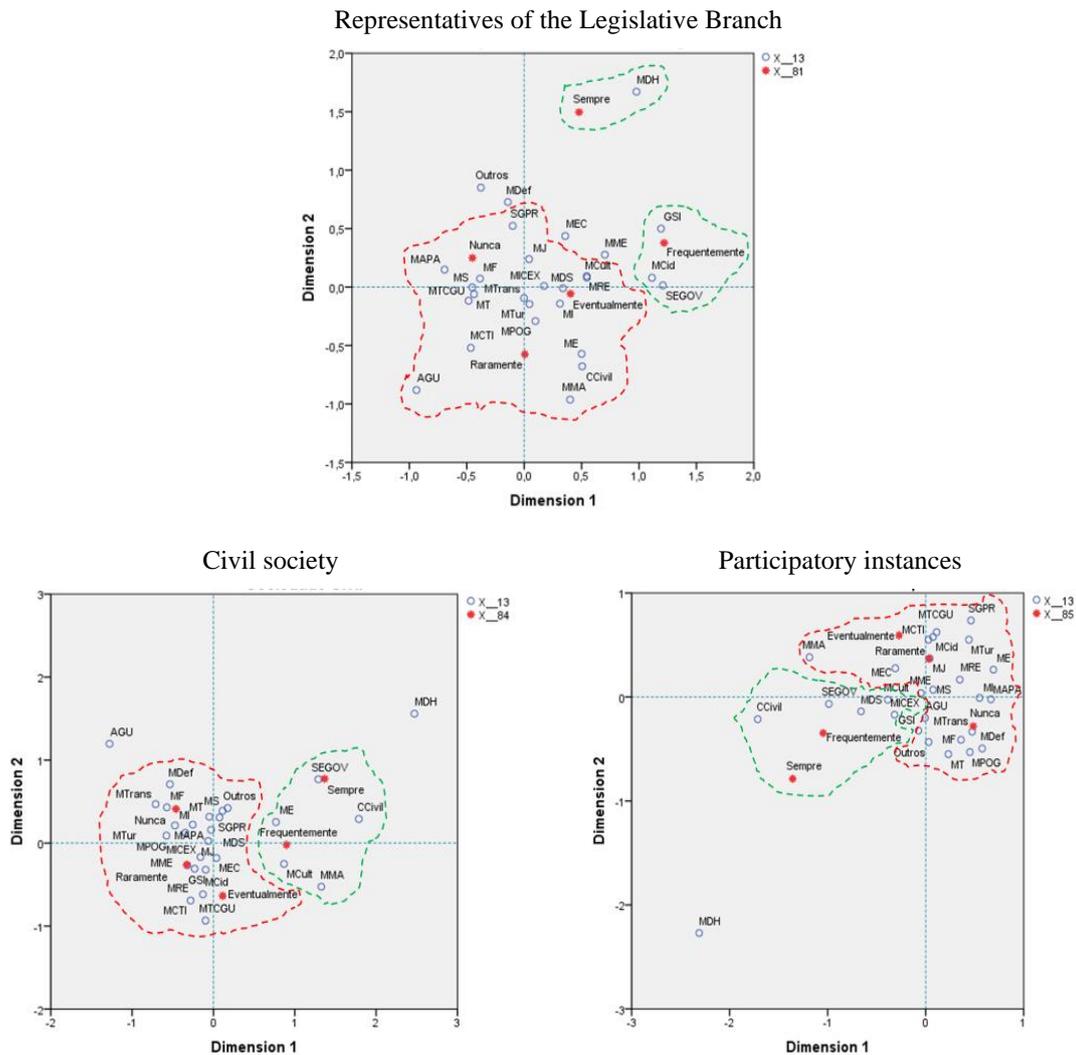
Political capacity

Figure 6 indicates how often federal agencies relate with the major external stakeholders, which enables us to deduce some conclusions regarding political capacities among federal ministries.

Most agencies stated they eventually, seldom, or never interact with the Legislative Branch. Only the Ministry of Human Rights (MHR) affirmed to always be in contact with legislative representatives, while the Ministry of Cities (MCid), SEGOV, and Institutional Security Officer (GSI) often interact with them.

Only some agencies inform that they always or frequently interact with civil society: the SEGOV, Ministry of Education (ME), Ministry of Culture (MCult), Ministry of Environment (MMA) and Chief of Staff Office (CCivil) always or often interact with this type of stakeholder.

For more institutionalized interactions with civil society within participatory instances, most agencies eventually, rarely, or never interact. Only the CCivil, SEGOV, Ministry of Social Development (MDS), and Ministry of Industry and Foreign Trade (MICEX) always or often relate to this same category.

Figure 6 - Frequency of interactions with external actors and organizations

Source: Authors' elaboration.

These data lead us to conclude that political capacity is low and unequally distributed among federal government, a condition that challenges the governance of SDGs' Agenda and, consequently, policy integration.

Institutional environment

Macro challenges were raised by the interviewees during several instances of their interviews. Many agreed that the macro challenges are the frame of the medium and micro challenges already raised. The 2030 Agenda is within a context that cannot be dissociated from the challenges arising from a broader political-institutional context.

The data collected in the interviews also reveal constraints to SDGs' implementation with respect to the institutional environment. These constraints may be divided into determining factors related to conducting the Agenda and conditioning factors intrinsic to the state structure. In the first category, the political stability level is indicated as a relevant constraint that challenges governance of the SDGs' implementation. Otherwise, in the second group, a coordination structure to reduce political interference and fragmentation and a strengthened tax structure were raised as critical constraints inherent to the Brazilian bureaucratic structure that should be developed to reinforce SDGs' governance systemically.

As Interviewee 4 described,

... we look at ... the effort of a joint work of several thematic areas, and the importance of the integrated policies ... I think that this is what this Agenda deals with when ... it says that it is indivisible, that it is integrated, when ... it brings a series of concepts ... the Brazilian political structure is very sedimented on the organization of coalition governments, separation of ministries, division between parties. It does not stimulate or favor, so to speak, an integrated policymaking environment.

Likewise, Interviewee 1 pointed out a paradox between coalition government structures on one side, and policy integration and systemic agency on the other:

Coalition governments create macro challenges, because ministries have suffered constant political fragmentation, generating autonomy, insulation, and results. But the political structure does not allow an interference of the center of government in sectoral agencies. If SDG 17 demands a systemic view of government, the state has to work in a systematic way, with a coordination between policies.

Therefore, on a systemic level, the institutional design is a critical condition to enforce the SDG Agenda governance, especially regarding how institutional political power and economic resources are shared among social groups.

Leadership

Interviews point out that one of the biggest challenges to governance of the SDGs' Agenda implementation is a lack of enforced leadership. Aligned with the perception that there is a fragile governance center for implementing the Agenda, there are those who also perceive "lack of clarity in the institutional arrangement for implementing the Agenda." Another interviewee argues that "No effective policy-inducing authority has been created. The National Commission is an [instance] that bears its legitimacy to seek a dialog, to foster partnerships, but it has no power to influence the ministries."

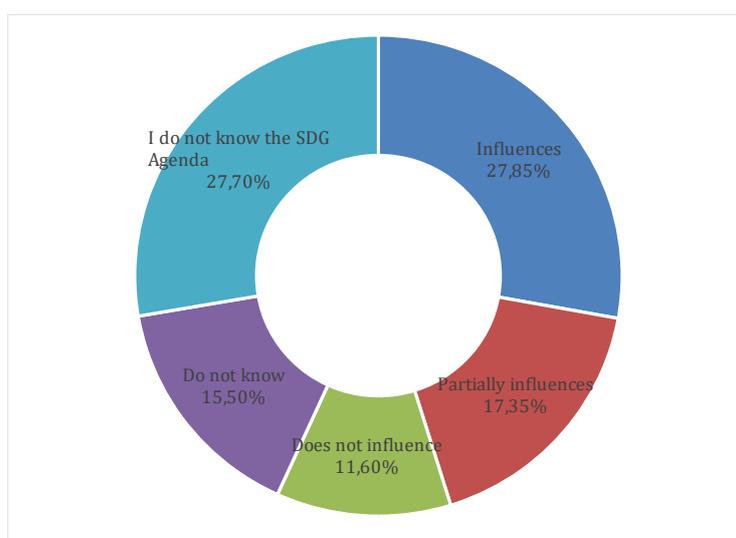
Analysis of the interviews points to a common perception within federal bureaucracy that the SDGs Agenda is not a primary concern for the center of government. One interview summarizes this challenge: “The SDGs demand governance of central government as fundamental. Then, they demand a governance of sectoral public policies, and the duplication and overlapping of public policies by program. ... it is precisely the structuring of the center of government that will allow the integration of the SDGs into the ministries.”

In short, interviews suggest that CNODS lacks the enforcement required to coordinate this Agenda effectively. Interviewees suggest that the Commission should have the autonomy to manage and coordinate the SDGs Agenda. Further, their perception is that this Agenda apparently is not a priority in the federal government’s Agenda.

Levels of civil servants’ involvement in the Agenda reflect that context. Figure 7 shows only 45.3% of civil servants of the Federal Direct Administration understand that the 2030 Agenda influences the public policy on which they work. Of these, 27.7% report that they are unaware of the Agenda, and 11.6% say the Agenda does not influence their work.

Among those who consider that the 2030 Agenda influences the public policy on which they work, the highest recognition of the Agenda is among the employees occupying the highest level of commissioned posts, especially DAS-5 (79.6%) and DAS-6 (66.7%), and among civil servants with the highest level of education.

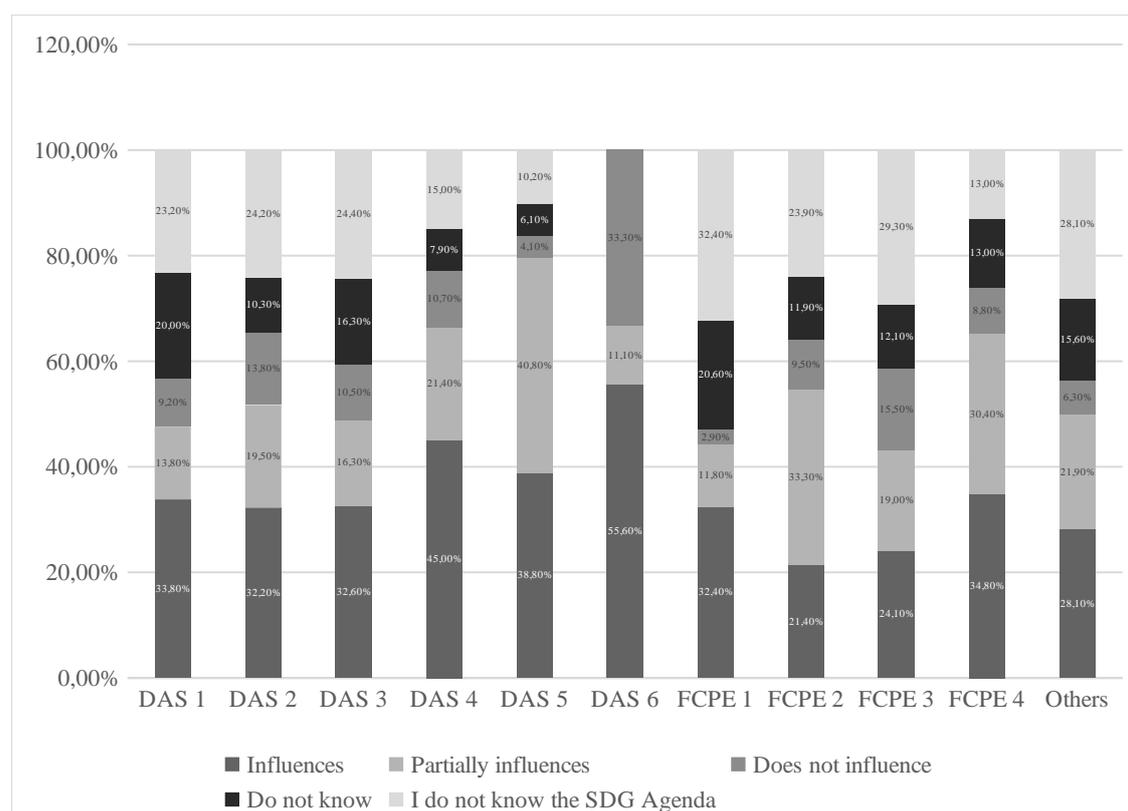
Figure 7 - Civil servants’ perception about how SDGs’ Agenda influences their public policy



Source: ENAP, *Research on Challenges and Conditions to SDGs’ Agenda Implementation in Brazilian Federal Public Administration*, 2018.

As Figure 8 shows, data also reveal that despite top officials being more aware of the Agenda, a significant portion do not identify influence, do not know, or are unaware of the SDGs' Agenda. Thus, this data reinforces the problem of the lack of leadership pointed out by interviewees as a challenge to implementing the Agenda.

Figure 8 - Level of perception about the influence of SDGS' Agenda on public policies' direction, based on the position the civil servant occupies



Source: ENAP, *Research on Challenges and Conditions to SDGs' Agenda Implementation in Brazilian Federal Public Administration*, 2018.

In agreement with this perception, several interviewees brought up the issue of leadership as one of the main determining factors for both the individual, organizational, and systemic level of implementation of the SDGs Agenda. As Interviewee 14 said, “Now one of the challenges to keep this agenda alive is to get people to buy this agenda. You have to have leadership. And you need to have that agenda kept alive and being pushed, because the moment you talk to people who barely know the Agenda ... where’s the leadership?”

5. Discussion

This investigation revealed that the lack of a clear and empowered leadership results in different understandings about the Agenda's relevance among the distinct actors, which in turn influences activity conducted for the Agenda within the federal government – including the Federal Court of Auditors that was confirmed in all interviews as one of the main sponsors of the 2030 Agenda in Brazil. Table 6 summarizes these different understandings as three main types: instrumentalist, ideational, and integrative.

Table 6 - Types of frameworks for actors' ideas and perceptions about the 2030 Agenda

Ideas about the Agenda	Agenda opportunity in Brazil	Perception about the conditions of implementation in Brazil
Instrumentalists	Develop a new model of management and governance in the federal administrative system from existing management tools	Need to develop a culture of evaluating and monitoring public policies
Ideational	Recover the meaning of the development of public policies implemented in Brazil, to improve what is available to promote real, sustainable development	Need to map what is already done, in order to know the public policy system that exists, as a diagnostic model for possible integrations of government actions
Integrative	Mainstream the performance of the Brazilian State as the main engine of the integration of the Executive, Legislative, and Judicial Branches among the federal levels, and between the government and civil society	Developing incentives of collaboration between the different agencies, in addition to creating collegiate institutional arrangements that establish a mediation of communication and implementation of the Agenda

Source: ENAP, *Research on Challenges and Conditions to SDGs' Agenda Implementation in Brazilian Federal Public Administration*, 2018.

The first type, an *instrumental* understanding of the Agenda, lies in the expectation of using the Agenda as an opportunity to organize state objectives, processes, and tools for a common and shared orientation of governmental action. The second understanding, referred to as *ideational*, is concerned with the sense of development brought by the 2030 Agenda. That is, it maintains that adherence to the Agenda would imply redefining the development model of the Brazilian State and, for that, it would require not only a change of state operational structures, but also of any societal structure, thus involving State endogenous and exogenous conditions. Finally, the third understanding focuses on the *integrative* aspect of the Agenda as a way of coping with public policies' problems that

are not restricted to the Federal Executive Branch's performance, but also to its performance with other levels of government, other branches, and actors of the state and civil society, as well as international actors. As Table 6 shows, each perception type carries a distinct set of requirements for governance.

This paper aimed to discuss the constraints of policy capacity and governance arrangements within the Brazilian federal government to implement SDGs. Engaging in the debate on collaborative governance, this investigation confirms Ansell and Gash (2007)'s governance model. The SDGs' Agenda requires higher levels of capacities, leadership, and proper institutional design to reach a form of collaboration that Howlett and Saguin (2018) identified as institutionalization, invoking strong coherence among public policies that lead to mutual, reinforcing cooperation toward shared goals.

Data analyzed in this investigation showed that analytical, coordination, and relational critical capacities are unevenly distributed across Brazilian federal agencies. Even though some islands of excellence can be perceived in specific dimensions, most of the agencies presented fragile conditions to reach the Agenda's high demands. Data also suggested some dysfunctionality in the Brazilian federal government's analytical capacity. Audit and legal systems seem not only to exert strong influence in analytical production but also deflect significant analytical effort from the federal government. That atypical pattern may explain the TCU's influence as a relevant sponsor of SDGs' implementation in Brazil. The investigation also sheds light on Brazilian bureaucracy's strong endogeneity and low levels of coordination and political capacity.

The institutional governance environment also was just as crucial for the Agenda's success. Fiscal and coordination structures that reduce political interference and fragmentation are an essential path for agenda implementation. Coordination tools were found; however, they are far from operating in the integrated manner demanded by SDGs' implementation. The fiscal and public budget structure, though, does not guarantee specific resources for SDGs' implementation. There are no legal prescriptions securing normative conditions, either. Brazil's current political instability and the upcoming government change already threaten the stability of international agreements and thus the 2030 Agenda continuity in Brazil.

Finally, leadership was pointed to as the main critical condition for implementing the SDGs in Brazil. This is probably because it positively can impact the other two conditions – that is, encouraging leadership can guarantee means of strengthening

resources and providing necessary institutional changes. Data showed, however, that the present formal locus of leadership lacks empowerment to tackle this challenging process. According to the interviewees, leadership should be placed in the center of government. It was clear for them that the Agenda is not a government priority and its governance locus reflects that reality. So, despite all efforts put forth by the presidency of CNODS, there is still low recognition of the Agenda in bureaucracy – and different understandings about its importance concurs even among current sponsors of the SDGs.

6. Conclusions and policy recommendations

This research intends to contribute to the governance debate, examining the specific case of implementing the SDGs in Brazil. Despite the challenging scenario presented here, SDGs generally were perceived by key actors in the current Brazilian government as an opportunity to build coherence in Brazilian public policies. Future investigations can continue following the Agenda's trajectory for future government work. They also can consult other actors, especially external stakeholders that can provide varying perspectives on possible governance arrangements and conditions for implementing the SDGs. From a broader perspective, future investigations can compare countries that expand the use of collaborative governance to study existing interactions between the three types of conditions.

The results of this research show that SDGs require the production of policy coherence by strengthening policy capacities and building governance mechanisms that link global and local arenas for formulation and implementation, establish forms of interaction with society, and encourage interaction between government agencies and international organizations.

The findings of this research show that the Brazilian Federal Government has clusters of remarkably different capacities. Information systems are based on a range, going from audit reports or legal documents to information disseminated on the Internet and social networks. Analytical capabilities are disparate and poorly focused on evidence. Moreover, the relational capacities needed for the political construction of legitimacy lack a more interactive perspective based on building collaboration.

This research's theoretical contribution shows that governance depends on government agencies' interactive character – requiring more structural governmental

instruments that promote coordination and strengthen policies' coherence, and instruments that promote analytical and relational capacities and strengthen collaboration mechanisms in the various institutional levels of policies. Finally, governance depends on political leadership to connect management mechanisms with the broader institutional environment, promoting authority based on democratic principles.

In this study on Brazil, implementing SDGs has several governance failures associated with a lack of leadership. Civil service capabilities are neither activated nor mobilized to implement the 2030 Agenda. Thus, governance is not restricted to the design of policy instruments. Governance also depends on political leadership and legitimacy mechanisms promoting the institutional conditions necessary for promoting sustainable development. Capacities can be activated or mobilized to achieve a policy objective, or simply ignored, impacting the results achieved in various ways.

Future research, in addition to addressing comparatively how capabilities are activated (or not), should address the causal problem of how capabilities impact public policy outcomes.

For Brazil, the evidence indicates that the SDGs' implementation depends on political leadership galvanizing the bureaucracy's capacities to implement policies coherently, by activating the following measures:

- Create coordination mechanisms in the government center.
- Enable analytical capabilities and mobilize data and information in an integrated manner.
- Promote agency interaction at various levels of implementation.
- Create forms of vertical and horizontal collaboration between government agencies, civil society organizations, and international organizations.
- Strengthen the institutional design of SDGs' governance.
- Promote forms of institutional learning that can lead to improvements in policy design in a manner that is coordinated and consistent with the overall development goals.

These recommendations are not exhaustive, and their relationship is not hierarchical. The 2030 Agenda, more than a global sustainability objective, is a window of opportunity to create a stream of institutional improvement of governance for Brazil's public policy.

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Annex I: Organizations consulted

Abbreviation	Agencies
AGU	National Attorney General
Chief of Staff Office	Chief of Staff Office
General Sec. PR	Presidency's General Secretariat
Gov. Sec. PR	Presidency's Government Secretariat
GSI	Security Cabinet of the Republic Presidency–GSI/PR
Itamaraty/MRE	Ministry of Foreign Affairs
MAPA	Ministry of Agriculture, Livestock and Food Supply
MCid	Ministry of Cities
MCTI	Ministry of Science and Technology
MD	Ministry of Defense
MDH	Ministry of Human Rights
MDIC	Ministry of Development, Industry and Commerce
MDS	Ministry of Social Development
ME	Ministry of Sports
MEC	Ministry of Education
MF	Ministry of Finance
MI	Ministry of Integration
Minc	Ministry of Culture
MJ	Ministry of Justice
MMA	Ministry of Environment
MME	Ministry of Mining and Energy
MP	Ministry of Planning, Development and Management
MS	Ministry of Health
MTFCGU	Ministry of Transparency and Comptroller General's Office
MT	Ministry of Labor
MTPA	Ministry of Transports, Ports and Civil Aviation
MTUR	Ministry of Tourism

Building relational capacities from institutional arrangements: lessons based on the construction of Salvador's subway system

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This article aims to study the construction process of the subway system in the Brazilian cities of Salvador and Lauro de Freitas, investigating the constraints of state agencies to build this subway infrastructure. By examining the structures created to produce this urban infrastructure policy, this paper tries to explain how institutional arrangements of public policies condition state agency, in other words, how they enhance or undermine the formation of policy capacities to deliver subway infrastructure. The qualitative analysis of the data suggests that the design of institutional arrangements and their change influence the availability and mobilization of actors, resources, competences and policy instruments towards the promotion of efficacy and legitimacy in this policy.

Keywords: policy capacity, institutional arrangement, urban infrastructure

Construindo capacidades relacionais a partir de arranjos institucionais: aprendizados da construção do sistema metroviário de Salvador

Este artigo tem como objetivo estudar o processo de construção do sistema metroviário nas cidades brasileiras de Salvador e Lauro de Freitas, investigando as limitações das organizações públicas para a construção dessa infraestrutura metroviária. Ao examinar as estruturas criadas para produzir essa política de infraestrutura urbana, este artigo tenta explicar como os arranjos institucionais de políticas públicas condicionam o poder de ação estatal em sua faceta relacional, em outras palavras, como eles aumentam ou prejudicam a formação de capacidades relacionais para entregar infraestrutura metroviária. A análise qualitativa dos dados sugere que o desenho dos arranjos institucionais e suas mudanças influenciam a disponibilidade e mobilização de atores, recursos, competências e instrumentos políticos para a promoção da eficácia e legitimidade dessa política pública.

Palavras-chave: capacidade para políticas públicas, arranjos institucionais, infraestrutura urbana

Construyendo capacidades relacionales a partir de arreglos institucionales: aprendizajes de la construcción del sistema de metro de Salvador

Este artículo tiene como objetivo estudiar el proceso de construcción del sistema de metro en las ciudades brasileñas de Salvador y Lauro de Freitas, investigando las limitaciones de los organismos públicos para la construcción de esta infraestructura de metro. Al examinar las estructuras creadas para producir esta política de infraestructura urbana, este artículo trata de explicar cómo los arreglos institucionales de políticas públicas condicionan el poder de la acción estatal en su aspecto relacional, es decir, cómo aumentan o dificultan la formación de capacidades relacionales para entregar infraestructura de metro. El análisis cualitativo de los datos sugiere que el diseño de los arreglos institucionales y sus cambios inciden en la disponibilidad y movilización de actores, recursos, competencias e instrumentos políticos para promover la efectividad y legitimidad de esta política pública.

Palabras-clave: capacidad de políticas públicas, arreglos institucionales, infraestructura urbana

I. Introduction

Urban infrastructure can be understood as the material structure that supports the provision of public services in an urbanized area. Any public service requires some support for its implementation. However, in some cases this material support is the very means by which such public services reach the citizens (IPEA, 2010). This is the case of urban mobility, a public policy that relies heavily on the construction of support infrastructure. Acknowledging this, this paper focuses on infrastructure policies for urban mobility, especially on the subway modal, in order to investigate how its institutional arrangements determine policy capacity building.

Considering the specificities of the infrastructure sector, this paper presents results of empirical research carried out in an effort to explain how elements of the institutional arrangements of urban infrastructure policies (GOMIDE & PEREIRA, 2018; LOTTA & FAVARETO, 2016, 2018; LOTTA & VAZ, 2015; LOUREIRO *et al.*, 2014, 2015) may condition the building of policy capacities (WU *et al.*, 2015), especially relational capacities (PEREIRA, 2014; GOMIDE & PIRES, 2014, 2016).

Drawing from the state capacities literature and the available and produced data from Salvador's subway construction, this paper aims to answer the following research question: **how did institutional arrangements influence policy capacity building in the construction process of Salvador's subway system?**

The main empirical source of the project are documents produced by both institutions involved in the public policy, as well as by organizations related to policy implementation, such as the Institute of Applied Economic Research (IPEA) and control agencies, especially the Audit Courts. These primary data were complemented by the analysis of 15 original in-depth, semi-structured interviews with local actors involved in the implementation of the Salvador subway, from members of the municipal and state bureaucracy to representatives of civil society. This material was used for content analysis, in an effort to identify state capacities, capacity mobilization processes and the relationship between capacities and the different institutional arrangements and their attributes.

This article is structured into four sections, in addition to this introduction. The first section puts forward the theoretical framework used to demonstrate the relations between policy capacities and institutional arrangements. The second section describes

the empirical case analyzed: the process of construction of the Salvador and Lauro de Freitas subway. The third section analyses the data collected based on the empirical case derived from the categories presented in the theoretical framework. Finally, the fourth section presents the conclusions of this paper and an indication of the potential improvements that can contribute to the studies of policy capacities.

II. Policy capacities and institutional arrangements

According to first studies on state capacities, the results of state action may be explained by the presence (or absence) of resources, instruments and structures within public organizations (EVANS *et al.*, 1985). Conceived as organizations that claim control over territories and people, states are actors capable of formulating and implementing their own goals (SKOCPOL, 1985). Therefore, the concept of “state capabilities” was first used by historical new institutionalism as an attempt to explain state autonomy (SKOCPOL, 1985).

Cingolani (2013) divides the literature into two generations of state-based studies: (i) state-building studies and (ii) studies on state agency. The first generation had established a concept of state capacities to explain situations in which states emerge, manage internal and external conflicts, and transform their societies and economies. State building studies may have been originally concerned with understanding the formation of states, that is to say, their construction and differentiation vis-à-vis the society (TILLY, 1975; SKOCPOL, 1979), while the second generation seeks to explain the constraints imposed on and opportunities generated by state action.

This latter generation investigates the capacities that state organizations possess (or not) to effectively achieve given objectives through public policies, such as the provision of goods and services. Therefore, the effectiveness of state agency and the degree of its autonomy to act are directly determined by the ways in which state-society relations are intertwined. In fact, innovative studies have questioned this apparent polarization between State and society and developed the notion of constant interaction and processes of mutual influence (MIGDAL, 1988; EVANS, 1995).

Therefore, the study of the state cannot be limited to the analysis of state organizational conflicts and internal dynamics. It should rather be especially focused on its porosity regarding social and economic environments and resource mobilization and

those instruments that allow these state organizations to process and respond to such stimuli (EVANS, 1995; PEREIRA, 2014).

Therefore, state capacities concern the resources, skills and instruments mobilized within public policies that enable state agency, especially its ability to formulate and implement decisions in collaboration with civil society and stakeholders. The analysis of state agency through the approach of policy capacities contributes to the explanation of policy results, at the same time as it allows for viewing this concept as a dynamic category. In other words, policy capacities do not exist as objects made of matter in the empirical world, as resources and instruments available to state organizations. Differently, policy capacities are built (PAINTER & PIERRE, 2005; BICHIR, 2015).

The literature draws attention to the roles played by different capacities in different situational contexts (MATUS, 1991; LOUREIRO *et al.*, 2018). In other words, a qualified element as a mobilizer of capacities in a given period and in a given political-institutional context can be considered a hindrance at a later time or in another location. In view of this, the investigation of state capacities must be carried out considering not only the characteristics of the context in which they are inserted, but, above all, the maturity term to which the related public policies are subjected, in order to configure new objectives and obstacles (BICHIR, 2015). Therefore, a steady and constant approach to state capacities capabilities on the same policy has little to contribute to the debate about state agency power. After all, capacities may vary not only between different public organizations (SKOCPOL & FINEGOLD, 1982) involved in the same policy, but mainly throughout this policy as it is implemented.

According to Loureiro *et al.* (2018), public policy capacities are related to the exercise of state power, linked to ideological priorities. In this sense, changes in public priorities, thus, in the political project of government (MATUS, 1994) ought often to provoke changes in the institutional arrangement of policies and, consequently, in the conditions for state agency.

It is possible to observe and measure the resources that state organizations employ to increase policy results, in order to indirectly estimate conditions that make state action feasible (LINDVALL & TEORELL, 2016). These conditions may be expressed by the institutional arrangement formed to enable the policy analyzed.

This shift from a State-centered perspective to a State-in-society approach proposes an update to the entire discussion on state capabilities and the autonomy of

States. The patterns of state performance are also determined by the pressures of social clashes under state leaders, constantly occurring in the multiple social arenas of domination and opposition.

In response to these criticisms of the concept of state capacity, the concept of state capacity was expanded to include elements of political representation, conflict resolution, and administrative porosity. In other words, the concept has been updated to encompass the dimension of state responsiveness to social provocations and its accountability towards civil society, so that public action would also involve the instruments and mechanisms in charge of processing and resolving conflicts arising from the public policy process (GRINDLE, 1996).

Considering that capillarity is required for the success of public action, the state should be in constant exchange and dialogue with external actors to maintain its legitimacy. If this premise is true, then one should not speak of bureaucratic insulation as the sole vector of state autonomy, but rather argue that state capacities are determined by the abilities of bureaucracies to relate with one another and to process conflicts with other organizations, economic agents and social actors.

In other words, the result of public policies is also influenced by the way in which the State articulates the network of actors involved in the implementation (PEREIRA, 2014). This idea illustrates a development of the classic notion of bureaucratic insulation and state autonomy (GEDDES, 1994). Thus, political-relational capacities are a manifestation of the embedded autonomy of the State, considering that state organizations are also determined by the relations maintained by bureaucrats and political leaders and external stakeholders (EVANS, 1995; PEREIRA, 2014; GOMIDE & PIRES, 2014, 2016; LOUREIRO *et al.*, 2014, 2015).

Policy capacity could thereby be the result of a balance between two apparently antagonistic vectors: performance of economic and social intervention and political support. According to this approach, state capacity is directly linked to the insulation by bureaucratic agencies, not of interest groups, but of clientelistic political pressures (personal and partisan) by actors who would try to appropriate the resources of these organizations (GEDDES, 1994).

From this perspective, policy capacity is understood as the bureaucratic development of state agencies (SOUZA, 2017), through the establishment of meritocratic processes and technically-based personnel selection processes as well as the availability

of funds and materials, towards an insulation and protection of their resources subject to the clientelistic distribution dynamics of state resources, as a strategy to build political support for the government.

Thus, the idea of insulation may be replaced by the concept of embedded autonomy, that is to say, an autonomy before society and the economy (EVANS, 1995). Peter Evans (1995, p. 12) defines embedded autonomy arguing that:

The internal organization of developmental states comes much closer to approximating a Weberian bureaucracy. Highly selective meritocratic recruitment and long-term career rewards create commitment and a sense of corporate coherence. Corporate coherence gives these apparatuses a certain kind of “autonomy.” They are not, however, insulated from society as Weber suggested they should be. To the contrary, they are embedded in a concrete set of social ties that binds the state to society and provides institutionalized channels for the continual negotiation and renegotiation of goals and policies. Either side of the combination by itself would not work. A state that was only autonomous would lack both sources of intelligence and the ability to rely on decentralized private implementation. Dense connecting networks without a robust internal structure would leave the state incapable of resolving “collective action” problems, of transcending the individual interests of its private counterparts. Only when embeddedness and autonomy are joined together can a state be called developmental.

Therefore, the increase of policy capacities requires the development of state structures, not only to formulate and implement state own goals, but also to establish links with society in order to mobilize stakeholders towards the direction of policy implementation (EVANS, 1995). Nevertheless, it does not mean that bureaucracies should be closed to dialogue with the external environment. In brief, bureaucratic insulation refers to the immunization of the bureaucracies against the political dynamics so that their resources are not used as a currency in the pursuit of support and formation of coalitions (GEDDES, 1994).

In democratic contexts, state capacity should not be conceptualized as a feature of state organizations to become fully independent of the environment and social forces. Instead, state capacities ought to be associated with the idea of embedded autonomy. In other words, the increase of policy capacity is rather conditioned by the existence of state cells with the ability to relate to each other and to stakeholders of that particular public policy area.

Therefore, the state's ability to implement policies relies on an effective bureaucratic machine equipped with sufficient resources to assert its decisions in spite of resistance of the dominant classes, while also allowing exchanges with social and market dynamics (EVANS *et al.*, 1985).

Yet, bureaucratic insulation explains only a portion of state performance, since state intervention also depends on the way in which State-Society relations take place in the institutional arrangements of public policies (LOTTA & VAZ, 2015; GOMIDE & PIRES, 2014, 2016; LOTTA & FAVARETO, 2016, 2018; LOUREIRO *et al.*, 2014, 2015).

The most contemporary understandings of the concept of state capacity are concerned with understanding the action of States within the scope of public policy performance, seeking to understand the elements that influence coordinated action within the institutional arrangements of the respective policies. According to this notion, the analysis of public organizations' performance can be represented in the idea of capacities for public policies (policy capacity), defended by Wu *et al.* (2015). From the understanding of these authors, policy capacity is conceptualized as a set of skills and resources necessary for public organizations to act effectively in the development of public policies. Divided in a tripartite manner, the competencies comprise the skills, which may be (i) analytical, (ii) operational and (iii) political, and resources, which are disposed according to one of following scales: (a) individual, (b) organizational and (c) systemic. Therefore, this conceptual model defines policy capacity as the result of the combination of resources and skills in each of these dimensions (WU *et al.*, 2015).

Therefore, state capacities for public policies can be seen as the mobilization of resources and competences, within the scope of a given policy, on an individual, organizational scale or on the systems in which this policy is inserted (LIMA, 2019).

The literature draws attention to the roles played by different capacities in different situational contexts (MATUS, 1991; LOUREIRO *et al.*, 2018). In other words, a qualified element as a mobilizer of capacities in a given period and in a given political-institutional context can be considered a hindrance at a later time or in another location. In view of this, the investigation of state capacities must be carried out considering not only the characteristics of the context in which they are inserted, but, above all, the maturity term to which the related public policies are subjected, in order to configure new objectives and obstacles (BICHIR, 2015).

Therefore, a steady and constant approach to state capacities on the same policy has little to contribute to the debate about state agency power. After all, capacities may vary not only between different public organizations (SKOCPOL & FINEGOLD, 1982) involved in the same policy, but mainly throughout this policy as it is implemented.

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The federative approach is an imperative dimension in the analysis of the reality of the Brazilian State after 1988, considering the distribution of institutional competences among the political entities of the federation. Different levels of government have different scopes of action in a given domain, which must be considered when measuring the capacities of each one, considering their participation in the studied policies (GRINDLE, 2007; & SOIFER, 2012).

In fact, when considering the federative organization of the Brazilian State and the multiplicity of public, private, and civil society organizations that effectively participate in the implementation of public policies, the study of state capacities is not equivalent to the analysis of isolated institutions, but rather their networking with other organizations (PEREIRA, 2014; & MORTARA, 2017).

Thus, between the organizational scale and the systemic scale, another analytical level should be added: the approach of institutional arrangements (LOTTA & VAZ, 2015). Institutional arrangements can be defined as the set of rules, mechanisms and processes that define the way in which actors and interests are articulated in the implementation of a specific policy (GOMIDE & PIRES, 2014)

In other words, the result of a public policy can also be explained by the institutional arrangement through which the performance of different actors (individuals and organizations) is regulated in the implementation process, in a way that the institutional arrangement of a public policy conditions the definition of policy capacities involved in its production (LOUREIRO *et al.*, 2014; PEREIRA, 2014; GOMIDE & PIRES, 2014, 2016).

In this sense, the institutional arrangement of a given public policy may condition the process of mobilization of resources, skills and instruments by organizations in charge of the implementation of the policy and can affect availability, that is, access to these elements, or even the activation/mobilization of these attributes. Thus, the potential effectiveness of state action is also conditioned by the way in which a network of

stakeholders (state and non-state) are articulated towards policy implementation (PEREIRA, 2014).

Gomide and Pires (2014) define institutional arrangements as the specific rules established to define economic, political and social transactions within policy framework to coordinate this network of interests, delimiting who is entitled to participate in a given process, its purpose and objectives, as well as relationships formed between different actors. In other words, the arrangement represents the specific rules of the “policy game”, established to coordinate players’ actions towards accomplishing policy goals. Therefore, institutional arrangements define who does what on each phase of the policy process.

Previous studies have shown that institutional arrangements for implementing urban mobility infrastructure influence state action and the effectiveness of these policies (PAULA, 2014; & PEREIRA, 2017). In this way, the embedded autonomy can be constructed based on the institutional arrangements of infrastructure policies through which state and non-state actors interact within the implementation process.

As a result, this article attempts to test the way in which policy capacities are defined by institutional arrangement, whether they condition public organizations’ agency and, consequently, policy outputs. Relying on previous studies on the public policy regarding the construction of Salvador’s subway system (SANTANA, 2017; OLIVIERI, 2018; LOTTA & FAVARETTO, 2018; GOMIDE *et al.*, 2018), the goal of the research is to explain how changes in the institutional arrangement of Salvador’s subway influenced different processes of policy capacity building to deliver this infrastructure.

In other words, the contextual variations along the Salvador subway project can be understood through the theoretical key of public policy production capacities (PAINTER & PIERRE, 2005; WU *et al.*, 2015; LINDVALL & TOERELL, 2016), from an analysis of the variations of the institutional arrangement that condition the mobilization of stakeholders and resources towards the implementation of the subway infrastructure.

III. Empirical Case: the construction of Salvador’s subway system

Although the project of building a subway in the city is older (SANTANA, 2017), implementation of Salvador’s subway started in 1997, as a result of negotiations between the International Bank for Reconstruction and Development (IBRD) – an institution belonging to the World Bank Group (WB) – and the three levels of Brazilian government (Federal government, State of Bahia and Municipality of Salvador). Although there was

participation of all federal spheres, it is important to point out that the construction of the infrastructure was first designated by the municipality which, in 1999, created the Transport Company of Salvador (CTS), intended for the building and operating of the new subway system. This project was among the promises of modernization and expansion of the rail network provided for in the Program of Decentralization of the Systems of Urban Railroad Transit of Passengers for the capital of Bahia.

The first contract was signed in 1999 and in the initial schedule the completion of the project would have occurred in 2003. The work schedule was constantly extended over the years without, however, any of the successive municipal governments being able to deliver the subway in operation. In 2013, after negotiations between local, state and federal government, the project was transferred to the State of Bahia, which was able to deliver the first operating subway line the following year. On this occasion, the CTS was transferred to the federal state for administration and has since become the Transport Company of the State of Bahia. Table 1 below shows the chronology of the project from the signing of the first contract until the time the subway started to operate.

Table 1 - Chronology of Salvador's subway construction

Period	1997-2005	2005-2007	2007-2012	2012-2014
Implementation responsibility	Municipal government (CTS)			State of Bahia
Related National Policy	Decentralization Program for Urban Trains	Federal resources replace foreign capital (IBRD)	Growth Acceleration Program (PAC)	Growth Acceleration Program 2 (PAC 2 – Urban Mobility)
Coordination	International Bank for Reconstruction and Development (IBRD)	Federal Government		State of Bahia
Contractual Bonds	IBRD Loan Agreement Contract SA-01 – Build the infrastructure Contract SA-12- Operation, Maintenance, Trains, Telecommunications, Signaling system	First Agreement between Federal government and Municipal agreement – Funding Transference to Line 01	Second Agreement - Federal government – Funding Transference to Line 01	Agreement between State of Bahia and Municipal government – Transfer of the subway project Agreement between Federal government and State of Bahia – Federal funding

Source: Compiled by authors.

The process of implementation of the subway infrastructure was chosen as a case study not only because of results of previous research, but also because of the particularities of this case. Although studies on this topic often focus on successful cases, investigations into state capacities may rely on cases sometimes classified as unsuccessful state action (SCKOPOL, 1985).

Previous research has indicated that this policy faced several difficulties throughout its execution, which led to discontinuities, delays and inertia in the infrastructure construction (LOTTA & FAVARETTO, 2016; OLIVIERI, 2016; SANTANA, 2017; GOMIDE *et al.*, 2018). Furthermore, prior studies have pointed out that the failure attributed to the Salvador subway case could be related to issues of lack of policy capacities (OLIVIERI, 2016; SANTANA, 2017; GOMIDE *et al.*, 2018).

In addition, the process of implementation of the Salvador and Lauro de Freitas Subway System has undergone constant changes, including shifts in the roles of the actors involved, inclusion of different policy instruments, adoption of different contract modalities, and modification of the government project (MATUS, 1991; LOUREIRO *et al.*, 2018) which could clarify the link between policy capacities (WU *et al.*, 2015) and institutional arrangements.

Over the years of its implementation, the institutional arrangement of this subway system has undergone different modifications that seem to be related to the different patterns of state action in the different stages analyzed. In this way, the case of the Salvador subway presents a variation of institutional scenarios that could be useful to elucidate the role played by institutional arrangements, so as to investigate how changes in the different arrangement configurations conditioned the mobilization of policy capacities to construct urban infrastructure (LIMA, 2019). In other words, this is a case in which we can see how variations in the institutional arrangement are related to policy.

This evidence allows us to consider this case as a useful laboratory for investigating conditions that enable the state action of urban mobility infrastructure implementation, qualifying it as an object of study likely to raise theoretical contributions to the debate about the building process of policy capacities from institutional arrangements of public policies.

IV. Research methods

The main empirical source of the project are documents produced by both the institutions involved in the public policy, as well as by organizations related to policy implementation, such as IPEA and control agencies, especially the Audit Courts. These primary data were complemented by the analysis of 15 original in-depth, semi-structured interviews with local actors involved in the implementation of the Salvador subway, from members of the municipal and state bureaucracy to representatives of civil society. This material was used for content analysis, in an effort to identify state capacities, capacity mobilization processes and the relationship between capacities and the different institutional arrangements and their attributes.

Considering this research is based on a single case study, the data was collected from empirical research previously carried out on the same policy (SANTANA, 2017), derived from documents stored by public institutions, as well as reports of interviews with actors who had direct or indirect participation in the policy process. A compilation of these sources was gathered and the data processed using qualitative methods in order to highlight the way in which elements of the institutional arrangement may influence the formation of relational capacities in each of the phases of the policy process.

The analytical framework (presented in the model further below) shows relationships between (i) types of relational capacities verified in the construction of Salvador's subway (first column), (ii) empirical elements of the institutional arrangement which influence the formation of these relational capacities (second column) and (iii) the variations and changes faced by the institutional arrangements along the three phases in which the policy process was divided (third, fourth and fifth column).

The relational dimension of the institutional arrangement provides the state organization certain elements that in turn can increase or reduce the conditions that enhance agency for the implementation of the policy. The goal is to evidence transformations of the relational dimension of the institutional arrangement of Salvador's subway system and how modifications of such arrangement influenced the building of relational conditions.

The relational dimension of the institutional arrangement is analyzed as a conditioning factor for the construction of (i) capacities aimed at internal coordination of state actors - of the executive power and of the same federative level - directly responsible

for policy production (ENAP, 2018), as well as for the activation of (ii) political capacities aimed at mobilizing non-state and state actors not included in that first group, involving them in political processes, in order to foster legitimacy and reduce vetoes (LOUREIRO *et al.*, 2014; PEREIRA, 2014; WU *et al.*, 2015; GOMIDE & PIRES, 2016; MORTARA, 2017; ABERS, 2018).

Considering previous investigations regarding policy capacities and institutional arrangements (WU *et al.* 2015; GOMIDE & PIRES, 2014, 2016; ENAP, 2018; FIANI, 2013), we propose the analytical model exhibited below:

Table 2 - Analytical framework model of relational capacities

POLICY CAPACITY	EMPIRICAL ELEMENT FROM THE INSTITUTIONAL ARRANGEMENT	PHASE 1 (1997-2005)	PHASE 2 (2005-2011)	PHASE 3 (2011-2014)
Internal Coordination	Centrality in the public agenda			
	Coordination structure			
Political Capacities	Federative relations			
	Relations with control agencies			
	Relations with economic stakeholders			
	Relations with civil society			
	Relations with international organizations			

Source: Adapted by authors from Lima (2019, p. 81).

V. Findings

5.1 Internal coordination capacities

In advance, it should be clarified that internal coordination should not be understood here as an administrative coordination, which as such would be contemplated in the technical-managerial capacities, but rather as institutional coordination of actors of the bureaucracies involved in the Salvador subway project.

The Salvador subway was conceived as a public policy based on the campaign promises of Mayor Antonio Imbassahy, whose election for the 1997-2000 term in the city

gave materiality to the idea (SANTANA, 2017). The first two years of this mandate were the scene of negotiations between the three federative spheres as well as with IBRD, while the last two years were marked by the definition of the project's design and the bidding for the two main contracts. In the first four years, it can be inferred that the subway project was central to the agenda of local governments, both state and municipal, and the federal government.

It is not incidental that the project was coordinated by a body created specifically for central government projects, linked directly to the mayor's office: The Municipal Secretary for Investment Promotion and Strategic Projects (SEMPI). Until 2000, SEMPI served as an instrument for coordinating project activities and maintaining policy with a central focus on the government agenda.

In the second period of phase I (2001-2004), there is still continuity of government in relation to the project. However, SEMPI is extinguished, so that the CTS passes to the Municipal Secretariat of Urban Transportation (SMTU), along with the subway project. In this context, the former Secretary of SEMPI and also CEO of CTS becomes the municipal secretary of urban transport.

Despite maintenance of the project amidst these variations, the analysis of some interviews allows us to infer that the relevance of the subway project diminished in the municipal government agenda, a phenomenon also verified in other studies on capacities (LOUREIRO *et al.*, 2018). In other words, there is a continuity of both the government and the leaders involved, yet the project loses some prominence in the list of public policy priorities. Regarding the state and federal governments, there is not enough data to draw conclusions and make relationships between these variables.

In contrast, the position that the Salvador subway project occupies in government agendas is completely changed with the advent of phase 2. It is worth noting that the event that marks the transition to phase 2 - the transfer of urban trains to the government - seems to have been one of the main causes for the reconfiguration of government priorities.

At first, from a federal government perspective, building a subway system has never been on the national agenda, but rather was a political bargain negotiated between local governments so that the federal government could implement its own interests under the Urban Train Decentralization Program (PDTU): the transfer to local power of the Salvador urban train system, hitherto operated and managed by CBTU.

From another point of view, the Salvador subway has lost centrality in the municipal government agenda for a number of reasons. Firstly, because there was a change of government in 2005, with the election of candidate João Henrique as mayor of Salvador. Secondly, because the municipality was overwhelmed by the administration and operation of suburban trains which, according to interviews, may have drained the subway project's financial, human and technical resources, as both suburban and suburban train systems were under the responsibility of CTS. The analysis of documentary data and interviews leads to the conclusion that the subway, as a public policy, would have significantly lost its prominent place in the municipal government agenda.

Nor does it appear that instruments to coordinate project activities had been mobilized at this time, as the data do not indicate any support from the institutional arrangement to CTS for project implementation. In fact, the scarcity of information about the local arrangement at this stage seems to suggest the absence of a larger CTS support network, which seems to point to the hypothesis that during this period the municipal company was on its own in the challenges of managing local contracts and federal agreements.

On the other hand, it could be suggested that the Salvador subway was more relevant in the federal government's perspective, from its inclusion in the Growth Acceleration Program (PAC) project portfolio. Despite such visibility, the project also drew the attention of control agencies, which led to criticism and irregularities pointed out in the project hiring.

In phase 3 of the project, in turn, the arrangement has changed too much with respect to this variable. First, because of the transfer, the project is not only off center, but completely out of the municipal government's agenda, which now assumes the role of obstacle, at times hindering the progress of the project. Secondly, on the verge of the project being handed over to the state, the Salvador subway had its public image and credibility completely annihilated, such that the state would absorb not only a source of national shame to the local population, but also a major challenge for the state public policy. As is clear from the interviews, the risk taken by the state was too high. If it were to fail, the negative image of the project would damage the reputation of the state government, but if the state of Bahia were successful in delivering the subway, it would gain a great reputation for success.

In phase 3 of the project, either due to the imminence of the FIFA World Cup, or for other reasons, the Salvador subway project emerged strongly on the federal government's agenda, which facilitated its inclusion in PAC II. This resumption as a federal government priority was an essential element for the availability of financial resources and support for the state government on other project fronts, such as the change in federal Public-Private Partnership (PPP) legislation.

In phase 3, the PPP contract itself can be understood as an instrument of project coordination, mainly because it contains in itself all the works and services for the completion of the implementation of Line 1, construction of Line 2 and operation of the subway system project. Being only a single contract, the PPP enabled greater coordination of activities by the State of Bahia, since the management and supervision lay only with the concessionaire, who was responsible for contracting works and services necessary for the implementation of infrastructure.

In addition, the institutional arrangement in phase 3 had an important instrument of coordination, starting from the creation of a working group in the State of Bahia, composed of representatives of the main state organizations to conduct the formulation and execution activities of the subway system project. According to the analysis of the interviews, this working group comprised representatives of CTB, SEDUR-BA, SEFAZ-BA, PGE-BA, Casa Civil-BA and external consultants hired to provide technical support to the work.

Finally, from the data analyzed in this research, it is worth pointing out the notable lack of presence, in all three phases, of certain categories of bureaucracies: (i) organizations for the preservation of cultural heritage, (ii) bodies responsible for environmental licensing and (iii) regulatory bodies of public passenger transport. These actors appear very marginally from interview reports and documentary records.

The lack of visibility of these bodies can be interpreted as indicative of their low involvement in the institutional arrangement of Salvador's subway implementation. A possible explanation for this hypothesis is linked to the very characteristics of the subway engineering project, whose great part of the route runs through the central highways of the city, except for two stations which are underground and situated in historic areas of the city center. In other words, the urban spaces in which the subway's physical infrastructure was designed involved few areas with environmental and cultural heritage elements, which could explain the absence of mention of these organizations in the data

collected in this research. This hypothesis corresponds with the conclusions of previous studies, which already pointed out that the delays in the Salvador subway works were not caused by environmental licensing issues (PEGO *et al.*, 2018).

In fact, heritage bodies were mentioned superficially in one interview, specifically regarding the underground works of the two stations that occurred in phase 1, but still, nothing very significant for the objectives pursued by this research. In this sense, differently from what is often pointed out by infrastructure policy studies, the data analyzed in this case did not point to relations with bureaucracies for the preservation of cultural heritage and the environment as significant conditions of internal coordination capacities.

On the other hand, the evidence that public transport regulators would not have actively participated in politics seems to point to an incompleteness of the institutional arrangement in involving these bureaucracies. One of the reports expressly points out that AGERBA, the body responsible for regulation of the metropolitan bus lines, was belatedly involved in the institutional arrangement of the subway system when conflicts between the state of Bahia, the city of Salvador and municipal bus concessionaires were already fierce. According to this report, AGERBA would not have been included in the discussions until the modal and tariff integration with tire transport threatened the food and operational viability of the subway project, at which time the agency would have been involved to promote readjustments in the lines of metropolitan buses.

Finally, none of the information collected made any mention of the participation of bodies of the municipality of Salvador responsible for regulating urban mobility.

Table 3 - Internal coordination capacities

	Phase 1 (1997-2005)	Phase 2 (2005-2012)	Phase 3 (2012-2014)
Centrality in governmental agenda	<p>Municipal level: subway project benefited from greater centrality due to its having been a campaign promise of the new government elected.</p> <p>State level: low relevance in the agenda.</p> <p>Federal level: Subway project was relevant to the federal level as it would enable the</p>	<p>- Municipal level: subway project was not a priority in the agenda of government elected, since the train system drained most of resources and attention at the municipal level.</p> <p>- State level: low relevance in the agenda.</p> <p>- Subway project loses centrality within federal agenda, because of the</p>	<p>- Municipal level: government opposes the project due to political rivalry and to the concurrence with the bus transport system.</p> <p>- State level: Subway project was placed in the center of the governmental agenda, benefiting from the leadership of the governor's office and the</p>

	Phase 1 (1997-2005)	Phase 2 (2005-2012)	Phase 3 (2012-2014)
	transference of the train system administration to the local level.	complete transference of the train system to municipal level.	Office of the Chief of Staff at the state level. - Federal level: the project benefited from greater centrality, due to the imminence of international sports events to take place in Brazil and political alignment with state government.
Outputs	Municipal and federal organizations were highly engaged in the project.	Municipal and federal organizations showed low engagement in the project.	State and federal organizations highly engaged in the project. Municipal organizations opposed to the project.
Coordination Structure	- 1997/2001: SEMPI leadership, placed closely to the mayor's office. - 2001/2004: SEMPI's extinction. Subway project is transferred to a sectoral body placed in a lower hierarchical level.	- There is no evidence of a sophisticated structure for coordination.	- A Working Group structure is created at state level with the participation of organizations involved in the project. - The PPP contractual structure is created. - A metropolitan agreement is signed between State of Bahia and both municipal levels involved.
Outputs	The existence of a structure directly linked to the mayor's office enabled a better coordination of the public organizations involved in the project.	Municipal level faced difficulties in coordinating multiple actors involved in the project.	The working group enabled the exchange of information between state organizations. The P3 contract defines responsibilities of State of Bahia and private partner. The metropolitan arrangement made it possible to integrate the subway with the bus systems (municipal).

Source: Compiled by authors.

In phase 1, there seems to have been greater centrality due to campaign promises from the municipal government, which was lost during phase 2, both at the local level and at the federal level. The project was central to the federal government's

agenda during phase 1, which was not the case during phase 2, since the transfer of administration of suburban trains to the municipal level was carried out. In contrast, during phase 3 the project had great relevance to the agenda of the state government and also to the federal government due to, especially but not only, the imminence of international sport events which would be hosted by Brazil in the following years.

5.2 Political capacities

The political capacities built by the Salvador subway implementation arrangements were conditioned on five relational elements, observable in the empirical case: (i) federative relations, (ii) relations with control agencies, (iii) relations with economic stakeholders, (iv) relations with civil society and (v) relations with international organizations.

The specific selection of these relations does not imply that they would have been the only actors involved in the Salvador subway implementation processes¹⁵. Many others have participated, directly or indirectly, in this policy, however, the data gathered point to the significant influence between capacity building and the relationships dealt with below.

5.2.1 Federative relations

Federative relations were a relevant variable in all three phases of the project to build capacity for the implementation of subway infrastructure. This is also one of the variables that points to one of the largest variations over time, indicating fluctuations in capacity levels in each period.

To preface, the inception of the subway project as a public policy is due to the formation of an initial federative arrangement, that is, to a pact between the Federal government, the State of Bahia and the Municipality of Salvador to build a subway system in the Bahian capital. In this first phase, synergies were established especially between

¹⁵ This list does not include, for example, actors that are recognized as relevant to the production of public policies, such as those from the legislative and judiciary spheres. The data analysis showed little relevance in the participation of these last categories in what concerns, specifically, the processes of construction of conditions for the state action of implementing subway infrastructure in Salvador.

the municipal and federal governments to support and exchange technical expertise from CBTU to CTS, in the co-management model developed for the project.

In addition, federative relations were an instrumental requirement for building financial capacities, since the involvement of state and especially federal governments provided voluntary transfers of resources so that the municipality could contract the works and services to implement the subway. It is no wonder that thanks to the political articulation with the federal government, the loan with IBRD became viable, based on the provision of guarantees and debt contraction by the federal government.

However, while on the one hand the synergies between Salvador and the federal government were crucial for project financing, they were also responsible for including the Federal Audit Court (“TCU”, Portuguese acronym) in the subway implementation arrangement, since the control body is competent to oversee the use of resources. The federal TCU’s performance during the first and second phases of the project repeatedly caused delays and inertia in the project’s progress due to irregularities. Without going into the merits of the TCU’s notes and analyses, it can be stated that federal relations aimed at raising financial resources, although they boosted the building of financial capacities, also created indirect obstacles to state action, since the repeated interventions of that body reduced project continuity.

On the other hand, during phase 2, federative relations were marked by the assumption by the federal government of the portion of financing previously borne by IBRD. In spite of this intensification of federal resources, relations between the federal government and Salvador changed in such a way that the construction of other types of capacities – for example, techniques – had been compromised, since the co-management model was replaced by a supervisory model. This phase was also marked by distance from the project by CBTU.

According to analysis of the interviews, it can be inferred that the political capacities built in terms of federative relations were lower in phase 2, considering the low engagement of federal and state levels during this period. Regarding the relations between the municipality and the state of Bahia, the lack of political articulation between both entities generated deficiencies in the internal coordination of the project, such as the acquisition of trains for the subway system, at the expense of the state, before the completion of infrastructure works, at the expense of CTS. Regarding the relationship between the municipality and the federal government, although the project was included

in two policies for receiving federal transfers, the disruption of the co-management model – established in phase 1 – left the CTS helpless and without technical support for the project's construction management. Moreover, there was no building of political capacities towards dialogue with the TCU, as already shown.

In other respects of the third phase, federative relations were one of the main variables that enabled the construction of capacities by the State of Bahia to complete the implementation of the subway infrastructure in a timely manner. First, the articulation between the state of Bahia and the municipalities of Salvador and Lauro de Freitas propelled a federative architecture capable of elevating the subway system to metropolitan proportions. In other words, federative relations were a very important variable for the design of a new arrangement, marked by the introduction of two new instruments (federative agreement and program agreement), which was an indispensable condition for the coordination of actions and interests towards the implementation and operation of a subway system that forms the structure of a metropolitan mobility system. From the point of view of relations with the federal government, these also boosted the mobilization of capacities by the State of Bahia to implement subway infrastructure. Beforehand, the context was of imminent FIFA World Cup games that would be held in some Brazilian capitals, including Salvador, which was why the federal government had a strong interest in Line 1 of the subway system. At this point, the subway's operations had commenced.

In this way, the articulation for the amendment of the federal PPP law, in order to create a new contractual financial device, was responsible for enabling a less costly and faster execution of the project for the government, since it allowed, from a financial and economic point of view, a greater balance between expenses and revenues throughout the implementation phase. In addition, the political articulations with the federal government provided the availability of financial resources, such as remaining PAC onlending, as well as new PAC 2 onlending and BNDES financing.

The analysis of interviews suggests that the unsolicited proposals procedure (PMI) and the PPP enabled a coordination of actors and interests in the form of market mechanisms. Further, the federative agreements established between the State of Bahia and municipal governments (Salvador and Lauro de Freitas) resemble coordination mechanisms in the form of a network (LOTTA & FAVARETO, 2018). These federative agreements were crucial for inserting the subway according to an integrated rationale of

metropolitan transport, guaranteeing cooperation of the municipalities with the urban planning issues, besides guaranteeing the non-competition with other models and, consequently, the passenger demand necessary for the self-sufficiency of the Metro Transportation System.

Table 4 - Political capacities to federative relations

	Phase 1 (1997-2005)	Phase 2 (2005-2012)	Phase 3 (2012-2014)
Federative relations	<ul style="list-style-type: none"> - Federal and state engagement in management of the project and funding. - Shared management model structured to involve the three federative levels. 	<ul style="list-style-type: none"> - The old train system administration is transferred to municipal government. - Federal government step out of managerial role for tasks. - Federal funding rises - State of Bahia in charge of purchasing the subway trains. 	<ul style="list-style-type: none"> - Political alignment between federal and state governments. - Metropolitan agreements between state and both municipal governments.
Outputs	CBTU's engagement enables capacities to construction management.	Lower federal prominence in managerial tasks contribute to municipal failure in executing the project.	Relations between State and federal government enable changes in the national legislation. Relations between State of Bahia and municipals governments enable integration of the subway with local bus systems.

Source: Compiled by authors.

5.2.2 Relations with control agencies

One of the most significant variables to explain the mobilization of political capacities in the case of the implementation of the Salvador subway was certainly the relations with control agencies of the public administration.

Initially, since 2001, the subway project had been audited exclusively by the TCU, which repeatedly pointed out irregularities in the two main works and services contracts for the implementation of Line 1. The main difficulties encountered in relations with the TCU referred to CTS's use of IBRD rules for contracting at this stage. By the end of this phase, in addition to these issues, the TCU audits were already beginning to point out suspicions of overpricing in the values of these contracts. In this first stage, relations with the TCU were not driving the project implementation but were equally not impeding its continuation.

In contrast, in phase 2, the lack of information presented and compliance with the TCU determinations led to multiple delays to executive the work by order of the external controller, reaching its peak with the determination of retention of resources in the payment of the two main contracts of the project.

In addition, the second phase of the subway implementation was marked by interaction with other control bodies, which until then had little notable presence in the execution of the project, according to the analysis of interviews and documentary sources. These include CGU, TCM-BA, MPE-BA and MPF. Those that appear most in the data analysis are the TCU, which is in charge of ascertaining evidence of irregularities in bidding and contracts, the CGU, which is interested in controlling internal processes, and TCM-BA, which is responsible for auditing and judging internal accounts of the CTS.

Relations with TCM-BA were not impeding capacity mobilization but were significant in drawing attention to the financial difficulties that CTS faced in concomitantly driving the operation of suburban trains and the implementation of the new subway system.

Likewise, in phase 3 of the project, changes were found in relations with the control bodies. First, the data analysis points out that, unlike what had been carried out so far, in this third phase, the control bodies were included in the institutional arrangement since the reformulation stage of the project. The inclusion of these bodies from the beginning of the public call or expression of interest process (PMI, Portuguese acronym), culminating in the presentation of the final project modeling, i.e. technical contours of the new contract and bidding, were crucial strategies for building the project's political capacities. In other words, the participation of the control bodies in the policy reformulation process was an element of veto prevention throughout the project implementation stage. Furthermore, it should be noted that the inclusion and mobilization of the MPE-BA in the arrangement of this third stage made it possible to build political capacities to enforce the program agreement, in particular the rules established for the modal and tariff integration of the subway system with bus lines, which were crucial for the implementation of metropolitan management of people mobility.

Analysis of the data seems to support Olivieri's (2016) conclusion that there would have been no overlap of local (TCM-BA) and federal (TCU) external controls on the Salvador subway project. While this statement is true, it is also true that the Salvador subway project has been the target of a plurality of external and internal controls that to

some extent reduce or affect the continuity of project execution. This conclusion is most applicable to the second phase of the project but is also valid for the remaining steps.

Table 5 - Political capacities to control agencies

	Phase 1 (1997-2005)	Phase 2 (2005-2012)	Phase 3 (2012-2014)
Relations with control agencies	- First biddings and contracts are audited by Federal Audit Court (TCU)	- The state-owned enterprise in charge of the project (CTS) is audited by the Municipal Audit Court (TCM-BA) - Municipal government fails to respond to the Federal Audit Court (TCU) and other federal control agencies, such as the Federal Prosecutor's Office (MPF) and Federal Comptroller General (CGU).	- Control agencies (MPE-BA, TCE-BA) are engaged in the reformulation and execution of the project.
Outputs	Signs of irregularities in the contracts reduce the reputation of the project before public opinion.	In 2009, the works and federal funding are suspended by a decision of Federal Audit Court (TCU). CTS is considered underfunded by operational audits.	The engagement of control agencies in the reformulation process prevented later vetoes in the execution of the project. Particularly, the engagement of the Public Prosecutor's Office played a role as enforcement to the metropolitan agreement signed between state and municipal governments.

Source: Compiled by authors.

5.2.3 Relations with economic stakeholders

Among the elements of the institutional arrangement that made up the implementation of the Salvador subway, relations with economic agents played a significant role in the process of building political capacities. From phase 1 to phase 3, it is worth mentioning the constant performance of an economic actor whose own interests would be affected by the implementation of the Salvador subway: the bus companies in the capital of Bahia, represented by SETPS.

According to the analysis of several interviews, in all three stages, SETPS was an actor of political resistance to the implementation of the Salvador subway project. In phase 3, it is worth highlighting that the federal government sponsored the Bus Rapid Transit (BRT) project as an alternative to Line 2 of the subway system. However, based on unsolicited proposals procedure (PMI, Portuguese acronym) studies, the State of Bahia

opted to proceed with the project to complete Line 1 and expand to a second line that would connect the first with the municipality of Lauro de Freitas.

With regard to phase 1, control agencies - especially the Federal Public Prosecutor's Office - pointed to the existence of evidence of cartel formation among the companies participating in the first stage, especially the contract for the execution of the subway works.

In phase 3, the use of new instruments for mobilizing private actors, such as the PMI and the PPP contractual arrangement, was highlighted. Firstly, the PMI opened up the participation of economic agents in the process of developing a solution for the Salvador subway and metropolitan urban mobility. Also, it is worth mentioning that SETPS actively participated in the unsolicited proposals procedures (PMI), having presented a project of mass transit on tires (BRT) as a mobility solution.

Moreover, the use of the PPP instrument allowed the mobilization of other economic agents in the bidding stage of the subway system. Once the contract was signed, the PPP arrangement, especially the remuneration architecture of the private partner, allowed the contractor's actions and interests to be directed to the swift completion of the works and the commencement of passenger transport operations.

Finally, it should be noted that in all three phases the institutional arrangement lacked the means to involve an important category of actors for the construction of the subway: public service companies with physical infrastructure in the urban space. In this case, the most obvious examples are: (i) EMBASA, the company responsible for drinking water supply and sewage services, COELBA, the concessionaire of electricity services, (iii) BAHIA GÁS, the company responsible for distribution of natural gas, and (iv) the various telecommunications service providers.

Each of these services is provided to the population through an infrastructure network - underground or visible in urban space - that affects and is affected by constructional interventions, such as works to build a subway system. It is almost inevitable that undertakings of this nature and size will require relocation of these installed urban networks, so that the involvement of those actors would have been convenient from the planning stage to mitigate future interference in the works.

However, data analysis suggests that this category was not sufficiently involved in the institutional arrangement in any of the three phases. The invisibility of these actors in the documentary records indicates that their participation was not significant. The content of their mention in certain interviews corroborates the hypothesis that these economic agents were only reactively and temporarily involved in the arrangements, that is, whenever the subway works happened upon points of dialogue with these service networks. The lack of relational significance with this category of actor seems to express evidence of territorial blindness (LOTTA & FAVARETTO, 2016) in the institutional arrangement of the Salvador subway.

Table 6 - Political capacities to relations with economic stakeholders

	Phase 1 (1997-2005)	Phase 2 (2005-2012)	Phase 3 (2012-2014)
Relations with economic stakeholders	- Investigations (MPF) have later shown evidence of cartel formation among the companies participating in the bidding of the public procurements. This fact highlights a lack of public transparency and compliance mechanisms within the institutional arrangement.	- Subway project faces strong opposition from the bus line companies.	-The unsolicited proposals procedure (PMI) -Agreements are signed between State and both municipal governments in order to turn the subway a metropolitan project.
Outputs	The public procurements are overpriced, demanding more budgetary resources.	The lack of mechanisms to deal with the resistance of bus line companies raises judicial vetoes and political pressure against the subway project.	The resistance made by bus line companies is overcome with the metropolitan arrangement created, forcing the municipal governments to integrate the bus lines into the subway.

Source: Compiled by authors.

5.2.4 Relations with civil society

Relations with civil society was a variable that also oscillated between the three phases of the project, in order to condition variations in the construction of political capacities for the implementation of subway infrastructure.

With regard to phase 1 of the project, the institutional arrangement designed for the implementation of the Salvador subway does not seem to have considered civil society participation as a priority.

As highlighted in one interview, in this period "the subway was a black box," so there was little porosity of the project for the scrutiny of civil society. The high difficulty in collecting documentary data about this phase indicates a low transparency of the institutional arrangement of this period. The main documentary sources available refer to reports produced by TCU and CBTU, in contrast to the difficulties faced during the present research, to have access to documents from CTS and other Salvador city bodies about the subway project. Nor is there evidence, among the scarce data collected, that any participatory process had been carried out by the city of Salvador to discuss the subway project with the population. There is only evidence that the Salvador City Council had taken the lead in opening spaces for discussion of the project with the population through public hearings, as delays in construction work and the delivery schedule of the subway began to be noted.

As pointed out by the TCU since phase 1, indications of irregularities in bidding processes and works\ contracts were responsible for gradually affecting the public image of the Salvador subway system. This scenario would intensify over time, reaching its peak in phase 2, when the project received the derogatory nickname "short pants subway", in reference to the project's shortening by half. By the end of phase 2, repeated delays, readjustments and stoppages, indications of irregularities by the TCU, and suspicions of corruption were circulated by the media - including nationwide - to gradually undermine the credibility of the work before public opinion. Therefore, the Salvador subway project concluded phase 2 of the institutional arrangement with its severely compromised public reputation. Entering phase 3, it can be inferred that there were improvements regarding the inclusion and mobilization of civil society in the Salvador subway project, as already pointed out by Abers (2018). In this case, the PMI again seems to have stood out as an instrument for encouraging social participation and transparency of decision-making processes for reformulating the subway project. In addition, at this stage public hearings were held openly to civil society and in coordination with the municipal legislature. Despite these improvements, the analysis of the interviews with non-state actors suggests that, nevertheless, the dimension of relations with civil society was not well developed by the institutional arrangement of the Salvador subway implementation in any of the three phases.

Table 7 - Political capacities to relations with civil society

	Phase 1 (1997-2005)	Phase 2 (2005-2012)	Phase 3 (2012-2014)
Relations with civil society	<ul style="list-style-type: none"> - Lack of transparency of the institutional arrangement. - The project (including its public procurements) is not subject to instruments of social participation. 	<ul style="list-style-type: none"> - Investigations show evidence of irregularities and corruption within the bidding process of public procurements. 	<ul style="list-style-type: none"> - Unsolicited proposal procedure (PMI). - Public hearing. - Public consultation.
Outputs	The lack of porosity towards civil society reduces effectiveness of social control of the project.	The public reputation of the project decreases due to the evidence of corruption. The project faces severe criticism from the media and public opinion.	The use of instruments to involve civil society during the remodeling of the project increases the legitimacy of the project and reduces later vetoes.

Source: Compiled by authors.

5.2.5 Relations with international organizations

Relations with international organizations was a variable that also suffered fluctuations between the three phases of the project, in order to condition variations in the construction of political capacities for implementation of the subway infrastructure.

In phase 1 of the project, relations with international bodies were concentrated mainly on relations with the IBRD for the lending of funds through the federal government. In this first phase, relations with this financial institution made possible not only resources, but also international technical and political support for the project. Although the institution also has its own interests, it can be inferred from the analysis of the data that IBRD's participation in the arrangement made possible the presence of a non-state actor that balanced, to some extent, the interests of the three federative spheres involved.

However, relations with the IBRD also created obstacles to building capacity for the implementation of the subway, as it forced CTS to adopt its financial institution's contracting rules - often contradictory to national legislation - which was repudiated by the TCU. In this way, while relations with IBRD provided financial resources and technical and political support, on the other hand, it attracted the mandatory bidding rules and contracts adopted by the bank in order to trigger disagreements with TCU.

In any case, by moving to phase 2, the IBRD ceased to participate in the institutional arrangement of the Salvador subway project, and the federal government assumed all the values formerly held by this bank. In addition, it is worth keeping in mind that the inclusion of this project in the PPI was made possible by an agreement signed between the federal government and the IMF to remove priority infrastructure projects from accounting for fiscal adjustment targets, providing the federal administration with fiscal space to subsidize these projects. Therefore, although indirectly, phase 2 was also marked by strong relations with international organizations, notably the IMF, whose negotiations allowed the deduction of resources invested in the PPI from the federal government's primary surplus target (MACHADO, 2013).

In contrast, with the announcement of Brazil as the host country of the FIFA Soccer World Cup, relations with this organization appear to have had an indirect impact on the project. Salvador, as a host city of the world football event, would have to have provided alternatives for urban minimum passenger mobility that meet FIFA standards. Based on the analysis of the interviews, it is possible to state that relations with FIFA, although not made directly by the organizations in charge of the subway project, were responsible for boosting the efforts of the federal actors (CBTU and Ministry of Cities) towards the rapid completion of the implementation works. It is noteworthy that Brazil was officially chosen in 2007 to host the 2014 World Cup and that in 2009 Salvador was elected one of the cities that would host matches. In summary, the federal government's relations with FIFA were a significant element in the recentralization of the subway project on the federal government's agenda, especially in the period after the transfer of the suburban train system to the administration of the city of Salvador. This situation seems to have persisted and perhaps even intensified in phase 3 of the project as the days of this world sporting event approached.

Table 8 - Political capacities to relations with international organizations

	Phase 1 (1997-2005)	Phase 2 (2005-2012)	Phase 3 (2012-2014)
Relations with international organizations	- Prominence of IBRD in the project leadership	- IBRD's exit from the project in 2005 - Relations with IMF	- Pressure from FIFA in favor of the project due to the 2014 Soccer World Cup.
Outputs	Relations with IBRD are significant to the enabling of the federative convergence to start the project.	Without IBRD, the project faces a lack of leadership which contributes to slowing down the works by the municipal government. Negotiations with IMF enables that public expenditure in infrastructure is not accounted for in fiscal targets.	FIFA's pressure enables more engagement from federal organizations and more federal funding to the project.

Source: Compiled by authors.

VI. Conclusions

The main research findings are related to the changes that occurred in the local institutional arrangements once the subway implementation passed to the State of Bahia (2012-2014). In the case studied, institutional changes that contributed to the building of policy capacities were related to changes in arrangements that allowed continuity in the flow of financial resources, integration of activities and exchange of information between bureaucracies and dialogues with the urban infrastructure market.

The institutional arrangement for the implementation of the Salvador subway did not remain unaltered over the 15 years of execution of the works, having been subject to changes regarding (i) the roles assigned, including the involvement of new actors, (ii) the availability of resources and competences, (iii) the development of new public policy instruments and (iv) relations with actors outside the arrangement interested or affected by the implementation of the subway.

In the first phase, the institutional arrangement is characterized by a co-management model between CBTU and CTS, in which the technical expertise and previous experience of the former were shared with the newly created municipal company. It is by no means insignificant that the city of Salvador did not have any

previous experience in the implementation or even management of urban railway projects.

In the second phase, the arrangement transformed due to changes in the policies of both the federal and municipal governments. At the federal level, the CBTU succeeded in completing the transfer of suburban urban trains to local government, the main interest of the federal government for the entire railway modernization project. At the municipal level, with an alternation of government and political party at the head of the executive branch, the subway had lost centrality in the government agenda and was not endorsed by the new management. In addition, a suburban train administration and operation allocation requires a reallocation of attention and municipal resources. There was, therefore, a repositioning of political projects (federal and municipal) which, in turn, considered the contours of the institutional arrangement. Previous studies on the implementation of the Salvador subway indicate that the local government was not adequately trained to carry out works (LOTTA & FAVARETTO, 2016; OLIVIERI, 2016; SANTANA, 2017; GOMIDE *et al.*, 2018).

This scenario seems to have become more critical with the transition from a co-management model to a model almost entirely driven by municipal power and supported by federal resource transfers. Therefore, studies of Salvador's subway policy suggest that the municipal city and the speed of the State of Bahia in completing the implementation of Salvador's subway may be related to aspects of institutional arrangements that enable greater or less resource mobilization and, consequently, construction policy capacities for the implementation of subway infrastructure.

As has already been pointed out in similar previous studies, the high degree of technical expertise required for implementing organizations (PAULA, 2014; & PEREIRA, 2017) and isolation from the dynamics of using positions as a tool for building political support, in addition to high financial investments, whether from other levels of government or via private financing mechanisms, represented relevant constraints to the construction of Salvador's subway.

In short, the contingency of politics, especially the modifications of the coalitions in power and their respective government projects, seem to have led to changes in policies that in turn conditioned capacity mobilization (MATUS, 1991; 1994; BICHR, 2015; LOUREIRO *et al.*, 2018). In in this case study, the political dimension was also a conditioning element of policy capacities, which point to the expediency of analyzing

policy capacities from a situational perspective, considering the political variables that promote changes in institutional arrangements.

The insertion of private actors into the implementation processes of the case studied does not imply a loss of relevance of state organizations, but only that these bureaucracies may be mobilized to play differentiated roles in these new kinds of arrangements, such as the one formed during phase 3. In particular, the results collected here seem to reinforce the idea that the roles attributed to state-owned companies in such institutional arrangements remained relevant, despite their transformation over time due various political and policy-based reasons (PAULA, 2014).

The relational dimension of the arrangement concerning the Salvador subway project was a determining factor for the construction of (i) capacities focused on internal coordination actions of state actors - of the executive branch and of the same federative level - directly responsible for the policy production, as well as for the activation of (ii) political capacities aimed at mobilizing non-state and state actors not included in that first group, involving them in political processes, in order to foster legitimacy and reduce vetoes (LOUREIRO *et al.*, 2014; PEREIRA, 2014 ; WU *et al.*, 2015; GOMIDE & PIRES, 2016; MORTARA, 2017; ABERS, 2018).

We argue that the dimensions of federative relations have been widely developed and decisive for policy building capacities. Federative relations held a decisive role in providing technical and managerial support to local implementation and federal funding to the project. Furthermore, the dimension of horizontal integration also played a decisive role in the case studied, especially regarding the activities of the inter-sectoral group formed during the third phase. The creation of such structure enabled a better flow of information and a faster decision-making process, taking in account the participation of relevant leaderships in this working group.

Concerning relations with private agents, the data collected indicates a strong influence exerted by international organizations, normally playing the role of enabling sources of funding. If, on the one hand, these relationships provide resources for the mobilization of financial capacities, then, in the case studied, they also generated financial dependence of institutional arrangements on the rules of these multilateral financial institutions (verified in phases 1 and 2), which can often cause conflicts with control agencies. Therefore, the results from the case studied may show evidence of mutual

influence between different relational capacities, considering that relations with international organizations may have undermined relations with control agencies.

Regarding relations with control agencies, phase 1 and, mainly, phase 2 were marked by intense conflicts between municipal bureaucracies, federal bureaucracies and control bodies, which may have been partially provoked by the inability of institutional arrangement to involve these actors during policy implementation. However, this scenario changed during the third phase, in which control agencies did not represent such a source of vetoes to the policy but, instead, even played a role in the enforcement of the metropolitan agreements entered into between the State of Bahia and municipal governments.

Nevertheless, the 2012-2014 arrangement was not completely inclusive. Despite all these advances, the arrangement seems not to have taken in account the territorial dimension. The analysis of the data did not reveal any structures, instruments or processes that indicate the processing of territory variables. Some interviews point out that this is due to the fact that most of the subway track is not underground and that it is located on public land where there used to be urban infrastructure. For this same reason, some interviewees point out that the environmental and cultural heritage impact was minimal. This may perhaps explain why environmental licensing and asset protection agencies rarely appear on interviews and official documents.

In addition, the data analysis indicated that the arrangement did not provide mechanisms to articulate companies providing water, sewage, electricity and gas services. We argue that these stakeholders could have been better integrated into the project, since these services are provided at the state level (water, sewage, electricity and gas) and because the subway presents high impact in these urban infrastructures.

Moreover, the social participation dimension was also not given prominence in the arrangement analyzed, since it was articulated only by public audiences, an instrument which is often criticized for its inefficacy.

Results of this research may contribute to a better understanding of how institutional arrangements impact the construction of state capacities for policies. The case studied showed that depending on the design of the arrangement, relevant actors may be involved or not in the policy implementation, including those that could play a role of veto. Furthermore, the conclusions drawn from this case study allow us to advance in the design of institutional arrangements for urban infrastructure policies, especially in the

coordination of state actors and the mobilization of non-state actors. The case analyses have shown that an institutional arrangement involving bureaucracies and leaderships (from different federative levels), control agencies and private actors may enhance the formation of relational capacities towards the promotion of legitimacy in the policy implementation. Sharing the policy process with other relevant stakeholders through the relations enabled by the institutional arrangement did not undermine the state autonomy, but instead enabled the mobilization of non-state resources in order to increase state agency within the policy.

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Beyond local (in)capacity: analyzing the implementation of a federally induced urban policy in Brazil

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The article analyzes the capacity production of a Brazilian urban policy (Program of Acceleration of Growth - Slum Upgrading, PAC-UAP), whose implementation flaws are commonly associated with municipal governments shortcomings, even though its interventions involve a multiplicity of actors. Three analytical and empirical aspects are considered: (i) the need to expand knowledge on state capacity in policies implemented by a network of actors; (ii) the relevance of the debate of policy capacity, which refers to the ability of reaching the expected results in a specific public policy; (iii) and the demand to explore federally induced public policies in federations marked by heterogeneous subnational entities. Methodologically, the work develops a case study, complemented by documental analysis and interviews with key stakeholders. The research corroborates studies that emphasize that municipal problems affected the production capacity of PAC-UAP, particularly the lack of adequate human and financial resources. On the other hand, this study innovates when considering that the municipality is, in fact, the node of a network of actors, whose (in)capacity also affects the implementation. Therefore, it might not be possible to attribute only to the municipality the (in)success of this program. The article also reinforces the importance of incorporating organizational and systemic dimensions as explanatory elements, whose challenges can be potentiated when a program design is not adequate to the intrinsic characteristics of a certain public policy.

Keywords: policy capacity, slum upgrading, Brazil

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Além da (in)capacidade local: analisando a implementação de uma política urbana induzida pelo Governo Federal no Brasil

O artigo analisa a capacidade de produção de uma política urbana brasileira (Programa de Aceleração do Crescimento - Urbanização de Assentamentos Precários, PAC-UAP), cujas falhas de implementação são comumente associadas a deficiências dos governos municipais, embora suas intervenções envolvam vários atores. Três aspectos analíticos e empíricos são considerados: (i) a necessidade de expandir o conhecimento sobre capacidade estatal em políticas implementadas por uma rede de atores; (ii) a relevância do debate sobre capacidade de produção de políticas públicas, que se refere à capacidade de alcançar os resultados esperados em uma política pública específica; (iii) e a demanda por compreender políticas públicas induzidas pelo governo federal em federações marcadas pela heterogeneidade entre governos locais. Metodologicamente, o trabalho desenvolve um estudo de caso, complementado por análise documental e entrevistas com atores-chave. A pesquisa corrobora estudos que enfatizam que os problemas municipais afetaram a capacidade de produção do PAC-UAP, particularmente a falta de recursos humanos e financeiros adequados. Por outro lado, inova ao considerar que o município é, na verdade, o nó de uma rede de atores, cuja (in)capacidade também afeta a implementação. Portanto, parece não ser possível atribuir apenas ao município o (in)sucesso desse programa. O artigo também reforça a importância de incorporar dimensões organizacionais e sistêmicas como elementos explicativos, cujos desafios podem ser potencializados quando o desenho de um programa não é adequado às características intrínsecas de uma determinada política pública.

Palavras-chave: capacidade de produção de políticas públicas, urbanização de favelas, Brasil

Más allá de la (in)capacidad local: análisis de la implementación de una política urbana inducida por el gobierno federal en Brasil

El artículo analiza la capacidad de producción de una política urbana brasileña (Programa de Aceleración del Crecimiento - Mejoramiento de asentamientos precarios, PAC-UAP), cuyos problemas de implementación son comúnmente asociados con las deficiencias de los gobiernos municipales, a pesar de que sus intervenciones involucran varios actores. Se consideran tres aspectos analíticos y empíricos: (i) la necesidad de ampliar el conocimiento sobre la capacidad estatal en las políticas implementadas por una red de actores; (ii) la relevancia del debate sobre la capacidad de producción de políticas públicas, que se refiere a la capacidad de alcanzar los resultados esperados en una política pública específica; (iii) y la demanda de explorar políticas públicas inducidas por el gobierno federal en federaciones marcadas por heterogeneidades entre los gobiernos locales. Metodológicamente, el trabajo desarrolla un estudio de caso, complementado con análisis documental y entrevistas con actores-llave. La investigación corrobora estudios que enfatizan que los problemas municipales afectaron la capacidad de producción de PAC-UAP, particularmente la falta de recursos humanos y financieros adecuados. Por otro lado, innova cuando se considera que el municipio es, de hecho, el nodo de una red de actores, cuya (in)capacidad también afecta la implementación. Por lo tanto, parece no ser posible atribuir solo al municipio el (in)éxito de este programa. El artículo también refuerza la importancia de incorporar dimensiones organizativas y sistémicas como elementos explicativos, cuyos desafíos pueden potenciarse cuando el diseño de un programa no es adecuado para las características intrínsecas de una determinada política pública.

Palabras clave: capacidad de producción de políticas, urbanización de asentamientos precarios, Brasil

Introduction

One of the most fundamental notions in the study of public administration is the ability of a government to accomplish its goals. The literature and policymakers agree that governments with high levels of capacity are more equipped to produce policies that reach the planned outcomes. However, the debate of state capacity is centered on a concept that is marked by intense polysemy, which makes its conceptualization and operationalization problematic (GOMIDE *et al.*, 2017; LINDVALL & TEORELL, 2016; CINGOLANI, 2013; KOCHER, 2010).

More recently, this debate gains a new perspective, with a renewed interest in the analysis and understanding of policy capacity, which refers to the ability of reaching the expected results in a specific public policy (WU *et al.*, 2015; PAINTER & PIERRE, 2005). The combination of the growing complexity of contemporary public policy problems, increasing participation of multiple stakeholders in the production of policies and high citizen expectations generates unprecedented challenges for governments' ability to design and implement effective public policies, requiring different sets of resources and competences at three different levels - individual, organizational and systemic (WU *et al.*, 2015). The usefulness of the nested-model of capacity created by these authors is clear, allowing an analysis in which levels are interdependent and different resources and abilities are taken into consideration.

Considering that the development of public policies are increasingly decentralized, frequently involving different levels and agencies of government as well as civil organizations and private companies, it is reasonable to argue that more comprehensive understanding of the capacity of all the relevant actors involved in policy implementation is required. The need to look at subnational entities' capacity becomes even more pressing in federative contexts that are characterized by local governments assuming the role of welfare providers (STOKER, 2011) and by high inequality among local governments (SAGUIN & RAMESH, 2018; GRIN, 2016; SOUZA, 2002; FARAH, 2001).

Taking this into account, the literature in many federative countries has given privileged attention to local governments' capacity to implement federally induced policies. After all, successful shared and decentralized policies require that all the relevant agencies and levels of governments have the capacity to perform the essential required

functions. Otherwise, “conferral of authority and responsibility in the absence of capacity is a recipe for failure” (SAGUIN & RAMESH, 2018, p. 5).

In the present work we recognize the relevance of local governments’ capacity to produce public policies. Notwithstanding, we argue that a more accurate understanding of policy capacity requires a broader perspective, including the capacity of other actors involved in the implementation process, as well as the characteristics of the public policy.

Empirically, this article will analyze the Program of Acceleration of Growth, specifically its modality of Slum Upgrading (hereinafter PAC-UAP). PAC-UAP was launched by the Brazilian federal government in 2007, representing a turning point in this area of public policy: it was the first time that a national program invested large sums of financial resources in slum upgrading, making it possible for local governments to broaden the scope and the complexity of the interventions (CARDOSO & DENALDI, 2018; DENALDI *et al.*, 2016; KLINTOWITZ, 2015).

This modality of the program has particular features that justify its choice as a case study. Firstly, even though PAC-UAP follows the Brazilian predominant federative arrangement, in which federal government elaborates, regulates and finances the program, while subnational governments implement them (ARRETICHE, 2012; ABRUCIO, 2005), in this modality of PAC, subnational governments were leading figures, assuming responsibility for the planning and development of the interventions. Secondly, its execution involved a myriad of governmental actors, such as the Ministry of Cities; the federal bank responsible for its operationalization, *Caixa Econômica Federal*; federal and other local government departments, such as social assistance, transportation and health; as well as societal actors, including social/housing movements, residents in the upgraded area and construction companies. Thirdly, besides the availability of financial resources and an intensive monitoring system by the federal government, many of PAC-UAP’s interventions had implementation problems, facing delays and interruptions. The argument that justifies the low execution rates of this modality of the program often focuses on the feeble municipal capacity (CAMPANHONI, 2016; DENALDI *et al.*, 2016; DENALDI & FERRARA, 2017; CARDOSO & DENALDI, 2018; PETRAROLLI, 2015). However, as we will demonstrate in the present research, a more refined comprehension of its implementation results can only be achieved if other factors are taken into careful consideration.

Methodologically, the work uses an approach based on the logic of instrumental case study, as proposed by Stake (1998), which allows the exploration of a research question that extrapolates one particular case. According to this author, in an instrumental logic, the case plays a supportive role that provides insights into an issue and facilitates our understanding of external interests. In his words, “the case still is looked at in depth, its contexts scrutinized and its ordinary activities detailed, but all because this helps pursue the external interest (STAKE, 1998, p. 445)”.

This research also utilizes two other qualitative research techniques - documental analysis and interviews. Documental analysis was adopted as an initial research strategy and encompassed federal governmental publications that dealt specifically with PAC and PAC-UAP (BRASIL, 2010, 2014). The purpose was to understand in detail how this modality of the program was planned to operate, including its goals and actors involved. In addition, the researchers conducted interviews with public managers from the federal government, specifically the Ministry of Cities and *Caixa Econômica Federal*, and from the municipalities of Santo André and São Bernardo do Campo, both located in the metropolitan region of São Paulo. These cities had a history of slum upgrading from the 1980s onwards and developed several slum upgrading interventions within PAC-UAP. Furthermore, these municipalities are particularly interesting for the present analysis since they present different financial execution rates: in the first edition of PAC-UAP, São Bernardo achieved in average 80%, while Santo André, less than 50% (LIMA-SILVA, 2019). The interviews were conducted in 2018 and the respondents were chosen intentionally, considering their involvement with this modality of the program and access opportunities. To preserve their identity, the interviewees were named Interviewee A, B, C, D, E, F and G, as shown in Chart 1. The interviews were made based on a semi-structured script, and they were fully recorded and transcribed, facilitating their subsequent analysis.

Chart 1 - Identification of the interviewees per institution and role within PAC-UAP

Interviewee	Institution*	Role
A	Ministry of Cities	Coordination of housing policies
B	Ministry of Cities	Coordination of slum upgrading programs
C	Santo André, São Bernardo do Campo	Coordination of slum-upgrading interventions
D	Santo André	Coordination of housing policies

Interviewee	Institution*	Role
E	Ministry of Cities	Coordination of slum upgrading and sewage programs
F	Ministry of Cities	Technical assistance for housing policies
G	Caixa Econômica Federal	Civil servant, experience in slum upgrading

Source: Elaborated by the authors.

*Respondents were not necessarily working with PAC-UAP at the time of the interview, but they were chosen because they had had working experience with this program's implementation.

The following text is structured in four parts. Firstly, considerations on local governments' capacity for public policy production in Brazil. Secondly, it is presented a brief trajectory of Brazilian social housing policy, focusing on interventions on slums and governmental capacity to develop them. Thirdly, PAC-UAP is described, followed by an analysis on its policy capacity. At last, final considerations are woven.

1. Local capacity for (shared) policy production in Brazil

The Brazilian Constitution of 1988 launched a highly decentralized federation, based on an expectation of democratization at the local level and increased effectiveness of government policies (FARAH, 2001; ABRUCIO, 2005). Nevertheless, in line with Saguin and Ramesh's (2018) argument that decentralization and governance are hardly pursued with consideration of capacity, a few years later, it became clear that most Brazilian municipal governments lacked resources and expertise, as well as administrative and managerial capacity, to execute those policies (ARRETICHE *et al.*, 2012; GRIN, 2016).

This sensitive situation was partially tackled from the 1990s on with the emergence of federative coordination: the federal government designs and finances policies, while subnational governments implement them (ABRUCIO, 2005; ARRETICHE, 2012). In a country marked by socioeconomic and capacity inequalities among local governments, this shift in intergovernmental relations contributed to stimulating joint and articulated action between levels of government (ABRUCIO, 2005) and to reducing territorial inequalities in the access to public services and goods (ARRETICHE, 2012). Federative coordination also contributed to the improvement of local governments' capacity.

Despite these advances, the heterogeneity of capacity among municipalities remains a significant challenge in the Brazilian Federation, appearing on the agenda of academics and professionals (GRIN, 2016; ARRETCHÉ *et al.*, 2012; ARRETCHÉ, 2012; BRASIL, 2006). The literature indicates that even when a public policy is strongly induced by higher governments, its results and impacts in the course of institutions are not the same in subnational units (SOUZA, 2002; BICHR, 2011). Consequently, the proper implementation of social and development policies, in a country that is highly decentralized administratively, is still viewed as dependent mainly on the strengthening of municipal management capacity (GRIN, 2016).

Recent studies have advanced on the understanding of the complexity involved in implementing federally induced policies in a heterogenous federations, aiming to complement the accumulated knowledge on the literature of federalism and municipal capacity in Brazil. Some have indicated that automatically associating policy results and capacity to the existence of local bureaucrats is an argument that needs to be refined. Cardoso and Marenco (2019) investigated if the quality of municipal bureaucracy affects economic inequality and concluded that training bureaucrats is more relevant than having a large number of public servants. Complementarily, Satyro *et al.* (2016) questioned if characteristics of municipal bureaucracy impact the results of the social assistance policy, concluding that this policy's implementation capacity did not rely on the existence of a stable and professionalized bureaucracy.

Other studies have illuminated broader aspects of the policy-making, highlighting relevant analytical dimensions to understand local capacity of policy production. For example, Lavallo *et al.* (2019), after analyzing the capacity of two municipalities to implement a federally induced social housing program, have argued that local administrative capacity and trajectory of institutionalization can be helpful to understand the autonomy of the municipality and policy results. Lima-Silva (2019) have also argued that local policy capacity depends on the priority of a certain policy in the governmental agenda and on the articulation among the various actors in policy-making.

Looking specifically at local governments' capacity for housing policies, a pioneer study concluded that most Brazilian municipalities lacked institutional capacity to produce this policy, whilst a small "elite" had the necessary instruments and capacity (BRASIL, 2006). This research indicated that higher administrative capacity was linked to better results in the execution of housing programs, and concluded that "improving the

administrative capacity of Brazilian municipalities is certainly one of the main ways to reduce the high housing deficit in the country (BRASIL, 2006, p. 111)¹⁶.

A subsequent study by Arretche *et al.* (2012) analyzed the effects of the rise in investment and federal coordination on local government's capacity to produce housing policies from the 2000s on. The federal government managed to induce municipalities to improve their institutional capacity to implement housing initiatives (ARRETCHÉ *et al.*, 2012; IPEA, 2011; KLINTOWITZ, 2015). In spite of this, recent research has questioned the effectiveness of the instruments frequently used as indicators of institutional capacity (ROLNIK *et al.*, 2014; KLINTOWITZ, 2015) and argued that municipalities still have limited capacity to carry out projects, especially those related to slum upgrading (CAMPANHONI, 2016; CIRERA & GOMES, 2013; DENALDI *et al.*, 2016).

2. Development of local governmental capacity for slum upgrading

The Brazilian government's approach to slums changed over the last decades, and three main strategies of action are explored in the specialized literature and resumed in this article (REGINO, 2017; VALLADARES, 2005). The first approach emerged at the beginning of the 20th century, simultaneously to the foundation of the first slums in Rio de Janeiro. It was based on a hygienist and authoritarian view, aiming, without success, to extinguish all slums and expel the poor from the central areas of cities (VALLADARES, 2005). At that time, there was no governmental bureaucracy - neither in the federal government nor in the municipalities - to deal permanently with this issue.

Housing became a public matter only during Getulio Vargas's government, in the 1930s. During those years, the housing deficit came to be seen as a social problem and its solution as a possible source of political legitimacy (AZEVEDO, 1988). Vargas implemented his national policy through the newly created Retirement and Pension Institutes, which were responsible for building new houses mainly to unionized workers. As a result, this government did not tackle the issue of slums, nor did it attend to the majority of poor workers, who did not have formal jobs. During the 1950s, another housing agency was created – *Fundação Casa Popular*, which had few quantitative results and access to housing made only for a small number of “privileged” (AZEVEDO,

¹⁶ This excerpt, as well as other excerpts and interviews that appear in the text, was translated from Portuguese into English by the authors.

1988). Municipal governments and slum areas were again poorly involved in these initiatives.

In 1964, the military government, then established in the country, created the National Housing Bank (BNH) and the Housing Financial System (SFH). This bank, between 1964 and 1986, was responsible for financing almost 4.5 million housing units, but it was heavily criticized for, among other reasons, being unable to meet the housing deficit, especially in the poorer strata (AZEVEDO, 1988; KLINTOWITZ, 2015). Furthermore, BNH's actions reinforced governmental initial approach to slums, contributing to forced eviction and to the resettlement of some of their dwellers in new but peripheral houses (KLINTOWITZ, 2015).

Only in 1979 there was a slight change in the governmental strategy regarding slums. The federal government, via BNH, started to intervene in these areas with alternative programs - such as PROFILURB and PROMORAR -, which aimed to provide financing for self-construction and rehabilitation of housing, urban infrastructure and slum upgrading. These programs, nonetheless, reached a small scale and had only a marginal insertion in the housing policies and institutional structures (DENALDI, 2003). Consequently, they did not manage to properly leverage governments' capacity to produce slum upgrading policies.

With the state fiscal crisis, in the early 1980s, the National Housing Bank was extinguished in 1986, and its functions were assigned to *Caixa Econômica Federal* (hereinafter CAIXA). Since then, a process of institutional instability and fragmentation of federal housing policies began, given the lack of resources and the reduced priority in the presidential agenda, which lasted until mid-2000s. During those decades of “decentralization by absence”, many cities faced exponential urban growth and housing related problems became more remarkable (CARDOSO, 2007; CARDOSO & RIBEIRO, 2002; DENALDI, 2003). Subnational governments then assumed a leading role, innovating and creating new methodologies, while the values invested by the federal government in housing were derisory (DENALDI *et al.*, 2016). Municipal governments worked especially with slum upgrading initiatives, which had lower costs and less impact on their limited financial capacity (CARDOSO & RIBEIRO, 2002).

Gradually, a second governmental approach to slums emerged, focusing on the upgrading of these settlements, instead of their eradication (REGINO, 2017). According to Denaldi (2003), the 1980s' slum upgrading experiences aimed to guarantee “minimal

social rights”, basic infrastructure conditions and the permanence of slums. These interventions were often based in incomplete projects, frequently made *in situ*. Against a democratization background, such initiatives were underpinned by growing mobilization of the population, election of mayors with social priorities and the work of militant professionals, who presented new architectural and social solutions to slums (MARICATO, 2012).

While these pioneering experiences of slum upgrading represent the inaugural development of local capacity to plan and implement this policy, it is not possible to ignore some of the criticisms that they have received. Denaldi (2003) highlights that some of these interventions, while avoiding removal at all costs, helped to consolidate inadequate housing situations. Cardoso and Ribeiro (2002) draw attention to the risk of strengthening inter-municipal asymmetry.

In the mid-1990s, in response to challenges faced in the initial upgrading initiatives, a third approach to governmental interventions in slums emerged in local and federal governments. This new approach refers to integrated upgrading, broadly characterized by the concomitant promotion of improved housing and infrastructure conditions and access by residents to other social rights (REGINO, 2017; DENALDI, 2003).

During the presidencies of Itamar Franco (1992-1994) and Fernando Henrique Cardoso (1995-2002), slum upgrading evolved from an alternative program to become part of the national housing policy. This meant federal investment through integrated slum upgrading programs such as Habitar Brasil and Habitar Brasil-BID (hereinafter HBB-BID). Although these programs reached a small scale, in many municipalities they represented the embryo of local planning and institutional structuring in the housing sector (PETRAROLLI, 2015). Consequently, subnational governments that took part in HBB-BID had more experienced technical teams and later tended to perform better in PAC-UAP (CARDOSO & DENALDI, 2018):

We even had an expression, “this municipality had HBB”! So, the municipalities that had HBB, they really had that, is not a sufficient condition, because we had many structures that collapsed and HBBs that never ended, but at least in terms of understanding what a slum upgrading is, it was different, you had at least a half dozen technicians there who knew what the dynamics were, what the issue was (Interviewee B).

The election of Luis Inácio Lula da Silva (2003-2010) changed the dynamics of urban policies in terms of federal coordination. Ministry of Cities (hereinafter MCIDADES)

was created on his first day in office. During its initial years, in a context of budgetary constraints, MCIDADES focused on its institutional structuring and on the creation of organizational capacity. It established, for example, the Cities Council and the National System of Social Interest Housing (hereinafter SNHIS).

SNHIS aimed at integrating the social housing programs of the three levels of government in a single instance, based on the principles of decentralization and social control. However, although formally established, SNHIS did not manage to consolidate itself as an effective national system of public housing policies (KLINTOWITZ, 2015; IPEA, 2011), which could generate capacity, learning and consensus between federal and subnational governments. According to Klintowitz (2015), SNHIS became a symbolic rule, giving legitimacy to federal government, but lacking effective implementation.

In Lula's second mandate, two federally induced and shared urban policies were launched – PAC-UAP and *Minha Casa Minha Vida* (hereinafter MCMV) – which significantly changed the resources available to municipalities and their incentives to engage with social housing. These new programs altered the scenario: indeed, they became the country's implemented housing policy, contributing to the dismantling of the SNHIS (Klintowitz, 2015; Rolnik *et al*, 2014)¹⁷.

PAC-UAP consolidates the third governmental approach to slum upgrading, inspired by the previous experience of HBB-BID: integrated upgrading associated with removals and replacement solutions when necessary. With this modality of the program the issue of slum upgrading definitely enters federal government's agenda, while municipal governments remain leading figures. Other actors also become more involved in the policy production, such as private companies, CAIXA, federal and local accounting offices, social/housing movements, residents in the upgraded area and other local government departments – social assistance, transportation, health etc.

It can be concluded that the development of the slum upgrading programs in Brazil points to a gradual increase of legitimacy of these interventions, as well as to a growing complexity in terms of the upgrading projects, the stakeholders involved and the skills and resources required to produce them.

¹⁷ Dilma Rousseff's administration maintained these housing programs, albeit to varying degrees: PAC-UAP remained in development, but on a declining scale due to low project execution rates (DENALDI *et al.*, 2016), while PMCMV was relaunched and expanded.

3. PAC-UAP: the program and its operationalization

PAC was launched at the beginning of the second term of Lula's Presidency (2007-2010). It aimed, as its name implies, to accelerate economic growth, as well as to overcome infrastructure bottlenecks, increase employment and improve the living conditions of the Brazilian population. In addition to formalizing a new management and monitoring structure of its operations, PAC was given political priority (CARDOSO & NAVARRO, 2016). Thus, a sectoral ministry, such as MCIDADES, whose public policies received the "PAC stamp" faced ambiguous consequences: on the one hand, its inclusion in a decision-making and intensive monitoring process centralized in the Presidency, and, on the other hand, as it was a priority policy, it ensured that it was free from budgetary contingencies (LOUREIRO *et al.*, 2013).

The total amount of investments foreseen, for the period 2007-2010, was R\$ 657.4 billion (BRASIL, 2010, p. 30)¹⁸. This first edition of the program had five strategic axes, and one of them was called Social and Urban Infrastructure, which is where PAC-UAP was located¹⁹. With the election of Dilma Rousseff (2011-2014), a second phase of the Program, commonly called PAC 2, was launched. PAC-UAP remained in the Program, now under an axis called *Minha Casa Minha Vida*.

PAC – UAP constituted a new moment in the history of slum upgrading interventions in Brazil, representing an unprecedented and much higher amount of investment in this area of public policy (DENALDI *et al.*, 2016). Between 2007 and 2009, in what was known as PAC 1, 3,133 operations for slum upgrading were contracted, corresponding to investments of R\$ 20.8 billion; and in PAC 2, 415 new operations were contracted between 2011 and 2014, totaling R\$ 12.7 billion in 337 municipalities (BRASIL, 2014, p. 192).

As mentioned in the previous section, PAC-UAP rose in a context of accumulation of experiences on slum upgrading. The program incorporated knowledge of those initiatives related to the quality of projects, popular participation, planning and urbanistic solutions (DENALDI, 2003). Its main novelty was the increase in the volume of resources and the expansion of the scale of intervention:

¹⁸ 1 US\$ = R\$ 5.16 (July 27th 2020).

¹⁹ The five strategic axes were: (1) economic and social infrastructure; (2) stimulating credit and financing; (3) improvement of the investment environment; (4) tax exemption and improvement of the tax system; and (5) long-term fiscal measures.

We had HBB-BID, so people had already worked with slum upgrading in the country. Then came FNHIS, which worked with the same slum upgrading guidelines. You see, PAC was nothing new. The novelty is the scale that the projects achieve. You go from a 1 million slum upgrading intervention to a 300 million project (LIMA-SILVA, 2014, p. 100).

PAC-UAP's operations were guided by an integrated slum upgrading approach that aimed to overcome the precarious conditions of slums from a multisectoral perspective that incorporated the "urban, housing, land, social and environmental issues" (BRASIL, 2010, p. 13). According to Balbim *et al.* (2013, p. 23), the interventions should focus on changing the following situations found in slums and precarious settlements:

- Precarious and unhealthy housing;
- Absence or scarce supply of essential public services;
- Poor access and mobility conditions;
- Insecurity of housing ownership and
- Irregularity of land and urban planning.

In terms of implementation arrangements, PAC slum upgrading interventions involved a number of actors. The Presidency of the Republic, through the Civil House, was the Central Coordinator, responsible for establishing general guidelines; validating project selection; monitoring, at a more strategic level, the evolution of operations; assisting in overcoming difficulties and fostering the improvement of management instruments and standards (BRASIL, 2010). The Ministry of Cities, as the sectoral ministry, was the Operations Manager and was responsible for monitoring the implementation and the results, establishing guidelines and operating procedures, assigning budget resources and selecting submitted proposals (BRASIL, 2010).

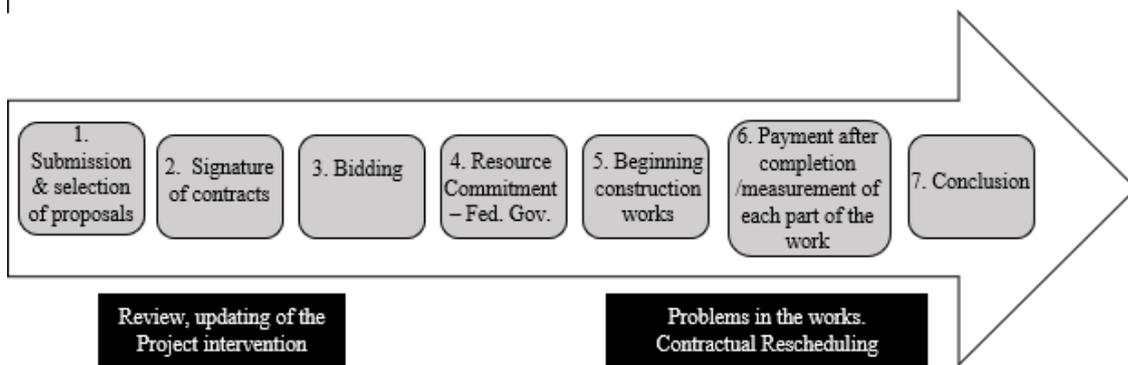
Caixa Econômica Federal, a national bank, was the Operator and Financial Agent, assuming the responsibility of signing the contracts after the analysis and selection by MCIDADES; promoting their budgetary and financial execution; monitoring and certifying the execution of the Terms of Commitment; keeping MCIDADES informed of the progress of operations. For Interviewee F, CAIXA was essential to enable the operationalization of the program, as the Ministry of Cities would not have "enough arms" to follow up on the execution of all PAC-UAP interventions. Still in the federal sphere, national accounting offices were identified as relevant actors, even though they were not part of the formal PAC-UAP operationalization model. These institutions were

responsible for identifying possible irregularities during the bidding process or execution of publicly financed works.

Local governments, particularly municipalities, were the Executing Agents: they played a leading role in the definition and execution of the operations under PAC-UAP. They were responsible for identifying the area for the intervention; preparing and submitting projects for selections carried out by MCIDADES; performing the necessary work to achieve the intervention; registering and dialoguing with families in the upgraded areas; outsourcing external companies for service provision; accounting for funds transferred by the Union and maintaining the public assets generated by the investments (BRASIL, 2010).

Construction and other private companies, such as building managers and land regularization, social work and project consultancies, were hired by the Executing Agents mainly through biddings. Construction companies had control over the executive project of the intervention, and ultimately determined the materialization of the program in the territory (PATRÍCIO *et al.*, 2018). Other relevant actors involved in the implementation were: the population who lived in the area and should take part on the project development; local companies (private or public) responsible for infrastructure services, such as water, electricity and sewage; and other municipal departments responsible for public services, such as education and transport.

These actors were involved in different ways according to the stages of PAC-UAP operationalization, described in Figure 1. The first stage refers to the submission and selection of slum upgrading proposals, sent by local governments and selected by the Civil House and MCIDADES, these also involved state-level agencies that grant environmental licenses as a pre-requisite for signing the contracts of the selected proposals. In the signing of contracts and the execution of bids, these same actors remain engaged, with subnational governments and CAIXA becoming more relevant.

Figure 1 – Stages of the process of operationalization of PAC-UAP

Source: Adapted from Lima-Silva (2019, p. 121).

In the following stages of operationalization - the commitment of resources, the beginning of the works, the transfers after measurements and the conclusion - the same actors are involved and others are added, such as the contracted companies and the residents of the upgraded areas. Local governments as Executing Actors and CAIXA maintain their leading role in these last stages. Through its regional agencies, CAIXA is responsible for all procedures involving the signing and management of the Terms of Commitment, as well as mediating between subnational governments and the federal government.

Black text boxes in Figure 1 refer to two key moments where implementation problems are abundant in PAC-UAP. In the first, located between the selection and bidding of operations, environmental licensing and approval of projects by CAIXA were identified as critical steps (PETRATROLLI, 2015). After signing the transfer agreement, the municipality has a deadline to present the complete documentation and comply with the norms and guidelines, and CAIXA only authorized the bidding of the works when the intervention proposal “matured” (Interviewee G). However, many Executing Agents had problems in the previous environmental licensing and presented incomplete, outdated and misaligned intervention projects, affecting the signing of the contract and the effective commencement of works. According to Denaldi *et al* (2016), the initial licensing, evaluation, contracting and bidding processes are always lengthy and it is common that during this time the conditions and characteristics of the settlements change.

The second problematic moment, between the beginning of the works and its conclusion, covers three actors directly involved in the implementation of operations: the

Executing Agent (municipality), CAIXA and the contractors. This moment includes situations in which the Executing Agents need to reconcile the proposals approved by CAIXA with the unforeseen events and the constant transformation of the territories in slums. When there are measurement problems, it is common for the Operator Agent to block the payment of services that do not correspond exactly to the approved operation. This situation can only be resolved by contractual reprogramming, which are administrative procedures that modify the approved project or the anticipated quantities of materials and services. However, Petrarolli (2015) identifies that the reprogramming initiatives, complex and long procedures, can last up to six months.

The consequences of these two troublesome moments in the implementation of PAC-UAP are abundantly described in the literature. They include delays and interruptions, increasing the complexity of a work that has to deal with the constant transformation of the slums, and, as a result, the changing scope of the upgrading project and the growing insufficiency of the agreed investments in the Term Commitment. This last point also stems from the loss of the real value of the budget, as the Union does not readjust the onlending amounts contracted and the price of materials follows a fixed national system of prices, which, according to several reports, does not cover the actual costs of materials²⁰.

4. PAC-UAP: analyzing its production capacity

Despite the unprecedented amount of resources invested in slum upgrading and the intensive monitoring system, many of PAC-UAP's operations had implementation problems. Both the specialized literature and the actors involved with PAC-UAP highlighted the low execution rates and the difficulties of operationalizing this subprogram (CAMPANHONI, 2016; DENALDI *et al.*, 2014, 2016; PETRAROLLI, 2015; Interviewee A, B, F, G).

In fact, as depicted in Table 1, which analyses the financial execution of the first phase of PAC-UAP operations led by municipal governments, less than 25% of them

²⁰ The National Construction Costs and Indexes Survey System (SINAPI) is an official price reference source for the budgeting of engineering works and services, contracted and executed with Union resources. In PAC-UAP, CAIXA used Sinapi as a cost reference, and only paid up to the price limit established in this system, which, according to several respondents, often did not cover the actual costs of materials. The price difference had to be absorbed by the construction company or the municipality.

were concluded by 2017. The average execution rate in the contracts between municipalities and federal government reached 65%, and merely 32% of the contracts had reached more than 95% of implementation in December 2017.

Table 1 - Financial execution of PAC-UAP

Financial execution	Number of contracts	Percentage
Concluded	157	23,64
More than 75%	175	26,36
Between 50 and 75%	113	17,02
Between 25 and 50%	115	17,32
Up to 25%	99	14,91
Uninitiated works	5	0,75
Total	664	100,00

Source: Adapted from Lima-Silva (2019, p. 126). Data analyzed include all Terms of Commitment for the execution of slum upgrading works under PAC and managed by National Housing Secretary, signed between 2007 and December 2017.

Several research papers have been dedicated to unveiling the slum upgrading operations within PAC and its low results (CAMPANHONI, 2016; CARDOSO & DENALDI, 2018; DENALDI *et al.*, 2016; DENALDI & FERRARA, 2017; PETRAROLLI, 2015; REGINO, 2017). The argument that justifies these results often lies on the limited capacity of local governments, affecting their ability to elaborate slum upgrading projects and to manage their execution (DENALDI *et al.*, 2016; PETRAROLLI, 2015; CAMPANHONI, 2016; CIRERA & GOMES, 2013). This reasoning is demonstrated below, extracted from an interview with a public manager at the Ministry of Cities:

The fact is that, considering institutional capacity installed in municipalities today, you have much trouble executing the available money. Our execution in PAC-UAP is 1% per month, it is desperate (LIMA-SILVA, 2014, p. 101).

These researches have also identified general obstacles to the implementation of this program, such as the rigidity in contracting and measuring works with the Operator Agent, outdated or incomplete intervention projects, and the emergence of unforeseen problems. Denaldi *et al.* (2016) and Petrarolli (2015) suggest additional problems, more related to local realities, through the triad “complexity of intervention, project quality and changing territory”. Indeed, a refined look into PAC-UAP indicates that other elements

should be incorporated to generate a more accurate understanding of its production capacity. Wu *et al* (2015) provide an interesting analytical model to carry this task out. They define policy capacity as a set of analytical, operational and political resources and competences necessary for developing policy functions, being applied in different levels – individual, organizational and systemic. Their nested-model of capacity is useful, as it allows to analyze the involvement and the skills of different stakeholders and the use of resources for policy production. Table 2 presents a proposal of the relevant abilities and resources for producing PAC-UAP.

Table 2 - Abilities and resources for producing PAC-UAP

	Individual resources	Organizational resources	Systemic resources
Analytical skills	Staff/public servers from organizations involved with PAC-UAP with technical abilities coherent to the policy's specificity	Availability of skilled professionals in the various organizations involved	Professionals' technical skills recognized within agencies/society
Operational skills	Municipal bureaucrats with autonomy and managerial ability, acting as the node of a network of operations	Coordination among different agencies in the policy-making for effective slum upgrading policies	Level of public support of organizations to develop policies and solve problems
Political skills	Skilled municipal bureaucrats/consultants that align interests and minimize opposition	All actors aligned to achieve the program's results	Public legitimacy and trust of PAC-UAP's interventions

Source: Elaborated by the authors, based on Wu *et al* (2015).

When combining the information from the above table and from the interviews, it is possible to make additional considerations on PAC-UAP's capacity. First, **low municipal capacity** is an important element and relates mainly to the analytical and operational skills in the individual dimension. A common argument in the literature is that many municipal governments had reduced or non-qualified technical teams and lacked the experience and ability to properly plan, design and implement PAC-UAP interventions (CAMPANHONI, 2016; DENALDI *et al.*, 2016; DENALDI & FERRARA, 2017). This is frequently justified as a consequence of constrained municipal budgets and decades of scarce federal investments in slum upgrading, as exemplified below:

You never prepare a public policy without clear expectation of resources. The resources become available and then people start preparing projects. So there really wasn't updated and complete slum upgrading projects after 20 years without investments, there were no projects in the pipeline. Therefore, the first selection of projects within PAC was made with incipient projects, with proposals, with ideas... (Interviewee B).

Nevertheless, one size doesn't fit all and this argument is not entirely applicable in every municipal context. There are considerable differences in technical and political individual skills existent in municipalities and they seem to have a relationship with policy results. The two municipalities analyzed exemplify this: in the implementation of PAC-UAP, São Bernardo do Campo, which had higher rates of financial execution, prioritized the interventions in this subprogram, carried out civil service examination and hired professionals with previous work on slum upgrading (REGINO, 2017), while Santo André, due to political intermittence, gradually lost very experienced and skilled professionals, as this excerpt demonstrates:

It is important to have a technical staff compatible, in terms of number of professionals, with what you will face, the set of works, of projects. What happened in Santo André, the team was very reduced in view of the task. The workload increased with PAC, with PAC came resources and, therefore, the work and the number of upgrading increased and I reduced the team. So, of course, I lose part of my institutional capacity. (Interviewee D)

In spite of these variances, it is feasible to argue that even municipalities that had previous experience and analytical-operational capacity on slum upgrading faced problems related to the planning and execution of interventions. Therefore, the issue with PAC-UAP production seems to be more related to using the available municipal resources and skills to overcome unavoidable implementation problems. This common challenge can be partially understood by the difficulty of reconciling the timing of government – producing a project, signing the Term of Commitment, bidding and starting the works – and the timing of people, particularly the constant transformation of slums (CARDOSO & DENALDI, 2018), as described below:

In the case of slums there is a difficulty. As the urban dynamics are very fast, I can't make a project, detail the project, bid the project, start the execution ... when one starts the execution, the reality is different (Interviewee E)

On the other hand, PAC-UAP was as a rare opportunity for many municipalities to access federal resources for large scale slum upgrading and this had positive impact on some local governments' political and analytical capacity (PETRAROLLI, 2015).

Furthermore, it is relevant to mention that individual resources were also challenges to the other actors involved in PAC-UAP's production. The specialized literature and the interviews point that relevant stakeholders, particularly from CAIXA and external accounting offices, had very little knowledge on slum upgrading and often made requirements that were reasonable from a financial or managerial point of view, but very distant from the reality of these interventions (Interviewee D; PETRAROLLI, 2015; CARDOSO & DENALDI, 2018).

Secondly, another recurrent point in the PAC-UAP literature relates to the **difficulty of inter-organizational management**, including the rigidity of the contracting and operationalization model (CAMPANHONI, 2016; CARDOSO & DENALDI, 2018; PETRAROLLI, 2015; REGINO, 2017). Relating it to the analytical model of Wu *et al.* (2015), this point resembles the operational dimension of capacity at its three levels (individual, organizational and systemic), illuminating problems related to coordination between different state and non-state actors involved in the operationalization of the subprogram. Commonly mentioned operationalization problems were related to excessive oversight by external accounting offices and to immoderate bureaucratic (and discretionary) monitoring by CAIXA. According to a public manager:

As the slum upgrading interventions evolved and the resources increased, so did the control and the fear of the bureaucrats who were involved in the transfer and control of these resources. And this started to slow down the execution of the projects a lot. And we also had many problems with the discretion of CAIXA's employees. They analyzed the projects, and when something was not very explicit in the norms, the technician often decided to take the decision on his own, saying "I will not approve because of this, because of that", even when the project was correct (Interviewee C).

Recent research identified that CAIXA has adopted stricter procedures for supervision and management of works under PAC-UAP to meet the recommendations of the accounting offices, such as the Federal General Accounting Office or *Tribunal de Contas da União* (TCU) (CAMPANHONI, 2016; PETRAROLLI, 2015). Similarly, Interviewee D stated that many times this extra requirement of CAIXA had to do with the recommendation of accounting offices, arguing that these organs were unaware of the phenomenon and the nature of slum interventions.

Similar coordination problems were found in the relationship between municipal governments and residents of the upgraded areas and social movements, particularly when the interventions involved evictions or replacements, as well as with other local

departments in charge of infrastructure, environmental licensing and land regularization processes. Furthermore, subnational governments had problems with private construction companies hired through bidding processes: many of these companies had little experience with slum upgrading and low floating capital, and ended up in bankruptcy or terminating the contracts in the middle of the works (CAMPANHONI, 2016).

Thirdly, **organizational factors** also contributed to minimizing PAC-UAP capacity. Besides the operational-organizational elements previously mentioned, some states, especially those in the North and Northeast of the country, lacked specialized professionals to perform the demanded services, reducing the subprogram's analytical-organizational capacity. Due to the unforeseen investment in slum upgrading, not only could municipalities not respond properly, but neither did local companies and professionals. Therefore, according to one of the interviewees from MCIDADES, referring to a conversation with a public manager from the Northeast:

In one of these talks [about the difficulties in implementation], he asked: do you know how many pachymetry experts there are in the whole Northeast? How many offices are there? The region only has two specialized offices, and they are loaded with work, because there are sanitation works, the transposition of the São Francisco River... There are two huge projects, and these offices only have one open spot in their agenda in four months from now, there's nothing I can do. (...) We have a distribution of professionals, skills that is very unequal, both in the public sector but also in the private sector (Interviewee A).

Fourthly, the framework also made evident the fragility of PAC-UAP in terms of **systemic-political capacity**. Shortly after its launch, given its feeble execution rates, PAC-UAP and the theme of slum upgrading lost systemic legitimacy (WU *et al.*, 2015), and the program was unable to remain a priority in the national agenda (KLINTOWITZ, 2015). This can also be understood in light of the emergence of MCMV, which provided results much faster than PAC-UAP: between 2006 and 2014, the former executed almost three times more resources than the latter (KLINTOWITZ, 2015). These results can be better comprehended by analyses of implementation arrangements. In PAC-UAP subnational governments assume responsibility for the operations, being accountable to a federal management system characterized by bureaucratic procedures and intensive monitoring. MCMV, on the contrary, shifts the participation of municipalities to the background, simplifies operationalization and accountability, and expands the participation of the private sector, with a view to making policy implementation more agile. As a result, it quickly became a success in terms of results.

My House My Life brings a problem, which is his wonderful hiring model. By the way, we joke that it is the magic tube, which enters the public money, the private money comes from the other side, because it dispenses all these bidding issues, Sinap and I don't know what, which makes the model so slow (Interviewee B).

Finally, this study suggests a new set of explanations to understand a policy's capacity, not entirely prescribed in Wu *et al.*'s analytical framework (2015). They relate to **factors endogenous to the policy**. Recent research has emphasized the need to recognize the ambiguity of the term slum upgrading – which can refer, for example, to integrated slum upgrading or to slum eradication –, the multiplicity of the territories to which it refers, as well as the variety of possible interventions, with different characteristics, costs and results (MORETTI *et al.*, 2009). Therefore, to best comprehend PAC-UAP operations and its implementation results it is necessary to keep in mind that this is an “umbrella” program, with varied levels of technical and social difficulties, and to consider the characteristics of the territories and the planned interventions (CARDOSO & DENALDI, 2018; DENALDI *et al.*, 2016). In this regard, one of the interviewees mentioned that:

And sometimes a work that has low execution ... you have to see, it is one thing to run water and sewage in a city, in a precarious settlement of the countryside, where the street is there, it is an easier thing. Another thing is to do one of these works that you start moving a retaining wall that falls, which would not fall. So, then, it's not just institutional capacity (Interviewee D).

Additionally, studying slum upgrading requires the recognition of the existence of unforeseen events and the constant transformation of the territories (CARDOSO & DENALDI, 2018). This produces an evident mismatch between the informal settlements' time and the time of government to formulate and implement these operations. Slum upgrading projects, which already take longer due to the difficulties associated with the diagnosis and planning in informally occupied areas, often quickly become obsolete.

These features of slum upgrading policies are not adequately taken into consideration in the current model for contracting and payment in PAC-UAP, which emphasizes bureaucratic procedures. The design of PAC-UAP privileges such respect for the rules and procedures of the contracted operations that it generates unreliable situations, where minor changes are rejected or require contractual reprogramming and the planning of interventions quickly become disused if they are to follow strictly all the small items of the contracts.

Table 3 provides an empirical overview of PAC-UAP's capacity. In general, this subprogram had low capacity. It had problems related to scarce individual and organizational resources, impacting on the ability of local governments to design and implement slum upgrading operations. However, PAC-UAP also faced political and systemic barriers, as well as problems caused by the mismatch between the rules of the subprogram and the characteristics of the policy, which negatively affected its production capacity.

Table 3 - Empirical analysis of PAC-UAP's capacity

	Individual resources	Organizational resources	Systemic resources
Analytical skills	Municipalities' staff with varied capacity , professionals from other agencies with reduced experience with slum upgrading.	Submission and selection of low-quality projects Low in some parts of the country: unavailability of skilled professionals.	Low trust on municipal professionals' capacity
Operational skills	Reduced municipal staff to handle complex processes: project design and management, reprogramming, licensing, accountability.	Coordination problems between agencies and with companies. Bureaucratic control.	Action from control agencies: strong supervision, negative effects.
Political skills	Communication problems with residents, mainly in removals.	Municipalities gradually lost federal government support.	Gradual loss of public legitimacy and trust, impacting on PAC's priority on the agenda.

Source: Elaborated by the authors, based on Wu *et al.* (2015).

Final considerations

Considering that the implementation of many public policies is currently based on decentralization and involves different governmental and non-governmental actors, this article aimed to advance understanding on the capacity to produce shared and federally induced policies in federations marked by heterogeneity among its subnational governments. Empirically, the article analyzed Brazilian slum upgrading interventions within PAC, a federal program that leveraged investment on this policy sector and faced many implementation problems.

The present study corroborated the commonly spread view that, in federations with heterogeneous capacity among local governments, many municipalities lack abilities

and resources to properly implement shared urban policies. Even when they have sufficient federal financing, these local governments often face unsurmountable challenges to operationalize the interventions and cannot reach the agreed outcomes.

Notwithstanding, the detailed analysis of PAC-UAP's capacity showed that a more accurate comprehension of the results of a shared and federally induced policy implementation can only be achieved if other factors are taken into careful consideration. First of all, based on the application of Wu *et al.* (2015)'s analytical model to PAC-UAP, we suggest that it is necessary to go beyond the argument that directly links feeble policy implementation results to local government's reduced capacity. In this research, São Bernardo do Campo and Santo André, municipalities with a trajectory on slum upgrading and varied capacity on terms of analytical and operational skills faced considerable implementation problems. Therefore, based on our findings, we recommend that future studies on policy capacity should not look only at local administrative capacity, but take into attentive consideration the technical and relational capacity of other actors involved in this policy-making and the organizational and systemic resources.

Secondly, we argue that the general concept of state capacity has analytical validity. Notwithstanding, resuming to Wu *et al.* (2015)'s work, we assume that this debate has more explanatory potential when it is viewed in the realms of specific areas of public policies. In PAC-UAP, the implementation challenges became more acute due to the mismatch between the norms of the Program and endogenous characteristics of slum upgrading interventions. The opposition between the formal and bureaucratic model of implementation and the reality of slums, which are constantly changing and demand flexible and creative interventions, represented, in some cases, deadlocks and a serious challenge to the achievement of results. Future research can explore this finding deeper, particularly how specific characteristic of policies relate to this general framework of policy capacity.

The article also suggests that local governments' capacity to produce slum upgrading interventions seems to have evolved accordingly to historical contexts. In a scenario of scarce federal investment in housing, despite innovative and small-scale initiatives by local governments in the decades of 1980 and 1990, most municipalities lacked staff, information resources and high-quality projects for intervening in slums. The launching of a federal program has helped them to insert this issue on the local political agenda, contributing to the development of municipalities' capacity. This indicates that

PAC-UAP may have supported a brief trend of growing local governments' capacity for implementing housing policy, as already identified by Arretche *et al.* (2012).

Finally, it is worth mentioning that the gradual loss of PAC-UAPs' political legitimacy affected local level capacity-building for slum upgrading initiatives and the subprograms' general capacity, gradually losing steering abilities. If excessive bureaucratic rules and monitoring constitute *per se* challenges for implementation, particularly to the municipalities with less experience and capacity for producing urban policies, they become even more challenging in contexts of low legitimacy, in which subnational governments have lost trust as implementing partners. This leaves them with less leverage to influence the program, promote learning and adaptation that best fits the shared policy to local actors' needs. This process of lessening legitimacy of slum upgrading in the governmental agenda began around 2009 and it is reinforced today, bringing the peril of gradual dismantling of the capacities recently incentivized and reshaped.

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