

MEGA EVENT PLANNING

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SPORTS MEGA-EVENTS AND URBAN LEGACIES

The 2014 FIFA World Cup,
Brazil

Edited by
**Eduardo Alberto
Cusce Nobre**



Mega Event Planning

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Editor

Sports Mega-Events and Urban Legacies

The 2014 FIFA World Cup, Brazil

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Editor

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Mega Event Planning

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PREFACE

In October 2007, Brazil was chosen to organise the 2014 FIFA World Cup. Seemingly a natural vocation due to the country's historic relationship with football, the competition to host this mega-event was related to the political project of its governors during a period of rapid economic growth and the emergence of the country on the global stage. After organising the 2007 Pan American Games in the city of Rio de Janeiro, Brazil jumped on the sport mega-event bandwagon, having been chosen as host for both the 2014 FIFA World Cup and the 2016 Olympic Games, again in the city of Rio de Janeiro.

The idea of organising such mega-events had been defended by urban planners as a way to attract considerable public and private resources to be invested in cities. In this respect, the city of Barcelona has been an outstanding example of the possible urban transformations as a result of the 1992 Olympic Games. The construction or renovation of ports, airports, public transportation and sports facilities, housing, hotels and tourism developments is regarded as the urban legacy of organising such mega-events.

Aware of these ideas, the Brazilian government decided to coordinate an investment programme to transform 12 of the 26 capitals of Brazilian states. Regardless of the World Cup result, the aim was to leave an important legacy in terms of infrastructure, employment and income-generating activities, and to promote Brazil's global image. Therefore, the government took over the coordination of the planning, which was made together with the private sector, chosen states and municipalities, resulting in the Responsibility Matrix.

Between October 2007 and July 2014, a series of infrastructure, mobility and stadia construction projects was carried out at a cost of US\$10 billion, of which 84 per cent came from the public sector, despite promises to the contrary. However, this mega-event organisation has resulted in ‘winners’ and ‘losers’ in the process. On the one hand, business groups associated with local governments profited, either through exploiting commercial sport facilities or by expanding new fronts for real estate capital near facilities and infrastructure projects. On the other hand, the low-income excluded populations were the main losers, either by being removed from the areas affected by the projects, or as a result of the misuse of public resources designated for the mega-event at the expense of their actual demands.

The aim of this book is to understand the main results of the World Cup urban interventions, which were its main urban legacy in seven of the host cities. Thus, the physical-spatial and socio-economic impact of the major urban interventions will be put under analysis. The idea is not to exhaust all the areas of study in relation to the 2014 FIFA World Cup, but to understand what these and also the political and social impacts were on the cities of an emerging country like Brazil.

CONTENTS

1	The 2014 FIFA World Cup in Brazil	1
	Eduardo Alberto Cusce Nobre	
2	Belo Horizonte	25
	Heloisa Soares de Moura Costa and João Bosco Moura Tonucci Filho	
3	Fortaleza	41
	Luís Renato Bezerra Pequeno and Valéria Pinheiro	
4	Natal	63
	Alexsandro Ferreira Cardoso da Silva	
5	Porto Alegre	77
	João Farias Rovati and Clarice Misoczky de Oliveira	
6	Recife	97
	Flávio A.M. de Souza	

7 Rio de Janeiro	117
Fabício Leal de Oliveira, Fernanda Sánchez, Glaucó Bienenstein and Giselle Tanaka	
8 São Paulo	137
Eduardo Alberto Cusce Nobre, Jorge Bassani and Camila D'Ottaviano	
9 The Cup Final Score	153
Eduardo Alberto Cusce Nobre	
Index	161

NOTES ON CONTRIBUTORS

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LIST OF FIGURES

Fig. 1.1	Map of Brazil (States and Great Regions)	6
Fig. 2.1	Urban mobility interventions and expropriation/eviction areas in Belo Horizonte	32
Fig. 3.1	Economic activities and urban development in Fortaleza	44
Fig. 3.2	Spatial segregation in Fortaleza: social housing and real estate market	46
Fig. 3.3	Urban interventions related to the 2014 World Cup in Fortaleza	51
Fig. 4.1	The <i>Arena das Dunas</i>	72
Fig. 5.1	Map of the 2014 FIFA World Cup projects in Porto Alegre	83
Chart 5.1	Number of urban mobility projects included in the Responsibility Matrix	84
Fig. 5.2	The Beira Rio and Grêmio Arenas in Porto Alegre	86
Fig. 6.1	Location of the Arena Pernambuco in the MRR	99
Chart 6.1	Annual percentage of GDP growth rate for Brazil and Pernambuco from 1990 to 2014 (base: 1990 = 100)	101
Chart 6.2	Annual percentage GDP growth rate for Brazil and Pernambuco from 2003 to 2014	102
Fig. 6.2	The <i>Arena Pernambuco</i>	103
Fig. 7.1	The <i>Maracanã</i> stadium and its surroundings	124
Fig. 8.1	The <i>Itaquera</i> Arena	146
Chart 8.1	Variation on the new high-rise residential development PSV between 2010 and 2014	148
Chart 8.2	Variation on the new high-rise residential unities launching between 2010 and 2014	149

Chart 9.1	Growth in the Brazilian automobile production (in thousands of units) from 2000 to 2014	156
Fig. 9.1	São Paulo abandoned light rail line	157

LIST OF TABLES

Table 1.1	The Final Responsibility Matrix Investment by Type of Work	12
Table 1.2	The Final Responsibility Matrix Investments by City	14
Table 5.1	Large Urban Interventions projects in Porto Alegre	80
Table 5.2	Summary of the projects for the FIFA's World Cup 2014 in Porto Alegre	92
Table 8.1	The São Paulo final Responsibility Matrix investment by type of work	141

The 2014 FIFA World Cup in Brazil

Hosting a Sport Mega-Event in a BRIC Context

Eduardo Alberto Cusce Nobre

Abstract The aim of this chapter is to establish the background to understanding the impact of the 2014 FIFA World Cup projects on the cities of an emerging country such as Brazil. In order to do this, this short introduction assesses the discourse and practice of sports mega-events organisation elsewhere. Next, the main historical, economic, political and social aspects of contemporary Brazil are addressed. After this, the reasons for the choice of Brazil are assessed by analysing the Brazilian government's efforts to bring the mega-event to Brazil and its relationship to the recent FIFA reorganisation. Finally, the main results of the World Cup organisation are evaluated in terms of the Responsibility Matrix, the amount of public and private investments made and the reaction of society.

Keywords Mega-events planning · Urban legacies · FIFA World Cup · Brazil

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1.1 INTRODUCTION

The idea of promoting sport mega-events has been defended by international urban strategic planning consultants as a way for cities to compete with each other for the ‘scarce international investment’ and achieve economic development in the ‘highly competitive environment’ of contemporary capitalism¹.

It is said that when hosting these events, a considerable amount of public and private investment in infrastructure, services and employment-generating activities will be implemented in the city that would take longer to take place without them: this is the so-called *legacy*.

Logically, there are several others areas, such as the economic, cultural and social, where one can consider this legacy, but for the purposes of this book, we will analyse only those that have direct impacts on cities: the *urban legacy*.

Mega-events are short-term events requiring investments in a series of construction projects in order to be carried out. In the case of sports mega-events, the two main and most important are the Olympic Games and the FIFA World Cup.

With the advent of global television broadcasting from the late 1970s onwards, there was a major transformation in the organisation of mega-events as the increased media exposure resulted in their becoming highly profitable for sponsors. Thus, large multinational corporations, such as sports brands and the automotive, beverage, electronics, food and telecommunications industries, have invested billions of dollars in sponsoring such events and have expected a financial return as a result of the exposure of their brands (Broudehoux 2015).

The sports facilities required (stadia, arenas and gyms), transport infrastructure, telecommunications, hospitality (to accommodate the delegations, journalists and tourists) and related services have resulted in a series of projects and investments in urban development, which have often led to huge urban transformations.

On the other hand, the global economic restructuring crisis of the 1980s led to profound changes in the paradigm of urban planning and policy, making urban administrations adopt a neoliberal approach and being more proactive in order to attract economic development, adopting techniques of corporate strategic planning, moving from ‘managerialism’ to ‘entrepreneurialism’ in Harvey’s words (1989).

The role that the city of Barcelona played in the 1992 Olympic Games is regarded as one of the first examples of this new paradigm, which uses

the promotion of a major event as an integral part of urban strategic planning, as can be seen in the words of Borja and Castells:

The response to the awareness of crisis has been facilitated in some cities by the ability to attract and make use of a major international event. Barcelona has become a paradigmatic example of this. The strategic plan would not have been the framework for an ambitious urban transformation project, now partly implemented, without the spur of the 1992 Olympic Games. (Borja and Castells 1997, 93)

Since then, various municipal and national governments have struggled in the competition to host these mega-events, with the aim of promoting and transforming their cities in order to be ‘sold’ on the consumer market and to become investment and tourist destinations on a global scale.

However, as a result of the sponsors’ billionaire interests, these interventions result in a strong physical-spatial and socio-economic impact on the city and its residents. Sometimes, the combination of television, marketing and the sale of commercial rights of these events gives a supranational power of decision to these transnational companies and the organising committees, dictating rules on the construction and location of the stadia and facilities, and even changing national and local legislation.²

Many authors have explored the impacts of the planning of mega-events. Kassens-Noor (2012), after analysing the transportation planning for four Olympic cities (Barcelona, Atlanta, Sydney and Athens), has concluded that the International Olympic Committee (IOC) had great influence over these projects, and that the results turned out to be quite different from what had been planned for these cities prior to the bid. This has represented a strong shift away from investing to meet the real mobility demands. Indeed, many of the projects would become huge ‘white elephants’ that would prove to be of little use by local people after the games.

Furthermore, the impact of the interventions and regulations caused by these events has generally resulted in losses for local communities, while the main ‘winners’ have been the entrepreneurs, landowners and big business at the expense of the most excluded population sectors, especially the low-income residents of the surrounding areas and small local businesses.

Brimicombe (2013) evaluated the results of 2012 Olympic Games in London and came to the conclusion that the main legacy promises made at the national level were not met. First, the costs of hosting the event

were much higher than the original budget (£9 billion against £2 billion) and the public sector was responsible for 90 per cent of the total, despite initial promises to the contrary. Nor did the goal of transforming the UK into a sporting nation come to pass: it was expected that one million young people would begin sports activities for an hour at least three times a week after the games, but later this estimate was revised to just one hour once a week.

Even the urban legacy of the Olympic Games to London is questionable. Their location in the East End was proposed to promote an urban regeneration process in an area characterised by industrial transition with a large environmental burden and a vulnerable, low-income population. In terms of the two main local goals—the provision of social housing and jobs to meet local needs—the legacy also seems to have been a failure.

Westfield Stratford City, one of the largest shopping centres in Europe, with a Gross Location Area (GLA) of 175,000 square metres, was built next to the Queen Elizabeth II Olympic Park in order to provide economic activities and jobs for the area. However, according to the local planning draft conducted by the London Legacy Development Corporation (LLDC), only 20 per cent of the 10,000 jobs created were taken by the local population in an area where there are serious unemployment problems (LLDC 2013).

Also, in a random assessment by the author inside the centre, it could be seen that only a third of people seemed to be of non-Anglo-Saxon descent, while 49 per cent of the population of the London Borough of Newham, where the centre is located, is made up of minority ethnic communities, predominantly Bengalis and Pakistanis.

The Olympic Village was transformed into a luxury housing development, ‘East Village London’, and has been sold to the community. Prices of new homes skyrocketed: a new one-bedroom flat was selling at £300,000 in 2014, in contrast to two-bedroom terraced houses, which were being sold at an average of £230,000 (Zoopla Property Group 2014). The Olympic Village building quality contrasts greatly with existing homes in the area, and only 24 per cent of the 2,818 new homes will be social housing (Watt 2013).

Four hundred homes were demolished for the Olympic projects and ‘Olympic-related gentrification and displacement processes associated with rising private housing costs have already been identified’ (Watt 2013, 104). The current low-income residents face uncertainty about the possibility of remaining there in the future, bearing in mind that

since the 1980s, the Eastern Thames Valley has been subject to various urban regeneration projects, attracting many foreign investors such as the Russians, Chinese and Arabs.

1.2 SPORT MEGA-EVENTS IN A BRIC CONTEXT: THE BACKGROUND OF BRAZIL

Before analysing the implementation and the results of sports mega-event planning in Brazil, specifically the 2014 FIFA World Cup, it is important to understand certain Brazilian structural issues.

Brazil is considered to be a BRIC country. Due to the size of its economy and growth in recent years, the chairman of Goldman Sachs, Jim O'Neill, coined this acronym to define the largest emerging market economies: Brazil, Russia, India and China (O'Neill 2001). In a 2001 market advisory paper, O'Neill stressed the importance of BRIC economic growth in the future in relation to the established G7, the seven most industrialised and developed economies in the World (the US, Japan, Germany, France, the UK, Italy and Canada).

In fact, Brazil is a continental country, the fifth biggest globally in terms of size (8,515,767 square kilometres) and population (206.1 million) and the seventh biggest in economic terms,³ with a gross domestic product (GDP) at market prices of US\$2.3 trillion in 2014 (World Bank 2014). It is the largest Latin American economy, being followed by Mexico (US\$1.3 trillion), which is predominantly comprised of the services sector (70 per cent of GDP), followed by industry (25 per cent) and agriculture (5 per cent) (IBGE 2014). Exports account for 11 per cent of GDP, focusing on primary commodities: iron ore, soya beans and oil.

It is a Federative Republic divided into five Regions, 26 states and one Federal District, Brasília (Fig. 1.1). As a result of its size, colonisation and history, the country has large regional differences. The South and Southeast Regions have a temperate climate and the most diverse and developed economy, accounting for 56 per cent of the population, 71 per cent of the total GDP and 75 per cent of the industry (IBGE 2012). The Northeast has a semi-arid climate and contains 28 per cent of the population and 14 per cent of GDP. The Central-West tropical savannah is the new agribusiness frontier, with 14 per cent of the population, 10 per cent of GDP and 22 per cent of the agriculture. The North Region is the most uninhabited and undeveloped as it is mainly occupied

States and Great Regions in Brazil



Fig. 1.1 Map of Brazil (States and Great Regions)

Source: Marco Aurelio P. Marsitch, public domain

by the Amazon Rainforest, representing only 8 per cent of the population and 5 per cent of GDP, despite occupying 45 per cent of the country.

Despite its huge economy, Brazil is a middle-income country in sixtieth position in global terms, with a gross national income (GNI) per capita of US\$11,530 (World Bank 2014). With a Gini Index of 52.9, Brazil has one of the most uneven income distributions in the world: the richest

10 per cent of the population receives 44.4 per cent of the national income, whereas the poorest 50 per cent gets only 17.7 per cent (IBGE 2011). This is result of structural development issues of national and international natures.

During the period of the Colonial Pact with Portugal, Brazil was a mere supplier of raw materials and a consumer of manufactured goods from the metropolis. There was a trade-off made between independence and debts that Portugal had with the UK. So the new country started both financially and technologically dependent. In addition, Brazil had imported African slaves from the sixteenth century until the abolition of slavery in the late nineteenth century. Former slaves and their descendants did not receive any financial compensation after the abolition, resulting in a huge contingent of the poor.⁴

From independence until 1930, the country was characterised as an exporter of primary goods, mainly coffee, rubber and cotton. The collapse of commodity prices in the 1929 Wall Street Stock Exchange crash made the Federal Government pursue industrial development policies. These policies have been further emphasised from the 1950s onwards based on the following tripod (Becker and Egler 1992): the public sector was responsible for capital goods and infrastructure, which was financed by external debt; transnational corporations were responsible for durable goods; and Brazilian companies were responsible for non-durables.

Large state-owned companies, mainly in the fields of petrochemicals, steel, telecommunications, electricity and transport, were established and, in order to foster these projects, the *Banco Nacional de Desenvolvimento Econômico* (BNDE: National Economic Development Bank) was created under the Ministry of Finance. The result of this ‘developmentalism’⁵ was the growth of the Brazilian economy from 1950 until 1979 at an average rate of 7.4 per cent (IBGE 2014). However, as a peripheral Fordist satellite, wages remained low so that the country could be competitive in the international arena.

The 1970s oil crisis put an end to Brazilian growth as interest rates skyrocketed. Brazil and many other indebted Latin American countries found themselves facing a budget crisis, having to declare a moratorium in the so-called ‘Lost Decades’. From 1980 to 1992, the Brazilian economy shrank by 17.4 per cent, with inflation reaching 500 per cent a year, unemployment rising to 18.1 per cent of the labour force and informal labour accounting for 54 per cent of jobs (Dupas 1999).

In the 1990s, under the presidency of Fernando Henrique Cardoso⁶ (1995–2002), a stabilisation policy was enacted to tackle stagflation, following the Washington Consensus neoliberal ideas:⁷ fiscal policy based on a government budget surplus; a reduction in public spending; inflationary control through high interest rates; deregulation of the economy; the privatisation of public enterprises; and the deregulation of exchange rates. Despite the control of inflation, the economy continued to slide, growing by an average of just 2.8 per cent a year; the overvalued Real (R\$), the new national currency,⁸ along with free trade, caused a de-industrialisation process and unemployment continued to remain high at 12.3 per cent (IBGE 2014).

These policies changed considerably in the midst of the Chinese-led economic boom and the valorisation of commodities in the early 2000s. The election of the leftist Luiz Inácio Lula da Silva⁹ as President contributed greatly to these changes. During his time in office (2003–10), Lula, as he was informally known, adopted a macroeconomic policy based on two fronts that became known as ‘neodevelopmentalism’¹⁰ (Ban 2012).

The first of these was an aggressive economy and export policy boost financed by the *Banco Nacional de Desenvolvimento Econômico e Social* (BNDES: National Economic and Social Development Bank),¹¹ fostering the ‘National Champions’, major Brazilian enterprise groups in the fields of agribusiness, construction and industry (cement, beverages, food, oil and steel). Many Brazilian companies were consolidated as multinationals, expanding their presence in Latin America and Africa (Columbia Law School 2007). The Federal Government made investments in infrastructure in areas such as housing, sanitation, transport, energy and water supply through the *Programa de Aceleração do Crescimento* (PAC: Growth Acceleration Programme), with a provision of a US\$237 billion in investments for the period 2007–2010.

Second was the implementation of various economic and social programmes to reduce extreme poverty. The minimum wage experienced a real increase of 75 per cent, discounting inflation. The ‘Bolsa Família’¹² (Family Allowance), an income transfer programme, was created to ensure the right to food and access to education and health for families in extreme poverty. And after an absence of almost 20 years, the Federal Government returned to investing in social housing, in 2009 creating the *Programa Minha Casa Minha Vida* (PMCMV: My House My Life Programme) that initially aimed to build one million homes. In four years, it reached a total of more than three million contracted units, 53.3 per cent of which were for families earning less than three times the National Minimum Wage, i.e. US\$ 710.25 by July 2009 (Santo Amore 2015).

Maricato (2013) emphasises the fact that PMCVM was designed to be a counter-cyclical policy to confront the global economic crisis resulting from the 2008 US subprime financial crisis. It was designed by the Federal Government together with the building and real estate sectors to boost the Brazilian economy with public funding. On the other hand, PAC was designed to upgrade Brazilian infrastructure and also helped the building sector.

With these favourable conditions at the national and international levels, the Brazilian economy began to grow again at an average of 4 per cent a year, reaching 7.6 per cent in 2010, while unemployment fell to 6.4 per cent and 25 million people left extreme poverty (Báez et al. 2015). This was the context of the planning of the sports mega-events.

1.3 THE SELECTION OF BRAZIL AS HOST OF THE 2014 FIFA WORLD CUP

From an anthropological point of view, to host a World Cup is in accordance with the Brazilian national imaginary, considering the fact that football is recognised as ‘the national passion’. Brought to Brazil in 1895 from England by Charles Miller, a Brazilian student of British descent, it started out as an elite sport initially played mainly by the immigrant groups—British, Germans and Italians—but very quickly won the hearts and minds of ordinary Brazilians due to the ease of playing it in school playgrounds and improvised pitches on streets, squares, beaches and waste land (Mascarenhas 2014).

From the 1940s onwards, football gained a new status as the construction of public stadia popularised it as a spectacle. Mascarenhas (2014) considers the sport as a powerful socialisation machine and a spectacle in the sense of promoting belonging and building collective identities.

Brazilians are proud that the national team is the only one to have won five World Cups, and Brazil hosted the 1950 FIFA World Cup, on which occasion it lost to Uruguay in a dramatic 2-1 final.

However, the selection of Brazil to host the 2014 FIFA World Cup is much more related to FIFA reorganisation in the early 2000s and Brazilian politics than anything else.

In August 2000, the FIFA Executive Committee decided to implement a rotation system of the World Cup host countries as, up to that time, only countries in Europe and America (both North and South) had hosted the

event. The reason given by FIFA officials was that the increase in the worldwide audience had strengthened the importance and the role of football in other continents. The answer that FIFA President Joseph Blatter (1998–2015) gave to journalists when asked what he thought about African football when South Africa was chosen to host the 2010 FIFA World Cup is well-known: ‘Africa is the future of football’ (Jennings 2006).

In fact, this represented a reorganisation in the model that had already been implemented since the late 1970s by President João Havelange (1974–98), with the providential help of his executive-secretary. Havelange and Blatter were together responsible for giving the FIFA World Cup the commercial format it has today, and the increase in its audience and its financial potential were a continuation of this model.¹³

In March 2003, the Committee defined that the tournament after the 2010 South Africa World Cup would be held in South America. Later that month, CONMEBOL, the South America Football Confederation, decided to indicate Brazil as the only candidate to host the World Cup, reflecting the influence of Ricardo Teixeira, President of the Brazilian Football Confederation (CBF) and Havelange’s son-in-law.

The Brazilian candidacy had government approval and was proactive from the outset. In addition, organising the World Cup and the Olympics would crown President Lula’s political project, showing that the country, under his presidency, could finally be recognised as an emerging power. The organisation of the 2007 Pan American Games in Rio de Janeiro was thus a test for Lula’s great ambitions, as can be seen in his own words:

Normally the Olympic Games are organised by rich and developed countries. With the Pan American Games, we want to prove that we can do equal to or even better than any rich country in the world. We are going to organise the best Pan American Games ever so that we can dream of other realisations... We are interested in bringing two events to Brazil: the 2014 World Cup, and then, the Olympic Games. (UOL 2006)

Lula believed that organising such events would bring him political capital due to the economic prosperity caused by the huge amount of investments required. Organising such events would bring the legitimate justification to boost the contractors (the ‘National Champions’), national and local economies with public and private money for the construction of new arenas, facilities and infrastructure.

In 2006, Joseph Blatter met Lula in Brasília and said that Brazil had a long way to go in terms of building new arenas that were up to FIFA standards. Lula's response was that Brazil would build 12 new stadia to host the World Cup. In July 2007, the CBF handed in the necessary documents to make the bid, which would include 18 cities. After visiting a number of them, in October, FIFA ratified Brazil as the 2014 FIFA World Cup host.

1.4 THE 2014 FIFA WORLD CUP ORGANISATION

Despite the widespread criticism that the 2007 Pan American Games had received, specifically with regard to over-pricing and its urban impact (Mascarenhas et al. 2011), the Brazilian government had decided to compete for the right to organise the 2014 FIFA World Cup. After FIFA ratification, 18 cities entered a contest to host the event. Despite the fact that FIFA preferred fewer host cities (between six and ten), the Brazilian government pushed for a larger number (12), justifying this because of Brazil's continental dimension.

In reality, this would allow investment distribution between different regions, promoting the transformation of host cities just in time for the 2014 elections. The Federal Government's rationale on the legacy can be seen below:

The aim of the Federal Government is to coordinate an investment programme that will transform some of the most important capitals of the country, from North to South and from all regions: Belo Horizonte, Brasília, Cuiabá, Curitiba, Fortaleza, Manaus, Natal, Porto Alegre, Recife, Rio de Janeiro, Salvador and São Paulo. For all Brazilians, whatever the result of the World Cup, an important legacy in infrastructure, job and income creation will remain, globally promoting the country's image. (Brazil 2013)

After much delay, the official host cities were announced in May 2009: four in the Northeast (Fortaleza, Natal, Recife and Salvador); three in the Southeast (Belo Horizonte, Rio de Janeiro and São Paulo); two in the South (Curitiba and Porto Alegre); two in the Central-West (Brasília and Cuiabá) and one in the North (Manaus). All of them except Brasília are capital cities of Brazilian states.

After defining the host cities, the Federal Government, under the Ministry of Sports, started to develop the necessary projects to host the

World Cup. These were divided into three major groups called planning cycles (infrastructure, support services and operational actions).¹⁴ The infrastructure projects were those that provided the greatest number of physical-spatial interventions, therefore causing the greatest impact on cities. They were divided into four types:

1. stadia;
2. urban mobility;
3. airports;
4. ports.

In January 2010, the Minister of Sports, 12 state governors and 12 city mayors signed the Responsibility Matrix agreement, whereby they committed themselves to carry out the necessary actions and projects for the World Cup.

The Federal Government was responsible for the renovation of airports (Federal Airports Infrastructure Administration (INFRAERO)) and ports (*Secretaria dos Portos* (Department of Ports)). However, as several airports had been privatised, the franchisers also had to bear the costs (58 per cent), as can be seen in [Table 1.1](#).

The urban mobility projects were of various types, from building public transport systems and facilities, such as the Bus Rapid Transit (BRT) and the Light Rail Vehicles (LRV) lines, train or metro stations, to the construction of streets, roads and flyovers. The mobility projects

Table 1.1 The Final Responsibility Matrix Investment by Type of Work

	<i>Total investment</i>	<i>Financed by Federal Government</i>	<i>Federal investment</i>	<i>Local investment</i>	<i>Private investment</i>
Urban mobility	3,260.1	1,637.2	9.3	1,613.7	–
Arenas	3,131.7	1,425.5	–	1,477.8	228.4
Airports	2,346.2	–	994.8	–	1,351.4
Ports	223.3	–	220.9	2.4	–
Other	1,169.7	–	872.7	256.9	40.3
Total	10,131.0	3,062.7	2,097.6	3,350.7	1,620.2

(US\$million)

Source: Brazil Ministry of Sports (2014). Elaboration by the author

were largely related to the connection of the airports to the stadia or upgrading the surrounding roads.

The costs were shared equally between the Federal Government (50 per cent) and both state and city governments (50 per cent), depending on each case. The participation of federal funds came through the *Caixa Econômica Federal* (CEF: Federal Savings Bank) loans under the *PAC Mobilidade Urbana* (Growth Acceleration Programme—Urban Mobility).

With regard to the stadia, despite government promises that they would be privately financed, the largest amount of money was from public sources (92.7 per cent). The BNDES opened a credit line for companies with interest rates below the market rate. Municipalities and states granted tax exemptions when they did not directly invest in the construction or renovation of stadia.

Afterwards, public money, including credit lines, loans, tax exemption or direct spending, represented 84 per cent of the US\$10.1 billion¹⁵ spent on the 2014 FIFA World Cup, 51 per cent coming from the Federal Government and 33 per cent from states or municipalities (Brazil Ministry of Sports 2014).

From a regional point of view, investments were again concentrated in the most developed region in Brazil: the Southeast. According to Table 1.2, the total amount spent in São Paulo, Rio de Janeiro and Belo Horizonte accounted for 42.8 per cent of the total.

In order to speed up the projects, the Federal Government introduced a new public tender law (Brazil 2011) that allowed contractors and contract requirements to be more flexible, thus reducing the processing time from 250 to 90 days. This new tender regime was the subject of much criticism from both associations of engineers and architects because it gave contractors too much power, as they became responsible for the basic and executive projects and could define the projects and change their characteristics.

Another controversial law was the General Law of the World Cup (*Lei Geral da Copa*) (Brazil 2012), which relaxed the ban on the consumption of alcohol inside stadia; cancelled discounted tickets for students, the elderly and the disabled; prohibited street commerce around the World Cup venues; made the Federal Government responsible for incidents and damage occurring during the event; and extended free visas to World Cup foreign staff and athletes.

At the local level, contractors, entrepreneurs and the land-based elite entered into competition for resources and projects from the Federal

Table 1.2 The Final Responsibility Matrix Investments by City

	<i>Total investment</i>	<i>Financed by Federal Government</i>	<i>Federal investment</i>	<i>Local investment</i>	<i>Private investment</i>	
São Paulo	1,899.6	149.4	255.9	385.7	1,108.7	18.8 per cent
Rio de Janeiro	1,446.8	589.8	172.3	684.7	–	14.3 per cent
Belo Horizonte	979.5	502.6	163.5	313.5	–	9.7 per cent
Cuiabá	912.9	316.8	39.2	556.8	–	9.0 per cent
Brasília	810.1	18.8	4.5	546.8	239.9	8.0 per cent
Recife	625.1	402.7	16.5	205.8	–	6.2 per cent
Fortaleza	613.5	284.4	154.1	174.9	–	6.1 per cent
Natal	577.7	262.1	110.1	65.3	140.2	5.7 per cent
Manaus	488.7	149.4	195.5	143.8	–	4.8 per cent
Curitiba	418.2	162.9	64.9	93.0	97.2	4.1 per cent
Salvador	354.5	120.9	66.8	166.9	–	3.5 per cent
Porto Alegre	190.0	102.8	39.7	13.5	34.1	1.9 per cent
Other (all cities)	814.7	–	814.7	–	–	8.0 per cent
Total (US\$ million)	10,131.0	3,062.7	2,097.6	3,350.7	1,620.2	100.0 per cent

Source: Brazil Ministry of Sports (2014). Elaboration by the author

Government. In many cases, investment in infrastructure and stadia was directed towards areas of potential expansion of real estate capital, resulting in the eviction of low-income local populations and the flexibility of planning legislation.

The large amount of public investment and the minimal public return from the projects caused a significant reaction from the population, who took the streets of Brazilian cities in their thousands demanding improved public transport, schools and hospitals with ‘FIFA standards’, and shouting slogans such as ‘Who is the World Cup for?’ or ‘There will be NO World Cup’ (*BBC News* 2014). Organised social movements, made up of workers, students and intellectuals, joined up locally in the *Comitês Populares da Copa* (World Cup Popular Committees) and nationally in the ANCOP (World Cup Popular National Committees) denouncing the huge amounts spent on the World Cup and the violation of the human rights of the poorest in the population who were evicted to make way for the projects.

These and other events will be analysed in the following chapters, which explore the specifics of each of the cities. The chapters will follow a similar structure, first giving a background to the host city, then evaluating the city's Responsibility Matrix and finally assessing the urban legacy of the mega-event organisation.

However, analysing the 2014 FIFA World Cup urban legacy in all 12 cities could be rather exhausting and repetitive, so a smaller number, taking into account Brazilian regional diversity, is much more productive and should keep the readers' attention. Of course, some specifics might be missing, but it is not the intention of this book to exhaust all the topics relating to the 2014 FIFA World Cup.

The first city to be addressed is Belo Horizonte. [Chapter 2](#) seeks to understand the impact of the World Cup in the capital of Minas Gerais state, highlighting major infrastructure investment in mass transit and its relationship to metropolitan dynamics. Although important and required by the population, these helped to increase property values and promoted forced evictions, thus reinforcing existing inequalities. Investments in the arena and the adoption of FIFA standards helped to make *Mineirão* inaccessible to the poor, but seem to have had little impact on its surroundings. The chapter ends by arguing that the World Cup investments have deepened already-existing tendencies in Belo Horizonte and have helped to trigger many reactions and new urban insurgency movements, perhaps the most important legacy of the event.

In Fortaleza, the capital of Ceará state and the subject of [Chap. 3](#), the urban interventions have had a considerable territorial impact, especially in terms of social disparities, which have increased. Focusing on housing construction as way to understand the urban growth process, this chapter assesses the impact caused not only by the projects but also by the way in which the decision-making process took place: top-down rather than bottom-up. The chapter concludes that the already frail urban planning process became even weaker with transportation projects disconnected from real needs, the forced evictions caused by the projects affecting the lives of the poorest segments, and many projects being left unfinished.

In Natal, the capital of Rio Grande do Norte state and the subject of [Chap. 4](#), the author argues that the coalition of the three main elite groups—local politicians, real estate and service industries—was important for the adaptation of the FIFA business model. The renovation of *Arena das Dunas* reinforced this neighbourhood as the preferred area

for real estate valorisation. Land owners, construction companies, hotels and local media forged the ‘legacy image’ with a social gains discourse that actually did not exist. The author argues that the mega-event and its urban impact created an entrepreneurial universe that exceeded the interest in sports and connected local space to national and international interests. In this sense, football—sport as a social legacy—stops being the most important outcome and becomes secondary or virtually forgotten. However, organised social movements forced the coalition to change plans, acting as a pressure group on the local World Cup project. The author ends by stating that although the way in which the coalition operated brought risk to the democratic process, the reaction by wider social forces also demonstrated the vitality of locally based social movements.

According to the authors, the World Cup caused the city of Porto Alegre, the capital of Rio Grande do Sul state and the subject of [Chap. 5](#), to become an ‘open city’ to the capital and urban entrepreneurial strategies, with their plethora of urban beautification, innovation, revitalisation and renewal projects, weakening its planning institutions and any possibility of an integrated city project based on the participation of society. However, only one-third of the projects were completed: two related to private sector stadia renovation and the other four addressed urban mobility. The only mobility projects ready at the time of the World Cup were those surrounding the *Beira-Rio* Stadium. The authors state that the main impact was the disruption of the city’s territory and of its fragile planning bodies, with many construction sites under development with no completion date forecast, something that would compromise the municipality’s budget for the following years. The inability or lack of interest of the local authority to properly find a solution for evicted families and unfinished public transport urban projects has resulted in considerable social losses. On the other hand, there was significant capital circulation: the real-estate market thrived and the private sector made huge profits. The authors conclude that Porto Alegre is a clear example of a project where the public sector takes the risk and the population suffer the damage caused, while the private sector reaps the benefits.

In [Chap. 6](#), which covers Recife, the capital of Pernambuco state, the author examines the political economy of new managerial model to attract investments of the state, which sometimes acts as a mediator in the developmental agenda and sometimes as a quasi-developer itself. The developmental urban agenda is questioned in relation to whether it

supports the maximisation of productivity and/or the improvement in living conditions to reduce inequalities. The construction of the *Arena Pernambuco* symbolised the political economy of investments at a metropolitan level, with a view to stimulating housing land demands based on fallacious premises. The overall costs (production and maintenance) remained a key aspect and compromised the sustainability of the investment. Most important are the social costs that were apparently disregarded with regard to the removal of thousands of families from their homes.

In [Chap. 7](#) on the renovation of the *Maracanã* Stadium in Rio de Janeiro, the capital of the eponymous state, the authors bring new elements into the debate on large-scale urban projects and their relationship to the processes of the structuring and social appropriation of urban space. As opposed to the notion of ‘legacy’, which is fundamental to the official discourse to legitimise mega-events, this study seeks to understand how far the renovation of *Maracanã* goes in terms of its interfaces with different aspects of social reality. The study here examines governmental decision-making processes vis-à-vis the resistance of organised social groups; institutional exceptions and innovations made by both Federal, State and Municipal Governments; social, cultural and spatial disputes involving the ‘New Maracanã’; the de-characterisation of the stadium considering its status as a national heritage site; the transformation processes of land use and valorisation; socio-environmental impacts; and renovation, financing and sports facility management.

In [Chap. 8](#), which discusses São Paulo, the capital of the eponymous state, the authors emphasise the construction of *Arena Itaquera* as one of the many attempts of the municipal government to regenerate the city’s East Zone, a huge low-income dormitory town. The World Cup organisation served as a catalyst for the implementation of projects for the area, which were contained in development plans from the 1970s. Although forced evictions have been avoided, the amount of projects and public investments made in the area have altered or, rather, reinforced new trends in the city’s real estate dynamics, turning *Itaquera* into an area for potential lower middle-class residential development. In this sense, the World Cup projects have not brought the promised new jobs to the area, but have strengthened its residential character, which now has a gentrifying aspect.

[Chapter 9](#) summarises the most important impacts of the World Cup, taking into account the social, economic and political elements. The author makes a general analysis of the results of the implementation of mobility and stadia construction projects. Finally, it relates the social and political turmoil that Brazil has been experiencing in reaction

to the huge amounts of money spent and the suspicious relationship of Brazilian governors to the large corporate interests of contractors and developers.

We hope you enjoy the book!

NOTES

1. We refer here to the concepts of the current stage of development of capitalism, where the global accumulation regime comes about through the dominance of finance capital over production, made possible by the deregulation of international capital flows and the adoption of the neoliberal political and economic doctrine (Chesnais 2004; Foster 2010; Harvey 1990, 2005).
2. We here recall two emblematic cases: the first one was the demand made by FIFA to change the location of Cape Town Stadium in the 2010 South Africa World Cup to a photogenic setting, with the sea in the background, avoiding its construction in the original planned location close to a poor neighbourhood and low-income residential developments (Broudehoux 2015); the second one is the clash between the FIFA rules regarding the consumption of alcohol in stadia (since one of the main sponsors is a beer manufacturer) and the national legal restriction on their consumption, which had to be relaxed in Brazil during the event.
3. Behind the US (US\$17.4 trillion), China (US\$10.4), Japan (US\$4.6 trillion), Germany (US\$3.9 trillion), the UK (US\$2.9 trillion) and France (US\$2.8 trillion) (World Bank 2015).
4. Some Brazilian sociologists argue that poverty has ‘colour’ in Brazil, affirming that former slaves were equivalent to almost half of the population at the time of the abolition of slavery.
5. ‘Developmentalism’ is an economic ideology that was very popular from the 1930s until the 1980s, which advocated the industrial development of peripheral countries as a way of overcoming their economic underdevelopment. It was based on the association of the state with the national bourgeoisie to promote industrialisation through import substitution. Some authors consider it a peripheral version of Keynesianism.
6. Fernando Henrique Cardoso (1931–) is a Brazilian sociologist, political scientist, university professor, author of many books and politician. From a leftist political formation, as Minister of Finance, he implemented the economic stabilisation plan (*Plano Real*) in 1994, based on the Washington Consensus ideas. After this, he was elected President of Brazil in 1994 and was re-elected in 1998. His approach to neoliberal ideas would have caused him to say: ‘Forget everything I wrote before.’

7. The Washington Consensus was a set of neoliberal economic policies to tackle the problems of emerging countries promoted by multilateral institutions based in Washington D.C, such as the International Monetary Fund (IMF) and the World Bank, and based on the ideas of the British economist John Williamson (Williamson 1990).
8. When it was established, the exchange rate was R\$1.00 to US\$1.00 in June 1994.
9. Luiz Inácio Lula da Silva (1945–), informally known as Lula, is a Brazilian politician. A former lathe operator and trade union leader, he was one of the founders of the left-wing *Partido dos Trabalhadores* (PT: Workers' Party). After running three times for the presidency, he was elected President in 2002 after moving to the centre-left and was re-elected in 2006. At the end of his term in 2011, he managed to get his protégée Dilma Rousseff, also from the PT, elected.
10. According to Ban (2012), 'neodevelopmentalism' entails a new form of state activism. It is a national capitalist development programme meant to guide the transition of developing countries away from the Washington Consensus. It is based on the adoption of a development strategy that allows domestic firms to take advantage of global economies of scale and technological updating processes, but also innovation policies and activist trade policies targeted at investment opportunities for domestic firms.
11. In 1982, the BNDE gained an 'S' for 'Social', becoming the National Economic and Social Development Bank (*Banco Nacional de Desenvolvimento Econômico e Social*).
12. Established by the Federal Law 10,836/2004, this is a direct transfer income programme to families in poverty and extreme poverty. In 2015, the programme assisted 11.5 million households (23 per cent of the national total), transferring R\$25.4 billion (US\$6.5 billion) in benefits (Brazil 2015).
13. João Havelange and Joseph Blatter were responsible for giving the FIFA World Cup the format it has today: a transnational multibillionaire business. Going to Africa and Asia would help their 'business' as the controls and legislation in these continents are more flexible. In 2015, after 17 years as President, Blatter was suspended by the FIFA ethics committee, as he is under investigation by the Swiss authorities on suspicion of criminal mismanagement and misappropriation (Vinton and O'Keeffe 2015).
14. These groups were divided into three planning cycles (Brazil 2013): infrastructure projects from 2009 to 2010 (stadia, urban mobility, airports and ports); support services projects from 2010 to 2011 (security, tourism infrastructure, telecommunications, energy, environmental sustainability and institutional communication); and operational actions from 2011 to 2013 (airport and port operation, urban transport, energy supply, medical and transitory facilities) (Brazil Ministry of Sports 2014).

15. The total amount was R\$27.1 billion (Reais) converted at an exchange rate of R\$2.68 to US\$1.00 on 23 December 2014, according to the Brazilian Central Bank (<http://www4.bcb.gov.br/pec/conversao/conversao.asp>). These values may have slight differences, because between the signing of the Responsibility Matrix in January 2010 and its final version in December 2014, the Real devalued by 14 per cent against the dollar, discounting inflation. From that date until 1 March 2016, the Real lost 49 per cent of its value, mainly due to an economic crisis and the severe recession Brazil has been undergoing.

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Belo Horizonte

The Urban Impact and Contested Legacy of a Mega-Event

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and João Bosco Moura Tonucci Filho*

Abstract The chapter seeks to contribute to the understanding of certain urban impacts of the 2014 FIFA World Cup in Belo Horizonte, Minas Gerais, within a framework of an increasing shift towards neoliberalism and market trends in planning and urban policies at the local and metropolitan levels. The chapter briefly introduces the processes of production of space in the region marked by consistent state intervention in the urban infrastructure establishing the scenario for private capital investment.

Much of the data and analysis of this chapter draws upon the findings of a previous study on the impact of mega-events on Brazilian metropolises called *Metropolização e Megaeventos/Observatório das Metrôpoles*, published as Tonucci Filho et al. (2015). We would like to thank Daniel Oliveira, Hélio de Oliveira Jr. and Orlando Santos Jr. for authorising the use of this material.

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This is followed by an analysis of the investments and projects related to the 2014 FIFA World Cup, highlighting the three major infrastructure investments. Although important and necessary, they helped to increase property values and promoted forced evictions, thus reinforcing existing inequalities. Investments in the stadium and the adoption of FIFA standards helped to make the Governador Magalhães Pinto stadium (popularly known as *Mineirão*) inaccessible to the poor, but seem to have produced little impact on its surroundings, as the district of Pampulha already possessed a recognised urbanistic, cultural and environmental importance in relation to the geography of the city. The chapter ends by arguing that the World Cup investments have increased already-existing tendencies and have helped to trigger many reactions and new urban insurgency movements, perhaps the most important legacy of the event.

Keywords Urban planning · Neoliberal urban policy · 2014 FIFA World Cup · Belo Horizonte

2.1 INTRODUCTION: URBAN NEOLIBERALISM AND A GENERAL VIEW OF BELO HORIZONTE AND ITS RECENT METROPOLITAN EXPANSION

Since the 1970s, there has been a profound turn in central capitalist and peripheral countries to neoliberalism as a practical economic policy and also as a form of hegemonic ideological thought; as such, deregulation, privatisation and the removal of the domain of the state in social provision have become widespread. According to Harvey (2007), neoliberalism is, in principle, an economic policy theory which proposes that social welfare is best reached through the release of entrepreneurial and individual creative freedoms within an institutional framework of the ‘minimal state’ that ensure full private ownership, open markets and free trade. In practice, it corresponds to a strategy of global elites against the attempts of workers to remain in power and strengthens its appropriation of global wealth.

From the point of view of urban planning, the rise of neoliberalism in the 1980s and 1990s replaced the traditional planning associated with the Keynesian interventionist welfare state (Brenner and Theodore 2008) and moved towards the weakening of long-term planning, the loosening of urban regulation, following market trends and the promotion of the urban spectacles. Harvey (1996) calls this process a transition

from managerialism to entrepreneurialism in urban governance in late capitalism, with the adoption of the business logic and various fiscal and marketing strategies for promoting cities in the face of a growing 'war of places' on a global scale.

The main criticisms made of neoliberal strategic planning concern its very limited social participation, short-term thinking and the growing fragmentation of state action. Participation in strategic planning focuses on identifying the most important key actors in the quest to build a usually false consensus and authoritarian legitimations, excluding various segments of the population in decision-making processes, as analysed by Souza (2001) and Vainer (2000). It is considered that the realisation of mega-events operates at the heart of this new neoliberal urban governance model, based on increased competition between cities to attract foreign capital. It is in such a context that the 2014 FIFA World Cup took place in Brazil, and particularly in Belo Horizonte and its metropolitan region.

The Metropolitan Region of Belo Horizonte (MRBH), made up of 34 different municipalities, is inhabited by five million people and is the third most-populated urban region in Brazil. With strong links to São Paulo, Rio de Janeiro and Brasília, the MRBH lies in the Southeast region of Brazil, the most urbanised and developed part of the country. Belo Horizonte, the main city in the metropolitan area and the capital of the state of Minas Gerais, was founded in 1897 as a planned city according to the urbanistic principles of the late nineteenth century and today has 2.5 million inhabitants. The metropolitan economy is driven by a strong mining–metallurgy–car manufacturing complex which took off after the 1950s, and also by a booming real estate sector, services and a large public sector.

The production of space in Belo Horizonte has always been characterised by a strong confluence of public and private interests, whereby public investments, particularly in urban/regional infrastructure, have established the main directions of expansion, with surrounding residential space being the outcome of real estate capital investments in different decades. Informal housing settlements, representing around 20 per cent of the housing stock, are a constant feature of the urbanisation of Belo Horizonte. The prevailing territorial pattern, as in many Brazilian cities, shows a concentration of most facilities, amenities and services in central areas, and social and environmental deprivation in peripheral urbanisation, the spatial outcome of high inequality, failure of social housing policies and the privileged conditions of the reproduction of capital invested in land and property. Recent waves of metropolitan expansion point to the

overlapping of a more diverse pattern of urbanisation in both rich and poor areas to the north and south (Costa and Mendonça 2012). In such a complex urban fabric, investments related to the 2014 FIFA World Cup ended up reinforcing urban growth tendencies and inequalities.

2.2 THE LOCAL RESPONSIBILITY MATRIX AND THE FEDERAL, STATE AND MUNICIPAL GOVERNMENT¹

A total of 2.6 billion Reais (R\$) in public investment and financing were originally assigned to the 2014 FIFA World Cup in the Belo Horizonte Responsibility Matrix, of which almost 2.3 billion were contracted, and only 1.5 billion used (actually paid). The amounts for the World Cup organisation in Belo Horizonte bring to light the main protagonist role played by the Federal Government, which was responsible for 75 per cent of the investments. Of this total, R\$1.35 billion were in the form of Federal funding investments, of which R\$400 million (or 28 per cent) came from the BNDES (National Economic and Social Development Bank) for renovation projects and the adaptation of the *Mineirão* Stadium. The rest was related to urban mobility projects, financed by the *Caixa Econômica Federal* (Federal Savings Bank).

In terms of the total number of expected actions and projects, Belo Horizonte had 25, fewer than Recife (36), Fortaleza (26) and Salvador (34). However, with respect to the total planned resources, Belo Horizonte came third (after São Paulo and Rio de Janeiro), being assigned around 10 per cent of the total of resources available for the whole country. As for the proportion of these resources given to Belo Horizonte, federal financing is the most important (51 per cent), followed by direct investment by the Federal Government (17 per cent), state government (15 per cent), other sources (10 per cent) and local government (7 per cent). The participation of the Federal Government, either through financing or direct application, represented a significant 28 per cent of the planned resources, while state and local governments had a lower share. By comparison, the city of Belo Horizonte had a higher dependence on Federal funds than the average of all the host cities.

In Belo Horizonte, the reconstruction and adaptation of the *Mineirão* Stadium accounted for the largest amount of resources allocated to a single project (R\$695 million), comprising 26.5 per cent of the total investment for the city. If we group the projects related to urban mobility, they total

R\$1.4 billion, 54 per cent of the overall total (but of which only R\$700 million was put into use). Of this amount, 72 per cent was intended for mass transit investments (such as Bus Rapid Transit (BRT)), 26 per cent for expansion of the road system and the remaining 2 per cent for the expansion of the Traffic Control Centre. Another sector was the air traffic infrastructure, which received an investment of R\$430 million (16.5 per cent of the total, of which only R\$260 million was used) for the expansion and renovation of the *Tancredo Neves* International Airport.

According to the data provided on the Federal Government website, none of the actions for tourism infrastructure, public security, telecommunication and the building of complementary installations for the Confederation Cup and for the World Cup—all of them under the responsibility of state or local governments—was carried out by the time that the World Cup started. In addition, a large investment planned in road system expansion called Via 710 was excluded from the Responsibility Matrix in November 2013.

A detailed analysis shows that Belo Horizonte follows the national trend of investment sector division, concentrated mainly on stadia and public transit. It is already possible to note that, at a national level, private investments are only present in the projects related to airports and stadia. In Belo Horizonte, the reform and adaptation of the *Mineirão* Stadium was performed under a Public–Private Partnership (PPP – see below) and the *Tancredo Neves* International Airport was offered as a concession to the private sector in November 2013, with a 30-year contract.

It should also be highlighted that, apart from the investments in the Airport (located in the metropolitan municipality of Confins), all other actions and resources were directed at the capital city, leaving most of the metropolitan region lacking World Cup investment (although some of the projects in Belo Horizonte had metropolitan impact, as we will see).

It is important to remember that most of the projects were carried out with a considerable lack of popular participation and social accountability, which was aggravated by a fast-track regime approved at a Federal level to speed up public investment for the World Cup. One of the most drastic and violent expressions of this was the collapse during the World Cup in July 2014 of the *Batalha dos Guararapes* overpass, which has just been under construction as part of a complex of projects planned for the *Pedro I* avenue, killing two people and injuring another 22. This tragic event clearly shows the great human cost involved in the implementation of the FIFA 2014 World Cup in Brazil.

2.3 THE URBAN ROLE OF THE *MINEIRÃO*, INFRASTRUCTURE INVESTMENTS AND METROPOLITAN EXPANSION TRENDS

When proposing the candidacy of Belo Horizonte as the host city for the 2014 FIFA World Cup, the local government offered the *Mineirão* Stadium, located in the *Pampulha* region, for the matches. Publicly owned, it is used for matches of both main local football teams, *Cruzeiro* and *Atlético Mineiro*. The development of *Pampulha* and its main access road, *Av. Antônio Carlos*, was the first step for public investment towards the northern expansion of the city in the 1940s. The *Pampulha* development contains important public cultural and leisure facilities, museums, the São Francisco church, a club, party halls, a zoo, etc., built around a large artificial lake, which is one of the city's main tourist attractions. The main city airport was built in *Pampulha* in 1933. In the 1980s, a new international airport was built further north in the municipality of Confins, reinforcing the need for the expansion of the metropolitan infrastructure northwards.

However, it was only in 2005, when all long-distance flights were transferred to Confins Airport, that a new wave of investments in infrastructure, technological and economic projects reinforced the expansion towards municipalities north of Belo Horizonte, representing a new form of articulation between public investment in infrastructure and private investment in property, industry and tertiary services.

Before such investment, metropolitan growth beyond the Belo Horizonte municipal border was mostly made up of low-income developments and housing estates. Therefore, such investment beyond *Pampulha* and the northern boundary helped to substantially increase land and property prices in low-income areas and beyond. The extent to which there will be a classic process of gentrification of popular areas is still to be assessed, but there are widespread signs of an increase in land and property prices along this expansion axis.

The *Mineirão* Stadium was renovated and modernised through a controversial PPP, in which the private consortium chosen to run the stadium for the following decades was granted subsidised Federal loans and also a guarantee by the state of a minimum profit rate. In December 2010, the Government of the State and the Private Concessionaire Minas Arena SA (formed by three local construction companies) signed the PPP, the object of which was the exploitation, operation and maintenance (preceded by the renovation and adaptation) of the *Mineirão*

complex, through an administrative concession. The contract was worth R\$677 million for a concession lasting 27 years (until 2037), with a possible extension until 2045.

The government of Minas Gerais did not invest its own resources in most of the projects. The cost of renovation was to be taken on by the private partner, either using its own resources or funding (the R\$400 million public loan from the BNDES). During the period of the contract, the state government will pay the concessionaire in two ways: a fixed amount as remuneration for public space management, with decreasing value over time; and a variable amount, calculated according to the financial performance of the management and the quality of service. Such an arrangement guarantees the concessionaire that the state will ensure minimum profitability in the event of net losses. This is a classic example of privatisation of profits by capital and socialisation of losses to society through the state.

The Municipality of Belo Horizonte listed seven important urban mobility projects for the World Cup: three high-capacity transit corridors (the BRT bus system) along the *Antônio Carlos/Pedro I* and *Cristiano Machado* avenues and the Central Area; renovation of the *Pedro II/Carlos Luz* corridor, the building of the *Arrudas* Boulevard, and the opening of two new main roads (Route 210, which was completed in May 2014 just before the event, and Route 710), which would work as alternative ring roads in order to relieve the current radial system.

Comparing the first published lists of interventions and the last, there was a significant reduction in scope, especially regarding the long-delayed modernisation and expansion of the existing metro. One year before the World Cup matches, the projects on the *Pedro II/Carlos Luz* corridor had been cancelled and projects relating to the new 710 route had not yet even started (as already mentioned above, Via 710 was eventually excluded from the World Cup Responsibility Matrix, is only now being implemented through different sources of financing and is expected to be completed by middle 2017). The BRTs resulted in overpriced projects and experienced significant delay, not to mention the tragic accident with the *Batalha dos Guararapes* flyover, which collapsed during construction.

Figure 2.1 shows *Pampulha* Lake and the *Mineirão* Stadium, most mobility infrastructure investments and the most important areas from where people were evicted as a consequence of the implementation of projects mentioned.

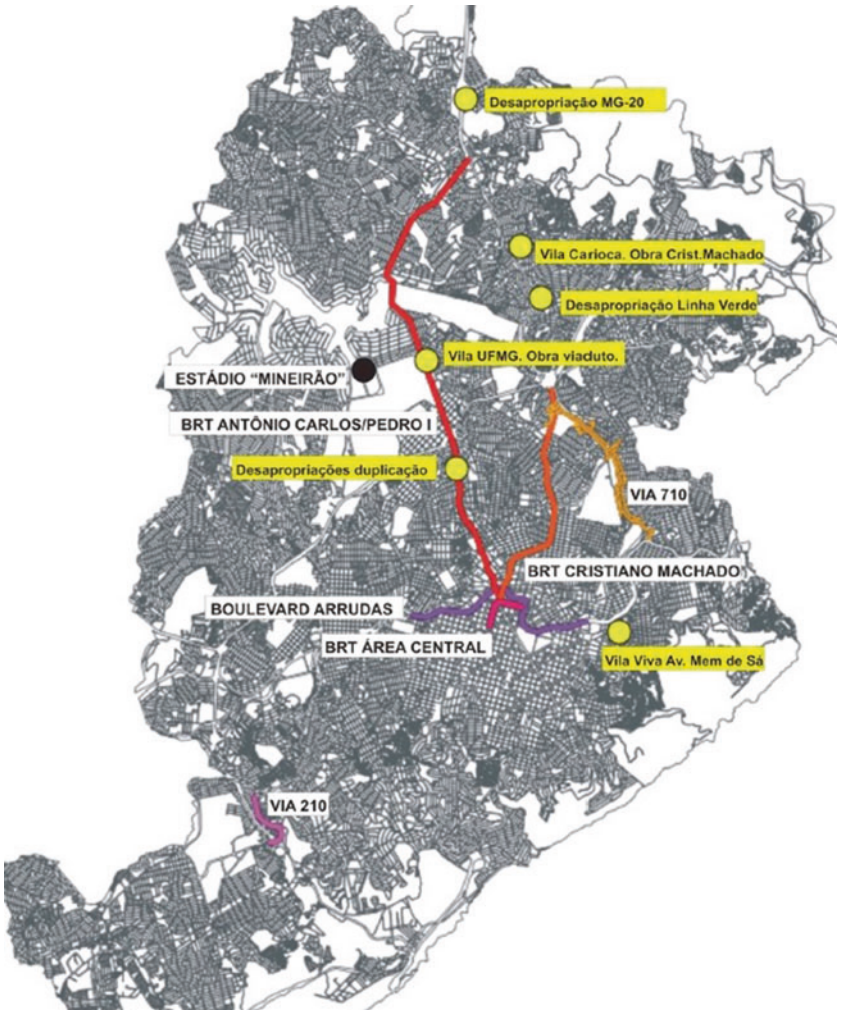


Fig. 2.1 Urban mobility interventions and expropriation/eviction areas in Belo Horizonte

Source: Tonucci Filho et al. (2015)

2.4 DISCUSSING THE IMPACT OF CERTAIN INVESTMENTS: STADIUM RENOVATION AND USE, INFRASTRUCTURE AND LAND VALUES

From the analysis of available values, it can be inferred that urban interventions involving greater inputs of funds were mostly located in the northern expansion axis of Belo Horizonte, focusing on two corridors (*Antonio Carlos/Pedro I* and *Cristiano Machado*) whose ongoing restructuring was decided before their association with the mega-event. However, it seems clear that the set of mobility investments for the World Cup strengthened the links between the northern axis of metropolitan expansion towards the Confins Airport and the attempt to revitalise the central region of the city. These two areas are experiencing rapid land and property valorisation and are expected to receive many more private and public projects and investments in the next few years. *Pampulha* stands somewhere in-between them (Tonucci Filho et al. 2011).

This dynamic was also strengthened by a boom in hotel construction, which benefited from the introduction of a 2010 bylaw that created zoning exceptions (through a very controversial—and most likely illegal—arbitrary use of an urban planning instrument inspired by PPPs called Urban Operation) allowing higher buildings with the World Cup in mind. Many of the more than 50 hotels that were granted benefits from this law were not completed by the time of the World Cup, some of them are still under construction and a few have even been abandoned. Although Belo Horizonte was experiencing a shortage of hotel beds before the event, it was also said that the pace of hotel construction exceeded the actual demand for beds in the city, with a sector crisis being expected in the near future. Besides, this high-density high-rise construction had a huge impact on the urban landscape.

The large volume of public and private investment in the northern axis not only increased its importance but also had a significant impact on the dynamics of the metropolitan region real estate. But despite this recent trend of metropolitan restructuring towards the north, the centre-south axis continues to account for the majority of urban facilities and services, and the concentration of high-income dwellings, both in the city of Belo Horizonte and in its metropolitan region (Andrade and Mendonça 2010). The traditional importance of the south-central part of the RMBH was reinforced by high levels of recent investment in the central area, especially in the city centre, which combines rehabilitation projects in important

public spaces, renovation, expansion and retrofitting of old buildings (above all, cultural facilities and residential buildings), and new projects (such as the various hotels boosted by the abovementioned zoning exception). Here it is interesting to stress that the mobility projects linked to the World Cup, the ensemble of projects associated with the northern expansion axis and the attempted rehabilitation of the city centre are all processes pre-dating the mega-event planning and organisation. In this sense, the mega-event worked as a catalyst and legitimiser of these ongoing connected processes.

Indeed, it should also be noted that the third most expensive project, the *Arrudas Boulevard*, increased road capacity on the east–west connection through the channelisation of the main river that crosses the city, especially near the central area of the metropolis, thus reinforcing the role of the city centre and of the northern axis. In addition to problems related to their prioritisation and relationship with the World Cup, the ensemble of projects promotes the valorisation of areas near the city centre, linking recent and future investments and creating new profit frontiers for real estate capital. A closer reading of these processes allows us to infer that this process takes place in an urban area located at the junction of the aforementioned *Antonio Carlos* and *Cristiano Machado* avenues, with the northern part of the central area, forming a high valuation region with the accumulation of proposals for large projects and public-private enterprises.

In a complementary manner, it should be noted that all interventions planned or under way in Belo Horizonte required land and housing expropriation processes through compulsory purchases and the removal of dwellings. The lack of transparency in identifying the places where expropriation took place and exact numbers prevents a more accurate analysis of this process. In this scenario, two risks were increased: (a) the speculative increase in land prices related to the urgency of the projects; and (b) the violation of housing rights and conflicts also related to the execution period of the work. The high number of conflicts which went to the courts combined a traditional lack of transparency with tight deadlines and resulted in low indemnity amounts of financial compensation offered by the municipality to the evicted families.

In Brazil, the restricted access to rural and urban land ownership perpetuates extraordinary income and wealth inequalities, reiterates violent conflicts around land and reinforces the condition of illegality, through tenure, invasions, occupations, etc., which are still the main form of access to land and residence for most of the urban poor. One of the most disruptive phenomena in Brazilian urbanisation over the last decade has been the increase in organised urban occupations due to a vicious combination of rising land costs and a

shortage of adequate housing policies for the poor, something for which the World Cup cannot be blamed, but which it has certainly helped to exacerbate.

Organised by social movements, occupations rapidly take place through the occupation of vacant (public or private) land, and the building of housing and infrastructure by the residents themselves, or by joint communal efforts. In the Metropolitan Region of Belo Horizonte, there are now 20 recent land occupations that have taken place since 2008, which are home to around 10,000 families living under the threat of eviction.

A major consequence of the *Mineirão* renovation has been the gentrification of the stadium, which was once a place for popular gatherings. To meet the so-called FIFA standards, several architectural and administrative changes were made. The most popular and cheaper standing areas very close to the pitch disappeared as only numbered seats were allowed. The same occurred with popular food and beverage sales, which became regulated and standardised, with a consequent increase in prices. Changes occurred even at the level of language as the word ‘stadium’ or the popular use of ‘the field’ are rapidly being replaced by the internationally recognised word ‘arena’, which had never been used before in Brazil to refer to a football stadium. Thus, the 2014 FIFA World Cup consolidated, and sometimes imposed, important changes to the ways in which people live and experience football ‘on the field’, changing from a popular gathering to a regulated spectacle only affordable by those who can pay for seats, food and drinks. Some of the changes, such as the prohibition of selling alcohol in the stadium, recently relaxed in Minas Gerais, are also related to the worldwide problem of violence between team supporters, which of course contributes to higher degrees of control.

In some Brazilian cities, as in other countries, there is always the risk that a new stadium specially built for a World Cup may become very difficult or expensive to operate after the event, turning into a so-called ‘white elephant’. This is not the case for the *Mineirão*, which is frequently used for local and national football matches and championship games, and also for shows and major events. In fact, the complex is formed by the *Mineirão*, the football stadium, and by the *Mineirinho*, the nickname for a smaller but still very large facility used for other types of sports and for major shows, which was not renovated in the run-up to the World Cup. The *Mineirão/Mineirinho* complex was built near the cultural/leisure *Pampulha* development on land that belongs and is adjacent to the Federal University of Minas Gerais, by means of a partnership with the state government that is still in force.

However, as the *Mineirão* was already established in the 1960s in a very respectable part of the city, its renovation did not have major impact on the urban fabric, although it might have helped to raise land values around *Pampulha* Lake, and thus increase the risk of high-rise construction on its banks. The architectural, urbanistic and cultural importance of *Pampulha*, particularly at the edge of the lake, where most of Oscar Niemeyer architectural projects are located, has been recognised by many levels of legal heritage protection, such as special zoning and the prohibition of high-rise buildings. However, there are frequent attempts to relax zoning controls and, in 2013, the construction of two hotels planned for the 2014 FIFA World Cup, which could have partially defaced the *Pampulha* landscape, was halted. As the *Pampulha* area is highly valued in terms of land and property prices, it is very difficult to evaluate, without a very detailed survey, the extent to which the recent rise in land prices is related to a general increase in property prices along the northern axis, as previously mentioned, or is more directly linked to the renovation process for the World Cup. In any case, we cannot talk about a classic gentrification process associated with changes of people living in the already high-income neighbourhoods, but we can refer to a ‘gentrification of *Mineirão* users’.

The mega-event organisation had the potential to generate employment and income for the population. However, precarious employment was what followed, as shown by the numerous strikes that took place in stadia and the urban infrastructure construction. In Belo Horizonte, the situation of street-vendors selling food who used to work in the vicinity of the *Mineirão* Stadium was the focus of major conflicts, as the World Cup General Law guaranteed trade exclusivity to the mega-event sponsors (Brazil 2012). In 2010, the year in which *Mineirão* was closed for renovation, the 150 families of vendors working around the stadium on match days lost their income, and to this day they have not been allowed to return to their original workplaces.

2.5 SOME CONCLUSIONS AND GENERAL TENDENCIES

Data and information gathered and evaluated in this and other chapters demonstrate that in Belo Horizonte and other World Cup host cities, the same model of neoliberal urban governance appears: the commitment of significant public funds (either in the form of direct investment or loans) to projects of doubtful social return, concession and/or privatisation of

public facilities and services, precarious labour relations, attacks on the income generating activities of informal workers, social cleansing through the persecution of homeless people, encouragement of real estate speculation associated with the tourist business, and disregard for rules, legislation and democratic standards.

As has been evident in the international literature, the legacy of the World Cup, from a social and economic point of view, is usually quite disappointing—if not radically regressive—except for the hegemonic actors directly involved in big business and politics: FIFA, football clubs, hotel and other international chains, official sponsors, politicians, the real estate sector, contractors, etc. The widely argued notion that international events are opportunities for aggregating investments related to urban infrastructure required not only for the event but also for local social needs was accompanied with the legitimation of what is being called a governance of exception, where long-established social, environmental and urbanistic rules are easily disregarded so that goals decided elsewhere by the event organisers and their partners can be met, regardless of the cost involved.

However, it is important to note that the FIFA 2014 World Cup did not mean a radical shift in the political direction of the city of Belo Horizonte, as the adoption of neoliberal models of urban policy in Belo Horizonte is directly related to the transition from a former leftist popular-democratic municipal government to a neoliberal-conservative government, a process that has now been taking place for more than a decade. Besides, the Metropolitan Region of Belo Horizonte has a long history of broad state interventionism in the production of space, which was enhanced through the exceptional regime of the mega-event, especially due to the high volume of investments channelled into the restructuring of the built environment.

The fate of Belo Horizonte was decided by the perverse confluence of private economic interests and shady political negotiations, instead of the real needs and wishes of the majority (and minorities) who daily live and work in the capital. The municipal and state urban and regional policies were put at the service of a new round of conservative and elitist modernisation, which was evident in the large urban renewal projects, the circumstantial loosening of planning legislation, in the road improvement works that overvalue car use, and enhancement measures to order, or erode, public space. The World Cup was attached to this project and strengthened it, either through activating exceptions in the legislation concerning zoning and rights or, especially, through the large financial

resources provided by the Federal Government, an essential partner at the national level for the ongoing neoliberalism turn in Brazilian cities.

The counterpoint has been the emergence of new forms of resistance and protest² that, in June 2013, took to the streets of the country and, particularly in Belo Horizonte, protested against various factors underlying the organisation of the Confederations Cup (the preview event) and the 2014 FIFA World Cup (the main mega-event).

Despite full employment, growth and stability, the protests expressed a desire for something more: the strengthening of democracy, transparency and social control, and the obvious need for improvements in public services. Before the violent advance of real estate capital, the automotive industry and major projects over the past decade, and, more recently, the mega-events, Brazilian cities succumbed to an intense process of commodification and privatisation that served the minority interests of elites at the expense of the daily needs of its residents. It is not surprising that issues related to better living conditions, to fairer, more diverse and more democratic cities were raised in the demonstrations. Perhaps this powerful political ferment that now runs through the metropolitan fabric may be the main legacy of the FIFA 2014 World Cup in Belo Horizonte and in Brazil more generally.

NOTES

1. Due to the ongoing trend of the strong devaluation and volatility of the Real (R\$) against the dollar (US\$) that started in 2015, we have decided to maintain all the values in this chapter in the Brazilian local currency. All our data originally collected in 2013 and 2014 was updated to actual values on 14 February 2016. The Central Bank official exchange rate for that day was US\$1.00 = R\$3.99. Accessed 14 February 2016: <http://www.copa2014.gov.br/pt-br/sobre-a-copa/matriz-de-responsabilidades>.
2. Articulated in COPAC—*Comitê Popular dos Atingidos pela Copa 2014*—literally a broad association of people and movements hit by the 2014 FIFA World Cup. Accessed 14 February 2016: <http://atingidoscopa2014.wordpress.com>.

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Fortaleza

Real Estate Appreciation, Removals and Conflicts

Luís Renato Bezerra Pequeno and Valéria Pinheiro

Abstract This chapter discusses the spatial impacts of the 2014 FIFA World Cup on Fortaleza, Ceará as a host city. In the capital of a metropolitan area containing more than 3.6 million inhabitants, the urban interventions caused considerable territorial impacts, especially in terms of social disparities, which have increased in recent years. In the Section 3.2, we study the economic activities that shaped Fortaleza's urban growth by focusing on housing construction. In the Section 3.3, we analyse the elements that are part of the so-called 'Responsibility Matrix'. Section 3.4 assesses the impacts caused not only by the projects, but also by the way in which the decision-making process took place. The next section discusses the problem of the people affected by the 2014 FIFA World Cup projects.

Keywords Urban planning · Sports mega-events · 2014 FIFA World Cup · Housing market · Evictions · Fortaleza

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3.1 INTRODUCTION

In this chapter we discuss some of the spatial dynamics related to the choice of Fortaleza as a host city for the 2014 FIFA World Cup. In the dominant city of a metropolitan area with more than 3.6 million inhabitants, this choice led to a wide variety of changes motivated by the short-term implantation of a series of urban projects. However, these constructions had enormous territorial impacts, especially in terms of social disparities, which have grown throughout the history of Fortaleza and have increased in recent decades.

The contents of the chapter correspond in part to the results of a broader study conducted by the *Núcleo do Observatório das Metrópoles de Fortaleza* (Fortaleza Nucleus of the Observatory of Cities), in which we sought to identify and analyse the territorial impact of the 2014 World Cup on the city (Costa, Pequeno and Pinheiro 2015). However, this chapter will focus specifically on the housing issue, according to the various problems of housing construction, increasing inequalities and the changes occurring in the social movements, when new actors and forms of protest emerged.

Accordingly, in the [Section 3.2](#) we examine the economic activities that have shape the urban growth of Fortaleza, as well as the predominant forms of housing related to the various agents of the production of space in order to better understand both the roots of the inequalities and the transformation possibilities in the implementation of the projects. In addition, an overview of the development and regulatory processes of the local urban policy instruments is given.

In the [Section 3.3](#), the aim is to analyse the building projects that made up the so-called Fortaleza World Cup Responsibility Matrix.

[Section 3.4](#) assesses the impacts caused by the building projects in Fortaleza from the time they were completed and in the way in which the decisions were taken, emphasising the contradictions between the situation of each of the zones as set out in the municipal director plan and the possible outcomes arising from their implementation.

[Section 3.5](#) shows the problems of the people affected by the World Cup building projects, how they were impacted and how they reacted. To complement this analysis, we present the changes in settlement patterns, highlighting the role and practices of the state and the real estate industry.

3.2 THE FORTALEZA URBAN STRUCTURE: WHAT KIND OF CITY ARE WE TALKING ABOUT?

The City of Fortaleza metropolitan area, the eighth-largest urban agglomeration in Brazil in terms of population, totals more than 3.6 million people according to the 2010 Demographic Census (IBGE 2010). In relation to its role in the regional urban network of the FMR (Fortaleza Metropolitan Region) seems to be oversized in terms of Brazil, showing an uneven urbanisation distribution in its area of influence, with few important medium-sized cities and regional centres (IBGE 2010).

Made up of 15 municipalities, the FMR is home to more than 40 per cent of the population in the State of Ceará, with Fortaleza, the state capital, concentrating more than 70 per cent of the metropolitan population. This fact shows the importance of understanding the process of conurbation in the metropolis from the changes in the spatial distribution of productive activities, in the different forms of housing production, in the way in which they interfere with and induce urban sprawl, thereby demonstrating the processes of residential segregation (Villaça 1998), and in the fragmentation of the socio-political and spatial urban tissue (Souza 2001).

Industrial activities were formerly located in districts through which the railway on the eastern side of the city passed and in other neighbourhoods close to the Mucuripe port to the west, but their location, linked to the productive restructuring process, has now changed.

With metropolisation, the secondary sector moved to the peripheral municipalities where there were highways with better logistics. Later on, new productive investments were attracted to the region of Pecém, where the huge industrial port complex on the west coast, with refineries and steel, thermoelectric and metal plants, was being constructed.

The spatial distribution of the service sector has also interfered with the structure of the FMR. On the one hand, the traditional centre has been displaced towards the east and consolidating as the main business district. On the other hand, there has been the expansion of the tertiary axes towards the periphery, with the construction of shopping centres, whose consumption patterns reflect the socio-economic profile of the areas (Fig. 3.1).

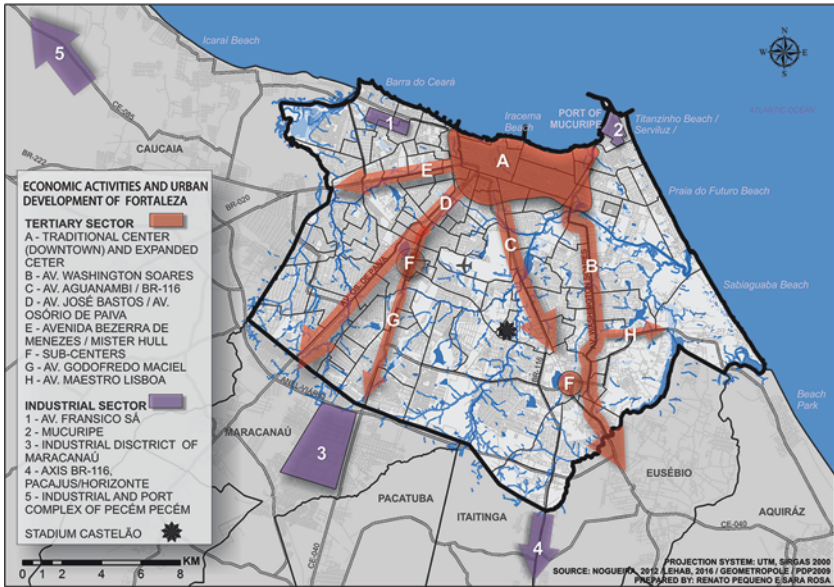


Fig. 3.1 Economic activities and urban development in Fortaleza

Elaboration: Luiz Renato B. Pequeno and Sara Rosa

Added to these economic activities, there is the presence of tourism as an investment sector, which has resulted in profound transformations in the FMR urban structure, especially in the location of real estate projects, theme parks, hotels and the region's natural attractions. This has resulted in a scattered and discontinuous expansion along the coastal strip, which has been prioritised through the construction of highways and infrastructure.

Resulting from the combination of these socio-spatial dynamics, since the 1990s, a residential segregation axis has appeared in the southeastern direction, linking the expanded centre to the east coast, where the main tourist attractions are. This axis has attracted new projects in the tertiary sector, which have been complemented by diverse governmental and administrative institutions. These all reflect the concentration of public investments in infrastructure and urban services, considerably increasing land values (Pequeno 2002).

The performance of the real estate sector can be seen in a number of forms. Initially concentrated in a few districts until the mid-2000s, high-rise

developments started to expand around business districts that were reconfigured through the establishment of new shopping and business centres, which started to expand along the southeastern segregation axis, showing a broad process of real estate speculation, given the presence of large vacant lots nearby.

On the other hand, horizontal condominiums, previously concentrated in the southeast of the city, have been spreading in the outskirts of Fortaleza and into adjacent municipalities. This fact highlights the increased role of the real estate market in once stigmatised neighbourhoods and demonstrates the increase in demand, thanks to public funds made available by federal programmes.

Public housing, after the period of the implantation of large-scale projects until the mid-1980s, underwent a substantial reduction after the closing of the BNH (the national housing bank) in 1986. In the following years, small public housing estates were built as a result of state and municipal government programmes.

Later, with the *My House My Life Programme* (PMCMV), large housing developments began again; their location, usually on the outskirts of the city, was decided by the real estate and civil construction companies (Fig. 3.2), thereby complementing the conurbation and demonstrating the serious problems of urban integration (Pequeno and Rosa 2015).

However, despite the expansion of the real estate sector and the increased activity of local authorities, the past few decades has seen the rapid spread of favelas and popular settlements, which make up the precarious urban universe of Fortaleza. Data presented by the Fortaleza Local Housing Plan in 2012 show the doubling of the number of favelas and the number of households they contain in the last 20 years. According to these surveys, there are now 619 favelas in Fortaleza, in which it is estimated that more than 225,000 families live (HABITAFOR 2013).

The data show that in addition to the consolidation of well-located favelas, there has been a de-concentration of this form of housing, which has been increasingly directed towards the suburbs. All this disordered and uneven urban growth in the RMF has taken place on the margins of the planning processes at different metropolitan regional, local or municipal scales.

In view of these findings, which explain problems in the city growth and are linked to its uneven historical development, the development of urban planning processes should be studied.

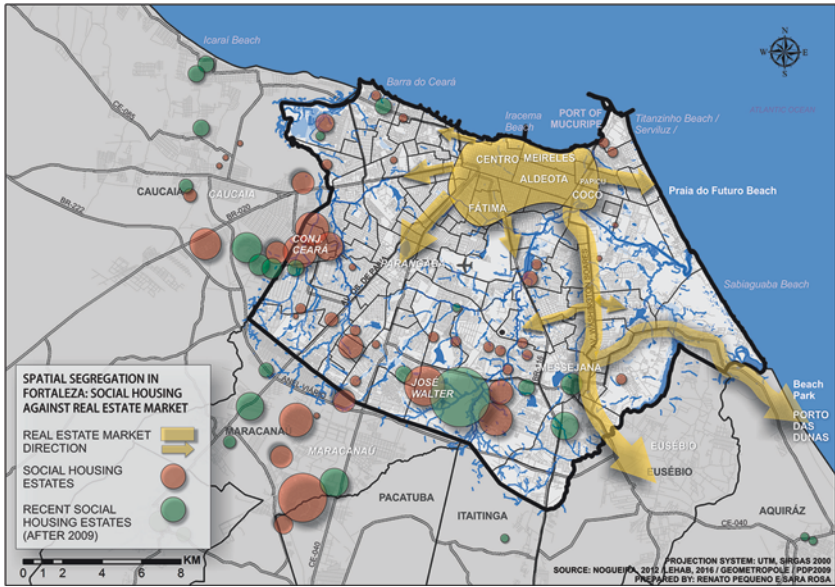


Fig. 3.2 Spatial segregation in Fortaleza: social housing and real estate market

Elaboration: Luiz Renato B. Pequeno and Sara Rosa

Throughout the 2000s, the Fortaleza Master Plan went through considerable revision. Approved in 2009, the Participatory Master Plan of Fortaleza (PDPFor) represents the result of a process in which there was clear unfair competition in territorial disputes, especially when the ruling elites with their representatives in government were faced by so-called ‘popular’ organisations and social movements (Fortaleza 2009).

This resulted in a somewhat contradictory plan, which contains, on the one hand, a urban zoning plan that reflects the interests of the real estate market in the compartmentalisation of the city, with the following guidelines: (i) to allow constructions in already saturated areas regarded as ‘consolidated’; (ii) to define the occupation zones where high-rise development was already becoming a trend; (iii) to promote moderate occupation in areas dominated by horizontal condominiums; and (iv) to recognise large urban areas to be reclassified due to the precarious infrastructure as those where the poorest strata lived and to which the state

should look to in allocating public resources. Certain areas of environmental interest were also acknowledged in this plan, which makes the implementation of residential and tertiary developments feasible, given their proximity to tourist attractions.

On the other hand, following the principles of an inclusionary zoning, the Plan identified special zones of social interest (ZEIS) of three kinds: favelas; popular housing estates; and vacant urban land. This instrument also sought to further the flexibility of urban regulation, allowing urban and land tenure regularisation, especially in cases where nearby vacant land was essential to meet the displaced families' housing needs.

However, after the plan was approved, there was pressure from the real estate sector on the advances obtained, especially the ZEIS, resulting in the following problems: the elimination of some of the vacant plots of land earmarked for social housing projects; the modification of the plan according to the World Cup projects; and the release of vacant land included in the occupied areas to the housing market rather than keeping it available for the resettlement of families. Even worse was the approval of projects and the construction in various ZEIS, as evidenced by the documents relating to the real estate transfer tax issued between 2006 and 2009.

Another problem was the delay in the regulation of urban instruments defined by the City Statute¹ for the PDPFor, in the revision of the land use and occupation law, and in the preparation of sectorial plans. Except for the Local Social Housing Plan, which was completed by the end of 2012, the preparation and submission of everything else to the legislature was transferred to the next administration.

However, the supplementary bills only started to be sent to the legislature in 2015, privileging those of interest to the real estate sector, explicitly favouring its interests and thereby revealing the role of the construction sector in urban regulation. All of this corroborates the ideology of the neoliberal city.

Facing this reality marked by socio-spatial disparities and in the absence of effective urban planning tools, Fortaleza became the target of a series of interventions related to the World Cup from mid-2009 onwards, shortly after the approval of its Master Plan. The next section will discuss the content and implementation of this programme, which was linked to various areas of government. It is worth noting that the projects began to be noticed when they were compared to the planning process, due to the removal and absence of norms, as a result of the establishment of exceptions.

3.3 WHAT IS THE MEANING OF THE 2014 WORLD CUP FORTALEZA RESPONSIBILITY MATRIX?

For international speculative capital, Brazil's bid to host the World Cup promised much. Brazil was a country in a full growth cycle, with economic stability and endowed with urban assets to be exploited, i.e. available to be sold cheaply and integrated into the international financial valuation circuits.

When it was chosen as the 2014 FIFA World Cup host country in October 2007, Brazil underwent a series of institutional rearrangements so that the three levels of government could cope with the set of actions that would be necessary. The commitment to the implementation of these infrastructure projects and urban facilities, and their values, progress, etc. was recorded in the Responsibility Matrix, which was periodically updated.

Right from the beginning, the matrix hid budget guidelines and local planning processes in the list of priority public actions, in most cases going against local urban development legislation. Under the unquestionable mark of 'World Cup Legacy', everything could be justified.

In the case of Fortaleza, which was chosen as one of the 12 host cities in May 2009, the 'Systemic Investment Programming to Support the 2014 FIFA World Cup Brazil in the Metropolitan Environment—Fortaleza and Surroundings' was presented by Mayor Luizianne Lins of the Workers' Party (PT) and Governor Cid Gomes of the Brazilian Socialist Party (PSB), which included spending of approximately R\$9.4 billion, of which 61.7 per cent were already granted, according to the Sports Secretary Ferruccio Feitosa.

Among a long list of projects were those in transport, environment, sanitation, health, energy, telecommunications, security and tourism. The financial resources for some of these projects have already been granted by previous governments. There were also projects which had appeared in 2009 with 'total amount already obtained', but up until the writing of this book have not been carried out.

Since the mid-1980s, Fortaleza has been the target of projects and construction plans, favouring the natural attractions along the State of Ceará coast, in order to make it an international tourist destination. In this case, its role as a host World Cup city was a huge chance for the state and municipal governments to present its attributes, whilst ignoring the unequal conditions under which the development of the sector would be implemented. This uneven development has led to an increasing

concentration of wealth and centralisation of power, which directly reflects on the different ways in which benefits are distributed and the homogenisation of the landscape on the outskirts of the city.

The first version of the Responsibility Matrix in January 2010 provided for the Reform of the *Castelão* Stadium; the *Parangaba—Mucuripe* Light Rail System (LRS), exclusive bus lanes (BRT) along the North–South Expressway Corridor, exclusive bus lanes along *Dedé Brazil*, *Alberto Craveiro*, *Paulino Rocha* and *Raul Barbosa* avenues, *Padre Cícero* and *Montese* stations. There were also the actions of Fortaleza City Hall, which were independent of the World Cup, but were justified by the event. They were called the ‘2014 World Cup Portfolio’ (some are contained in the state plan referred to earlier) and included the revitalisation of the *Cocó* and *Maranguapinho* river basins, the construction of 1,000 bus shelters, improving bathing conditions at beaches, the Fortaleza metro, the duplication of the CE 040 main road to access the east coast beaches, the rehabilitation of the historic Fortaleza city centre; and the upgrading of *Beira Mar* Avenue along the coast.

The version of the Responsibility Matrix released in September 2013 provided for a light railway system, three avenues with dedicated bus lanes, the *Padre Cícero* and *Juscelino Kubitschek* stations, the refurbishment of the *Castelão* Stadium, the updating of *Pinto Martins* International Airport and its road system, the renovation of Fortaleza Ferry Terminal in Mucuripe, the modernisation of the telecommunications infrastructure for the World Cup, public security improvements and tourism infrastructure works.

With the promise of a great leap forward in the development and progress of Brazil’s cities made possible by large public investments and private funding, which dominated the initial proposal, Fortaleza was presented with a chance that was not to be missed, and so most people turned a blind eye to the threats of violations of rights which had been foreseen right from the moment when Brazil was announced as the host country.

The reality proved quite different from what had been advertised. Some of the projects provided for in the Fortaleza Responsibility Matrix signed on 13 January 2010 were never completed. Some of them were even removed from the document, and substantial changes in their deadlines and values occurred, but the pattern of the lack of social control over them remained.

One of the only actually completed projects was the reform of the *Castelão* stadium, renamed *Castelão Arena*. The project was under the responsibility of the Ceará State Sports Secretariat and provided for the modernisation and expansion of the structure in order to follow FIFA guidelines, the construction of a 1,750-space garage, a shopping centre and a loading and unloading area. The design of the new *Castelão*, in addition to actual sports facilities, included the preparation of an urban growth policy plan directed at the southern part of the city, where the stadium is situated. The plan encompassed the expansion of the transport network, creating attractions for private investment and, most importantly, the extension of the *Cocó* Ecological Park, a protected area of more than 1,000 hectares, which follows the course of the River *Cocó*.

The refurbishment of the stadium justified other interventions, especially those relating to urban mobility. This set of projects in an area of the city that had historically received little government attention shows, of course, a number of impacts that we seek to address in this chapter, especially in the field of real estate valuation and the consequent access to high-quality urban land.

This project, like the others, explains the way in which the World Cup worked in terms of the concentration of income and socio-spatial segregation, as it prioritised specific fragmented interventions that ignored the occupants of the favelas and the surrounding impoverished communities.

The huge investments contrast with the high amount of precarious living conditions in the peripheral areas, which were ignored. The gains that resulted from the improvements brought about by urban mobility projects were appropriated by the market in the process of accumulation by dispossession.

3.4 THE URBAN INTEGRATION OF THE *CASTELÃO* ARENA IN THE EXISTING CITY: *EX-ANTE* ANALYSIS

When it opened in 1973, the *Castelão* was part of the peripheral fringe of Fortaleza, and its size made it highly visible in the sparsely occupied urban-rural transition landscape containing smallholdings and country houses. However, before the urban growth, this land, with its precarious access to infrastructure and lack of social amenities, was gradually divided up into lots and sold to the poorer residents living on the outskirts of the city.

Moreover, this type of settlement soon resulted in the establishment of favelas as the areas designated by the city as open spaces came to be occupied by excluded groups migrating from the *Sertão* hinterland or victims of urban impoverishment, especially on the banks of rivers, streams and lakes.

However, as the city expanded, the sector where the *Castelão* is located gained importance, acquiring its position in the geographical centre of the city, taking advantage of its proximity to the third ring road that connects the east and west regions and its location between the business district of Avenida Washington Soares and Parangaba (Fig. 3.3).

Between 1991 and 2010, total population in the *Castelão* neighbourhood and the surrounding districts more than doubled, reaching more than 119,000, increasing from 2.7 per cent of the total city population to more than 4.9 per cent, indicating a high population growth in the sector where the stadium is located and its surroundings.

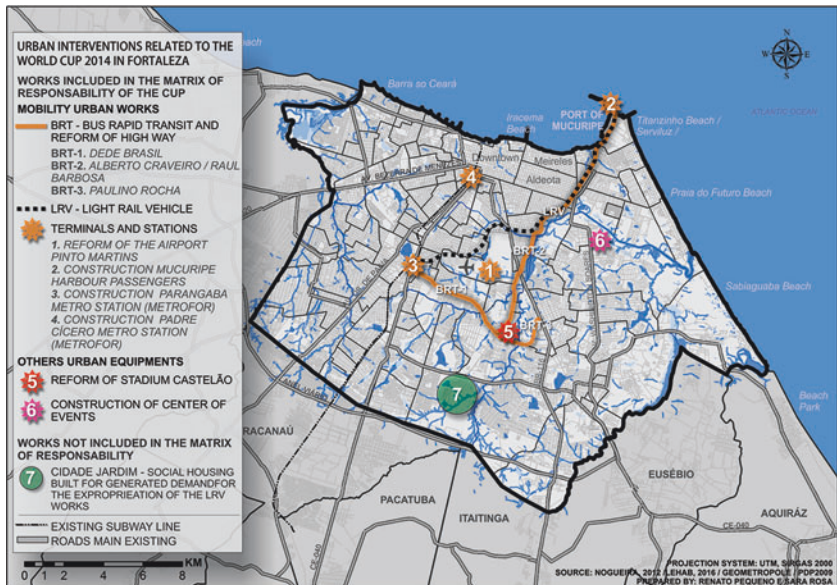


Fig. 3.3 Urban interventions related to the 2014 World Cup in Fortaleza

Elaboration: Luiz Renato B. Pequeno and Sara Rosa

However, given the incompleteness of urbanisation, the sector remained occupied by a predominantly lower middle-income population, especially the dense areas under constant risk of flooding on the banks of the River *Cocó* and its tributaries, which in recent decades have constantly appeared in the newspapers during the rainy season. There still remain a number of large empty tracts in the adjacent districts, which await the valorisation of real estate prices after the implementation of infrastructure and mobility projects.

This is demonstrated by the designation of this sector as an Urban Redevelopment Zone 2 in the 2009 Fortaleza Master Plan, which determines in its Article 95 that an Urban Redevelopment Zone 2 (ZRU 2) is characterised by inadequate or precarious infrastructure and urban services, particularly environmental sanitation, lack of facilities and public spaces, and a large number of precarious social housing units; it is thus listed for urban and environmental upgrading and the improvement of living conditions, accessibility and mobility.

However, from the time of the announcement of Fortaleza as a World Cup host city, when the transformation of the stadium into an 'Arena' was presented as the main city project, becoming an icon of government efficiency, this area gained importance as a prime location in the city and was completely transformed.

In addition, the other projects planned, especially those relating to urban mobility, tended to promote greater convergence of flows and interests towards the future *Castelão* Arena and its surroundings. Through the BRT exclusive bus lanes and the LRS, this sector would interconnect the main business districts in Fortaleza, where the hotel industry, services and consumer spaces are concentrated. In this case, the integration would take place both with the consolidated centralities (Aldeota/Meireles and Washington Soares/Iguatemi) and with the new business district of Parangaba, which was now becoming important thanks to the intermodal transport, including in its surrounding areas large commercial real estate and residential construction projects.

Unlike what had been diagnosed and proposed in the Master Plan, changes in patterns of use rapidly occurred, as the Arena sector became the favoured site for new investments. Even the mobility projects began to generate changes in land use along their paths, highlighting contradictions between what had been planned and what would happen in the short-term future.

The LRS crosses different areas of the Master Plan, each of which has different characteristics: it initially crosses areas which require urban

renewal through the implementation of infrastructure and services; it then moves through the favourite districts of the real estate market where the infrastructure is not yet saturated; then it finally reaches the neighbourhoods with the most high-rise buildings whose number should be not be increased.

Similarly, the implementation of the BRT exclusive bus lanes, enabling the interconnection of the *Castelão* Arena to the *Parangaba* future intermodal terminal and the main road axes to the east, shows the problem that these investments have started to attract real estate investments to sectors that are still lacking in terms of urban infrastructure and social facilities to meet the demands placed on them.

The fact is that these interventions put in check the goals, guidelines and instruments of the Master Plan that had just been approved. This can be demonstrated as follows: first, areas that were already very densely occupied or that lacked infrastructure were favoured; second, urban and housing policies were disconnected from each other by peripheral locations as alternatives for resettlement; third, the lack of use of the City Statute instruments that guarantee the recovery of the real estate valuation obtained by developers, who were the only ones to benefit from the projects; and, finally, the lack of commitment to the inclusive zoning which had been approved, with the inclusion of a large number of special areas of social interest.

The ZEIS zones of special interest were included in the Master Plan only after an arduous process, which demonstrated the presence of territorial conflicts with, on the one hand, the state in partnership with the real estate sector and, on the other hand, social movements, universities, non-governmental organisations (NGOs) and progressive organisations. However, after six years, none of the ZEIS favela projects had been implemented. Similarly, no ZEIS project on empty urban land, which had been identified and incorporated into the Master Plan because of its good location, was used for the resettlement of communities affected by the World Cup projects.

Even worse was the case of the *Lagamar* Community, which unexpectedly lost its status as a special area of social interest when the plan was approved in 2009. As a result, local movements reacted fiercely, with demonstrations demanding from the executive a plausible justification for the loss of status. Faced with social pressures, the mayor's office introduced a supplementary bill to include the community as a ZEIS, but with the proviso that in the event of it being required due to the urban mobility World Cup

construction projects, the instrument would lose its legal value. This favela is located directly on the axis that connects the main tourist sector area to the *Castelão* Arena through which both the LRS and one of the exclusive bus lanes pass, whose projects initially provided for the removal of nearly 1,000 families.

It should not be forgotten that the announcement of the choice of Fortaleza in 2009 as one of the venues of the 2014 World Cup took place during a period of rapid growth in terms of real estate construction. Thanks to the expansion of credit for mortgages and the generous injection of public funds into social housing, new areas for real estate expansion were opened in the city (Rufino 2012). Thus, the announcement of major road projects linked to recently built areas derived from a clear process of real estate speculation, increasing the competition for nearby lots with infrastructure. In addition, the sector of the *Castelão* Arena has other locational advantages: proximity to major centralities, good links with tourist sectors and, in particular, the availability of empty urban land.

Also worth noting is the central position of the *Castelão* Arena in the Responsibility Matrix in terms of other projects, maintaining a constant presence in the local and even the national press. In the end, the removal of favela communities was not necessary for its construction, and this acted more as a ‘symbolic show’ of the efficiency of the state government. By adding the Arena to the newly opened Events Centre, the State Department of Tourism extended its collection of products, thereby improving its campaign to include Fortaleza in the global circuit of events.

In the case of mobility projects, the opposite happened. Because of the pressing need to remove thousands of families, urban interventions linked to major road projects, such as the exclusive bus lanes and the light rail system, there was considerable reaction from civil society and especially the affected communities. In the absence of social housing projects, resistance increased, as the families that were to be displaced had no definite alternative housing provided for them. The solutions offered were restricted to compensation and social security payments. However, besides being below market values, both caused a strong impact on the social relations of families, often definitively breaking historically constructed connections.

These state actions were highly regarded by the real estate and construction industries, which, in the case of Fortaleza, were united and complementary, believing in guaranteed financial returns at different times of the project implementation cycle: first, as contractor, carrying

out the infrastructure and urbanisation projects with the removal of the poor communities; second, building housing projects for their resettlement in the city outskirts; third, as landowner and developer, capitalising on real estate valuation, both in the best-located areas, where the favelas were removed after urbanisation, and on the outskirts, where housing projects for the removed communities were built.

3.5 THE IMPACT OF THE FIFA PROJECTS ON THE DEMAND FOR INFRASTRUCTURE, IN REAL ESTATE VALUATION AND THE EXISTING POPULATION: *EX-POST* ANALYSIS

In monitoring the Fortaleza preparation process to host the 2014 World Cup, violations of rights could be observed in many areas: the precariousness of formal work, with records of deaths of workers during the construction works; the reduction in informal work; the increase in the sexual exploitation of children; legislation for exceptions which became the rule; the privatisation of public space; the threat to national sovereignty, when flexibilising national legislation to match FIFA rules; preferential financial treatment shown towards FIFA's partners, which was also evidenced through tax exemptions; the criminalisation of social movements; and the strengthening of an oppressive apparatus that had absolutely no limits in terms of its use of violence against anyone who stood up against the event.

But one of the main areas of resistance of the organised movements came about due to the threat to the right to housing for thousands of families who were affected by the projects.

The much-vaunted dispute between the right to housing and the public interest supposedly represented by the mobility projects is false. What was at stake was actually a model city. In the case of Fortaleza, the threat of expulsion of more than 5,000 families from their homes, with derisory compensation or a distant housing unit far from their place of origin, the 'Residencial City Garden', all reinforced the privatising, segregationist and violent trend of this project for Fortaleza.

It should be mentioned that Article 149, I, item 'b' of the Organic Law of the City of Fortaleza states that 'the urban development policy, to be implemented by the municipality, shall ensure: I—b) where removal is essential for redevelopment, by mandatory consultation and agreement of at least two thirds of the population, resettlement in the same district'.

With the growing organisation and resistance of the communities, which differed in terms of their degree of articulation, the government offered other land closer to their current homes for the construction of housing units. But despite records of meetings where the state government committed itself to building these new homes, almost nothing had actually been done more than a year and a half after the World Cup finished.

There was no room for opposing views to propose alternatives for the control and democratic management of the city, even though it was guaranteed by law. It is worth noting that the exercise of public debate tools on urban development in recent years in Brazil had been increasing, with city conferences and councils, and public hearings. The arrival of the World Cup and the absolute priority of these projects in the state calendar accelerated the weakening and disregard for these forums by municipalities, state governments and the Federal Government.

Thus, we witnessed a reorganisation of urban social movements. In Fortaleza, the first People's Committee of the Brazil World Cup had already been formed in September 2009 (followed by the that of Porto Alegre, then in other cities, which led to the National Movement of the World Cup People's Committees (ANCOP)), made up of existing institutions and social movements related to the urban problems. In addition to the Committee, there was the formation of the Struggle for the Defence of Housing Movement (MLDM), which worked with the communities along the LRS tracks who had been threatened of eviction by the works of its construction.

These groups had in common a struggle against the removal of people and the establishment of a 'network' as a way to strengthen the resistance and spread the news. Some important victories were obtained, but overall the State and Municipal governments were not disposed to review their projects for the city so that they would affect fewer communities, despite the efforts of technicians and community advisors to suggest viable alternatives.

With the proximity of the mega-event, the strategy was to meet the main demand of those affected: to continue living near their present home, but making them surrender their homes and providing them with social security payments so that the construction projects could advance. However, these new houses were never started and, after the World Cup, it was more difficult for the residents to continue their participation as they

were living in various locations, and so the organised movements lost strength.

In addition to the 2014 World Cup projects included in the Responsibility Matrix, other developmental urban and architectural interventions of the state and local governments also caused territorial impacts on nearby communities, which, being socially vulnerable, were subjected to pressure and eviction threats. By excluding segregationist practices, the governments have terrorised thousands of favela families, who have returned to the nightmares they had suffered in previous decades.

However, since the World Cup, many of the projects have not been completed, and this creates future uncertainty for the communities. Once the 2014 World Cup was over, the frequency of use of the Arena has changed little, while the valorisation of the nearby properties is quite visible in its surrounding landscape. It can thus be seen that the real estate and construction sectors are those that benefited most from the much-vaunted legacy of the 2014 World Cup.

According to scientific survey undertaken by Gois (2013), the neighbourhoods located in the vicinity of the *Castelão* Arena showed a strong increase in real estate prices in the short-term, signalling the residential replacement trend according to different dynamics. On the one hand, the new projects launched began to attract families with higher income and consumption habits than those already living there. On the other hand, there was the removal of hundreds of low-income families living in areas at risk, who were to be resettled in housing developments situated in the district to the south, next to the old rubbish dump. Added to this, there was a progressive increase in rents, forcing many families to seek new homes in more distant neighbourhoods.

The increase in the per-square-metre value of land near the *Castelão* can also be observed by the change in direction which took place with the *Minha Casa Minha Vida* residential projects. In its initial phase, several housing projects for families with incomes between three and ten times the National Minimum Wage were launched in the *Castelão* district and the adjacent areas (Pequeno and Rosa 2015).

However, a few years after the announcement of Fortaleza as a host city for the World Cup, this popular enterprise plan was replaced by another aimed at social groups with greater purchasing power, being fully controlled by local real estate developers who held land. As a result, the small standardised vertical buildings gathered together in condominiums built

by the MRV contractor in partnership with the local construction company MAGIS left the stage, making room for larger multifamily buildings, under the command of real estate developers who owned empty properties located in the most exclusive districts.

Among the real estate developers, we can highlight the BSPAR Company, also the owner of MAGIS, but with a focus on multifamily buildings and business centres. This company commands the financing process of real estate investments in the metropolitan regions of Fortaleza and Natal. Its capital comes from the sale of the agro-chemical company, with the profits converted into real estate in the neighbourhoods with the greatest sales potential in Fortaleza.

Thus, in the short term, various elements can be seen: the emerging vertical integration in this sector; the dynamism of the construction sector; and the arrival of a new social segment of the population to the area of the city where the *Castelão* Arena is situated. These changes confirm the process of gentrification, which is directly linked to the increase in housing prices in both the sale and rental sectors.

So another urban expansion sector appropriated by the real estate sector, located in parallel, well-connected and close to the main residential segregation axis of Fortaleza, is clear. Moreover, real estate speculation was favoured by road projects and urban infrastructure expansion done by the state.

However, despite public investment in large projects and the presence of real estate constructions, this sector remains incomplete, as sanitary sewerage and urban drainage systems are still missing. The length of the linear park along the River *Cocó* still requires further resources. Even public social facilities quickly become saturated and unable to meet the demands placed upon them, opening up space for the expansion of similar private services.

3.6 FINAL THOUGHTS

In this chapter we have attempted to identify and analyse some of the impacts of urban interventions planned for Fortaleza after it became a 2014 World Cup host city. In the case of this large conurbation, which has grown very differently from the way that had been planned, these projects initially aimed to ensure complete mobility towards the *Castelão* Arena, which was recognised as the main object of the Responsibility Matrix, as without it, nothing could be done.

The need for changes to existing roads, which would be extended and complemented with flyovers, tunnels and roundabouts for the implementation of exclusive bus lanes, shows the problems facing a city where urban planning, particularly with regard to traffic issues and transport, has been carried out in an ad hoc, last-minute and improvised manner, merely constructing disconnected sections of the whole.

The fragility of the planning processes and urban control can also be seen in the hundreds of favelas scattered across the city, which would become removal targets when large-scale projects needed to be carried out, especially when these interventions were linked to real estate valuation, as is the case with most of those that were connected to the 2014 World Cup. Their removal and the relocation of their occupants to the outskirts led to the opening up of new fronts for the real estate sector, which took advantage of the benefits which had purportedly been brought to the whole city. All this reinforces the thesis of Villaça, in which spatial segregation corresponds to a strategy of the ruling elites to appropriate public investment in infrastructure projects.

The analysis of the urban role of the proposed projects and their impacts attests to this thesis, confirming the presence of the real estate and construction sector with its declared interests, insisting that public resources should be allocated to the *Castelão* district, with the result that, in a short space of time, changes in the urban morphology appeared in the patterns and types of housing: from precarious, horizontal and popular to formal, vertical and segregated.

Those who suffered most from the territorial impacts are as follows: first, those communities affected by the projects, which received compensation or were relocated to large estates in the distant outskirts, thereby losing their historical ties and cutting off their social relations; second, the emergence of new insurgent social movements which struggled against the impositions of the state and municipal governments, which favoured the real estate capital financing process at the expense of the right to live in the city and have decent housing; third, property appreciation due to the road projects in the *Castelão* sector, which attracted real estate developers interested in the remaining empty plots; fourth, the changes in the social composition of neighbourhoods close to the *Castelão* Arena with the departure of the poor living in rented shacks in areas of risk to distant districts, and the arrival of new groups attracted by multifamily buildings offered by real estate groups.

Nevertheless, there remains doubt over the continuation of these transformations. With the unfinished projects and others that have not even been started, as well as the downturn in the housing market, this presents a huge challenge for the near future. In addition to being incomplete, the district is disorganised and discontinuous due to the large voids which tend to remain and the non-functioning urban control.

Is this the time to use the planning tools in the Master Plan? In addition to combating property speculation, these seek to induce fair urban development, designating these areas to implement social housing programmes by urbanising the favelas.

NOTE

1. The City Statute is a Federal Law that regulates the chapter on urban policy of the 1988 Federal Constitution. It specifies that the main urban policy tool is the Master Plan and defines a number of urban planning tools.

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Natal

Football, Urban Coalitions and Real Estate New and Old Relations

Alexsandro Ferreira Cardoso da Silva

Abstract This chapter summarises the attempts of a research group to analyse and evaluate the urban impact following the 2014 FIFA World Cup. We focus specifically on the relations between government coalitions and the real estate sector, which are responsible for physical changes in the city of Natal, the capital of Rio Grande do Norte State, by assessing the urban dynamics and projects developed during the event. The analytical data

This chapter summarises to attempts of a research group to analyse and evaluate the urban impacts following the 2014 FIFA World Cup and represents some of the main research lines, gathered together by the Research Network *Observatório das Metrôpoles*, in a wider project involving the 12 host cities of this large-scale event. I would like to thank the *Observatório das Metrôpoles* and FINEP for funding the research reported in this chapter.

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considers variations in the supply and prices of property, the new urban mobility routes and the construction of the Arena das Dunas football stadium.

Keywords Sports mega-events · Pro-growth urban coalitions · Natal

4.1 INTRODUCTION

The holding of 2014 FIFA World Cup and of the 2016 Olympic Games in Brazil allows us to understand and analyse social and spatial challenges expressed in a neoliberal urbanisation model, as well as the role of pro-growth coalitions in contemporary cities. We consider the idea that the scenario of opportunities set out by these games accelerated mechanisms of urban disjunction. New strategies of urban land commercialisation in the host cities draw on the new political, economic and social context, and the creation of a competitive field associated with *urban mega-projects*.

In this study we evaluate a pro-growth coalition aimed at producing infrastructure for the realisation of the 2014 FIFA World Cup in Brazil and, more specifically, in the city of Natal, the capital of Rio Grande do Norte State. A mid-sized city with a small diverse economy, Natal was impacted by investments in the construction of the football stadium, the opening of roads and construction of the airport, among other urban projects, that aimed to form a ‘legacy’ after the mega-event was held. However, the infrastructure that was built has been shown to have little (if any) effect on city life, although the civil construction, real estate and marketing sectors developed new urban businesses.

Possible gains—fiscal and economic legacies of the mega-event—cannot be verified or are very small when compared with the public investments given to these urban mega-projects. The capacity to accelerate tourism or attract more visitors has also had little effect on boosting the local urban economy. In addition, sports practices are concentrated on expectations of high performance that contribute little to communities at the local and metropolitan levels (Mills and Rosentraub 2013). We can thus wonder what the purpose of holding a sport mega-event is—what are the impacts on the urban structure if economic and social gains are uncertain? What makes governments and the community believe in the formation of a legacy in situations like this?

The aim of this chapter is to approach such questions and provide some interpretations of the effects of the 2014 FIFA World Cup, discussing the use of public expenditure to add value to real estate and to increase the profit

of the construction sector. We argue that in order to better understand urban mega-projects, it is necessary to relate them to a governance model that stimulates and finances the privatisation of the city's public spaces.

We use the theoretical model of pro-growth Urban Coalition, as proposed by Molotch (1976) and Logan and Molotch (2007), although we also recognise that the theory of the urban 'growth machine' is insufficient to explain the Brazilian case. Therefore, the understanding of two other complementary approaches is necessary: the first is the neoliberal urban model (Brenner and Theodore 2002; Smith 2005); and the second is that of capital circulation cities (Harvey 2004). As an empirical base, we use the implementation of the 2014 FIFA World Cup in the city of Natal, starting from data concerning private real estate dynamics associated with public expenditure in infrastructure, in the construction of the *Arena das Dunas* football stadium and in tourism investments.

4.2 REAL ESTATE IN BRAZIL TODAY AND THE IMPLEMENTATION OF MEGA-EVENTS

Since the 1980s and 1990s, speculative international capital has found in national markets a greater flexibility and deregulation necessary for its global expansion. This period was marked by neoliberal expansion and fiscal adjustments undertaken by governments in Europe, Latin America and the US. Such movements impacted traditional markets in a series of crises, such as that in Mexico (1995), Asia and Russia (1998), and Brazil (1999). Since 2000, the effects of these crises have evolved to an even riskier level, compromising the fiscal situation of central and peripheral countries. 'Global cities' and 'secondary metropolises' or regions with constant flows of Foreign Direct Investments (FDI) have been impacted in sectors such as real estate, energy, technology and commodities.

According to Sirmans and Worzala (2003: 1081), these FDI had already reached US\$ 23 trillion in its portfolio in 2000. Taking into account only the international real estate portfolio, the estimated value reached US\$1.3 trillion in the US alone. In 2001, the negotiated international real estate investment portfolio represented approximately 10 per cent of total worldwide stocks. Conner (*apud* Sirmans and Worzala 2003) suggests that 80 per cent of real estate global investments were of a 'core'

type, 12 per cent were ‘non-core’ and only 8 per cent related to emerging markets. However, from 2003, advancing globalisation and the entry of financial capital into wider markets encouraged a further movement towards emerging markets such as those in Latin America, Asia and the Middle East. The situation in Brazil was no different.

From 2003 onwards, Brazil underwent considerable economic growth at an average gross national product (GNP) rate of 3.98 per cent, with the result that *The Economist* (2009) claimed that the country had ‘taken off’. This positive review was based on distinctive trends of the Brazilian economy, i.e., the exportation of commodities, the full exercise of democracy, combating inequalities under the Lula governments, and on Brazil hosting two mega-events: the 2014 FIFA World Cup and the 2016 Olympic Games.

The real estate sector joined up with the financial market, broadening its capital accumulation capacity, and has, little by little, attracted new investments, with a rise in the volume of resources directed to construction. Foreign investors’ interest in Brazilian real estate from 2004 to 2008 was concentrated in the residential, corporative and touristic sectors, motivated by new rules of fiduciary alienation, financial deregulation and the securitisation of real estate receivables (Antunes 2008). However, the 2008 financial crisis impacted on large residential projects developed with foreign resources, reducing their volume and obliging the circuit of capital accumulation to search for new investment areas (Fix 2007; Silva 2010). It is in this sense that the realisation of the 2014 FIFA World Cup is understood here, i.e., as one of the forms that the capital has found to maintain its circulation by restructuring the host cities in the context of a global economic crisis.

4.3 PRO-GROWTH COALITIONS AND NEOLIBERAL URBANISATION

The construction of urban mega-projects related the implementation of a mega-event enabled the acceleration of urban restructuring processes and the growth of the real estate sector, following new investments (Altshuler and Luberoff 2003). In Brazil, the small number of mega-projects and mega-events had been concentrated in a few metropolises, particularly São Paulo and Rio de Janeiro. From 2007, with the Rio de Janeiro Pan American Games and the selection of Brazil to host the

2014 FIFA World Cup and the 2016 Olympic Games, public administrators found a new opportunity to undertake a ‘war of places’ to attract urban mega-projects.

Local political groups tried to establish strong coalitions in order to convince FIFA of the viability and entrepreneurial capacities of the host cities for the 2014 mega-event. Such groups, formed by politicians, media companies, real estate promoters and big contractors, aimed to increase the image of Brazilian cities internationally, attracting tourists and new investors, building infrastructure projects, sports arenas and developing urban marketing.

The pro-growth urban coalition is understood here in the sense used by Molotch (1976) and Logan and Molotch (2007). According to Molotch (1976), the formation of a dispute field (*land-based elite*) aims to extract maximum profit from urban land through valorising fragments of the city. Such groups are not fixed; however, they structure themselves in political, economic, social and cultural arrangements to form a small, but diversified, elite, rentiers, constructors, politicians, etc., who start to dictate directions for the urban agenda.

The city is converted into a ‘growth machine’ with its urban policy (laws, zoning, fiscal incentives and urban projects) acting as a mechanism to facilitate the capture of urban land values generated by investments in public and private construction (Molotch 1976: 312). Urban mega-projects, especially those constructed for international events, take on the function of generating extraordinary economic growth by means of large competitiveness leaps or actions to improve the status of the host city. As such, coalitions use the mega-event symbolism to maximise economic profit.

Swyngedouw et al. (2002) advocate that in terms of large neoliberal projects, the socialisation of costs as well as the private appropriation of benefits occur mainly by means of public fundraising or public financing at very low interest rates:

In addition, such projects provide opportunities to extract from the state (at a local, national, or EU level), in addition to its direct contributions, further resources in terms of public investment for infrastructures, services, and buildings. Most of the project’s development costs are supposed to be met from the sale or renting of land or buildings—the value of which has been jacked up through state support, de-regulation, zoning changes, infrastructure investment, and the like. (Swyngedouw et al.: 567)

In this way, we understand the mega-event as a form of urban space restructuring, using for this governance form based on public–private partnerships, public investment in infrastructure and the deregulation of local construction standards.

Urban coalitions between landowners, politicians, the media and businessmen aim to increase each sector’s income by creating a unique fact (event) centred on the city. In Brazil, we can observe the formation of new urban governance strategies in the 2014 FIFA World Cup host cities, combined with the formation of a pro-growth coalition aiming to control large infrastructure projects and sports stadia. We can identify a structure made up of three main cores acting in localities: (1) a political, technical and governmental elite (Municipal, State and Federal Governments); (2) real estate and construction industry entrepreneurs; (3) service sector entrepreneurs (media, tourism, technology, etc.).

FIFA does not belong to these local groups, as its corporate interests act at all levels, whose rules it dictates. So it does not need to dispute spaces or construct coalitions, as it directly imposes previous conditions on governments and businessmen. Another group absent from this coalition is the population itself and groups of local inhabitants that, although they may contest decisions, are excluded by the three main coalition groups.

This pro-growth arrangement makes use of an urban marketing campaign (favouring the media with new publicity resources, for instance), building a base of public support that reduces friction between public sector and social movements which are active on an everyday basis; as such, there is no agreement, but a diminishing or increasing field of forces, according to local resistance. Finally, the most fragmented service sector group—media, marketing and tourism—receives little aggregate investment; however, it symbolically helps to generate jobs and income, attract foreign visitors and boost the local productive base.

Political groups act in the coalition in three ways: (a) deregulating standards or norms (laws and decrees) or making these more flexible so that private capital might circulate more quickly and efficiently; (b) being responsible for costly and highly complex projects; (c) financing such projects for private entrepreneurs by means of public resources at low interest rates. As an example in Brazil, the Federal Government undertook the first deals with FIFA by, in 2010, sending a set of legislative alterations to the National Congress, including Provisional Measures and Exception Laws (MP n.489, 496, 497, 503 e 521) that altered national bidding norms (Law 12.462/2011), making it possible for FIFA and the

International Olympic Committee (and their partners) to interfere in local matters (Law 12.663/2012), including public taxation and indebtedness (Law 12.350/2010).

Returning to Molotch's thinking:

Given their legislative power, politicians may end up doing any of these things. But the underlying politics that gives rise to such opportunities is a person's participation in the growth consensus. That is why we so often see politicians springing into action to attract new capital and to sustain old investments. (Logan and Molotch 2007: 66)

The real estate segment acts: carrying out construction work by means of extraordinary contracts (fast and costly), borrowing from public banks to subsidise their investments, forming partnerships with public authorities and developing real estate projects in areas directly affected by urban mega-projects investments. The pro-growth coalition does not happen solely through economic drive as there must be *a pro-growth coalition of urban businesses*, especially involving the transformation of land uses, the city's infrastructure, mobility routes, etc. But why is urban land so important to the coalition involved in the mega-event?

According to David Harvey (2004), there are three circuits of capital accumulation: the first is formed by the core of capitalist production itself; the second by the production of the built environment; and the third by the production of science and technology. In the case of the production of dwellings, bridges, football stadia and airports, these are powered by capital destined for infrastructure and connected to production, and a consumption fund that is established in the city.

As the constant increases in fictitious financial assets bring with them great risks, investing in urban equipment becomes a safer way to invest capital on a long-term basis. However, there is an underlying problem here as because of its ownership structure, urban land remains a monopoly, whether it is dominated by local groups or by small owners, that resists a more comprehensive capital circulation in the urban environment.

The local land-based elites thus reposition themselves in the 'urban growth machine', aiming to extend the liquidity of their assets, which is necessary for the corporative coalition in the national and global sense. Clearly this does not occur in a linear and frictionless manner, but instead takes place through clashes between different capital interests over time connected to land, also considering cultural values in use, residential segregation, social inequalities

and aspects of the built environment, like the consolidated built heritage. It is the everyday sphere that extends the contradictions of capitalist society. Groups against the coalition—social movements, affected dwellers, academics, etc.—are perceived as exceptions and, in general, are seldom critically analysed.

Therefore: ‘Planners and local authorities adopt a more proactive and entrepreneurial approach aimed at identifying market opportunities and assisting private investors to take advantage of them’ (Swyngedouw et al. 2002: 550). Neil Brenner (2004) defines this urban restructuring caused by neoliberalism as *Glocalizing Competition State Regime* (GCSR), that is, a set of national strategies that act on municipalities, allows capital interests to amplify their intervention capacity. GCSR acts to strengthen pro-growth urban coalitions, to reduce forums of democratic debate and to centralise decisions on certain public administrators and private entrepreneurs. The situation in the city of Natal was no different.

4.4 THE CASE OF NATAL: THE *ARENA DAS DUNAS*, URBAN MOBILITY AND REAL ESTATE DYNAMICS

The city of Natal is capital of Rio Grande do Norte State, one of the poorest states in northeastern Brazil, strongly marked by social inequalities and little economic diversification. Natal has 803,700 inhabitants and is a pole of a Metropolitan Region made up of 11 municipalities, with jobs in the commerce, service, tourism and civil construction sectors (Rio Grande do Norte 2008). Its main tourist attraction is a coastline full of beaches and dunes, which hotels have a capacity of 27,000 beds. This trend in tourism and hotel accommodation was partly responsible for FIFA’s acceptance in 2009 of Natal as one of the 12 host cities for the 2014 World Cup (PricewaterhouseCoopers 2009).

In 2010, three large projects began to be developed by the state and municipal administrations: (a) the construction of a new football stadium (replacing the old *Machadão* stadium in the same location); (b) urban mobility projects connecting the stadium to the airport and hotels; (c) the construction of a new airport.

Instead of adapting the existing football stadium (which had already been refurbished in 2008 at a cost of US\$5.3 million), the local government decided to build a new stadium, demolishing the old *Machadão* stadium and creating a multi-use arena with capacity for 40,000

spectators. The management model chosen was a public–private partnership through an agreement between state authorities and a consortium of two construction companies—OAS and Coesa. The private consortium borrowed US\$ 93.7 million from the BNDES (National Economic and Social Development Bank), a public financing institution controlled by the Federal Government, at lower interest rates than the private market. This funding was used for the construction of the new *Arena das Dunas* in the *Lagoa Nova* neighbourhood. However, after the new football stadium had been built, the state government started paying US\$3.43 million a year to the OAS/Coesa consortium for 20 years. Another project was developed for urban mobility improvements involving resources of approximately US\$125 million under the responsibility of the state government and municipality in the form of loans from the Federal Government.

In total, there were 16 road restructuring and traffic flow increase projects, clearly stimulating individual private transportation (Fig. 4.1). Specific projects concentrated in the environs of the *Arena das Dunas* and connections with the new airport, which was built in a neighbouring municipality, outside city of Natal. Mobility projects resulted in a risk of impact on 435 low-income families, who were to be relocated to other parts of the city as a result of the expansion of the road structure. In this sense, there was strong social mobilisation. The local population in their local organisations (*Associação Potiguar dos Atingidos pela Copa* (APAC) and *Comitê Popular da Copa 2014*) was able to avoid real estate expropriation, and the project was altered. This was the main victory of the social movements that contested the pro-growth coalition, avoiding a real estate restructuring process in the *Cidade da Esperança* neighbourhood.

However, another neighbourhood, *Lagoa Nova*, was affected by the projects (the construction of *Arena das Dunas* and urban mobility projects), which especially affected its real estate dynamics. *Lagoa Nova* is a middle-class neighbourhood, where accommodation comprises mainly houses and a recent increase in tower blocks. Aiming to identify the impact of the 2014 FIFA World Cup projects, we investigated alterations in the prices of real estate (houses, apartments and plots) on offer in the neighbourhood, mainly in the surroundings of the new football stadium (cf. Observatório das Metrópoles 2013). Prices from 2007 to 2012 were studied at intervals of three months, using 4,445 published offers in the city's Sunday newspaper advertisements. The data was geo-referenced on a Geographic Information System (GIS) platform and then compared and



Fig. 4.1 The *Arena das Dunas*

Source: Photograph of Portal da Copa 2014, reused under Creative Commons licence 3.0

organised in a common typology in order to understand whether the preparation for the World Cup altered real estate dynamics.

Preliminary results point towards a reduction in the number of properties for sale priced under US\$46,700¹ and an increase in the offer of apartments from US\$93,700 and over US\$281,000, which were closer to the highest prices in the city. But what most struck us in this study was that 90 per cent of this offer was for used properties, 8 per cent for land plots and 2 per cent for new properties, thereby indicating a strong speculative movement, showing owners selling their houses to new investors, with no price reductions.

The survey also identified some areas of larger interest in this speculative market, especially the surroundings of *Capitão-Mor Gouveia* Avenue and *Arena das Dunas*; i.e., there is a correspondence between urban mobility interventions and the stadium construction, with higher prices and the offer of properties. The specific marketing even uses *Arena das Dunas* as a status symbol and meaning for the neighbourhood in general.

We can also highlight that the offer of vacant plots was constant between 2007 and 2012 with an existing supply of urban land, on average US\$781 per square metre, which also ended up influencing the offer of new units in the neighbourhood.

But, after all, did the construction projects for the 2014 FIFA World Cup create a new area of real estate valorisation in the city? Results indicate that *Arena das Dunas* stadium has a locational attractiveness in a neighbourhood of high valorisation, diminishing entrepreneurs' risks concerning real estate. In this sense, the data indicate that there is certainly a process of real estate valorisation in the environs of the *Arena das Dunas*, although this occurs by means of consolidating a tendency of favouring the elite, which had already been present in this neighbourhood since 2003; that is, the pro-growth coalition in this case reinforced a local market tendency and did not show a dependency on global capital or national finance.

4.5 CONCLUSIONS: COALITIONS AND METHODOLOGICAL DIFFICULTIES IN ADAPTING CONCEPTS

The application of part of the theoretical debate concerning urban coalitions, as proposed by Molotch (1976), is valid to comprehend governmental mechanisms and their partnership with private capital. On the other hand, the neoliberal urbanisation debate is also important in order to identify means of adjustment in governance patterns that are increasingly put under pressure by interests of capital in the city.

However, there are still methodological difficulties when we treat empirical cases, motivated by the 2014 FIFA World Cup mega-event, and examine the deregulation, flexibility and dispossession of public goods and the presence of worldwide financial structures, as we also perceive a strengthening of local agents and actors in territorial valorisation (urban land), exclusion mechanisms and the exacerbation of social questions.

In this sense, there is an empirical and theoretical task to adjust such a conceptual framework to a model adapted to the type of governance in Brazil and in Brazilian municipalities that might allow us to advance and construct a more consistent alternative to explain such phenomena. According to Swyngedouw et al.: 'Therefore, physical reconstruction and economic recovery tend to go hand in hand and, very often, are perceived as quasi-simultaneous processes: megaprojects are viewed as providing a solid foundation for fostering future growth and functional

transformation' (Swyngedouw et al. 2002: 572). In the case of Natal, this was partially verified not as a global competition strategy, but rather as a reinforcement of local interests concerning urban businesses.

Research in Natal has demonstrated that the local governmental and entrepreneurial arrangement is still important for the adaptation of the FIFA business model to regional and national contexts. Relying on three main elite groups—political, real estate and services—projects were developed in different ways, maintaining national and global agreements between the Federal Government and FIFA. This was evident in the pressure that local entrepreneurs exerted in maintaining the *Arena das Dunas* in Natal, reinforcing *Lagoa Nova's* centrality as a direction for real estate valorisation. A strong coalition of local owners, construction companies, hotels and the local media blocked other interests from opening up the territory for other national or international purposes and redirected projects to their own interests. This led to the need to build a strong legacy image, gambling on the existence of social gains that actually did not exist.

On the other hand, we also saw that part of society did not remain passive, as it organised social movements against the impact of interventions and forced the coalition to change its plans and alter the emphasis given to urban transformation, acting as a pressure group on the surroundings of the 2014 FIFA World Cup project. Although the way in which the coalition operates brings risks to the democratic process, the reaction by wider social forces also demonstrates the vitality of locally based social movements in influencing the coalition.

In such coalitions, associated groups in dispute are able to undertake strategic transformations in the urban fabric, reducing spaces of dialogue and contestation. The 2014 FIFA World Cup, mega-events and urban impacts in Natal-RN created an entrepreneurial universe that exceeds the sporting interest and connects local space to national and international interests. In this sense, football—sport as social legacy—stops being the most important outcome and becomes secondary or virtually forgotten.

NOTE

1. The average price of a two-bedroom apartment in middle-class neighbourhoods in Natal in 2007.

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Porto Alegre

The Entrepreneurial City

João Farias Rovati and Clarice Misoczky de Oliveira

Abstract The dispute to host mega-events, justified by their alleged benefits to the economic development of cities, is associated with the phenomenon of urban entrepreneurialism. The City Hall of Porto Alegre saw in the 2014 FIFA World Cup an opportunity to compete

According to Article 5 of the Act that established the secretariat, ‘the essential aim of GADES is to raise external funding to increase the investment capacity of the administration of the city of Porto Alegre by articulating and stimulating public or private partnership to make special projects feasible (Porto Alegre 2012: 2). GADES became the sector responsible for special projects, such as *Cais Mauá* and the *Revitalização da Orla do Guaíba*.

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with other cities for investments in urban infrastructure and mobility projects, tourism and the modernisation of public management, and spared no effort to achieve this aim. However, out of the 18 projects proposed, only six were ready by the time of the World Cup, nine are not expected to be completed soon and three have not even started. This chapter discusses the disruption of the territory of the city of Porto Alegre and the weakening of its planning bodies as a result of hosting the World Cup.

Keywords Large-scale urban interventions · Urban entrepreneurialism · Mega-events · FIFA World Cup · Porto Alegre · Brazil

5.1 INTRODUCTION

During the last few decades, the competition to host mega-events has focused on the supposed benefits obtained by the cities that adopt an ‘entrepreneurial attitude’. Hosting mega-events has been justified by its ‘positive effects’, namely improvements in urban infrastructure and the promotion of economic development, and therefore has naturally been associated with the so-called phenomenon of urban entrepreneurship. An important feature of this vision, as pointed out by David Harvey almost 30 years ago in 1989, is that it is presented as a consensus.

The administration of various Brazilian cities, including Porto Alegre, saw in the 2014 FIFA World Cup an opportunity to compete with other cities for investments. The declared goals were to allow infrastructure and urban mobility projects, which up to then had been unfeasible due to a lack of funding, to promote tourism and to enhance managerialism in public administration. This chapter describes how this operation was orchestrated in Porto Alegre, including the projects, public policies and actors involved.

Porto Alegre has 1.5 million inhabitants and is the capital city of Rio Grande do Sul, the southernmost state of Brazil, bordering Uruguay and Argentina. It is the hub city of a metropolitan region with four million people and has the fourth-highest Brazilian gross domestic product (GDP), after São Paulo, Rio de Janeiro and Belo Horizonte.

Due to its geographical and cultural characteristics, Porto Alegre does not fit into the Brazilian global image. The gaucho culture, also cultivated in Argentina and Uruguay, is predominant. The climate of the state of Rio Grande do Sul is temperate, not tropical. Its long coast, with cold grey

waters, bears little resemblance to the magnificent beaches of the regions. The public policies to promote tourism in Brazil abroad rarely include the state, whose focus is on tourism for business purposes. During the 1990s, Porto Alegre became internationally known as the cradle of the Participatory Budget and in the next decade (in 2001, 2002, 2003 and 2005) for hosting the World Social Forum.

In terms of soccer tradition, the city has two main teams, *Grêmio* and *Internacional*, and was one of the host cities of the 1950 FIFA World Cup. The matches were played at the Eucaliptos Stadium, which belonged to *Internacional*. Soon after, in 1951, *Grêmio* inaugurated its new stadium, which was larger and more modern than that of its rival. These two teams have won the Brazilian Club Championship several times, the *Libertadores* Cup four times and the FIFA Club World Cup twice. The implications of the strong rivalry between these teams go beyond the scope of sports.

When proposing the candidacy of Porto Alegre as a host city for the 2014 FIFA World Cup, the local authority offered two stadia for the matches: *Grêmio* was building a new stadium (the *Arena*, inaugurated in 2012) and *Internacional* would renovate its stadium, *Beira-Rio*. Hosting the mega-event meant an opportunity for the football clubs to renovate their facilities. In addition to the two stadia, the local authority (*Prefeitura Municipal de Porto Alegre* (PMPA)) proposed 16 other Large Urban Interventions (LUIs). As shown in Table 5.1, only some of these projects were tied to the Responsibility Matrix created for the World Cup. However, all of them were associated to the mega-event by the local authority.

These LUIs were classified according to three analysis units (mobility, stadium and riverfront), and are analysed according to this typology. In the case of mobility, the participation of the private sector in building the automotive city project is highlighted. In the stadium section, we discuss the leveraging and bending of urban parameters, as well as the public funding associated with the renovation and building of the two soccer stadia. Finally, two intervention proposals for the *Guaíba* riverfront—which had no connection with the World Cup, but which were put forward precisely due to the ‘opportunity’ presented—are analysed.

5.1.1 *Urban Entrepreneurialism and Market-Driven Planning*

We analyse the case study interventions based on the theories related to market-driven planning practices and urban entrepreneurialism. According to Brindley et al. (2004: 9), market-driven planning practices consist of

Table 5.1 Large Urban Interventions projects in Porto Alegre

<i>Analysed units</i>	<i>Project</i>	<i>MR</i>		
Mobility	01	Extension of Tronco high street	Yes	
	02	3rd perimetral high road overpasses	Yes	
	03	Extension of Padre Cacique/Beira-Rio high street	Yes	
	04	Protásio Alves BRT/Manoel Elias terminal	Yes	
	05	João Pessoa BRT/Azenha terminal	Yes	
	06	Extension of Voluntários da Pátria high street/São Pedro train station	Yes	
	07	Extension of Severo Dullius street	Yes	
	08	Bus terminal overpass	Yes	
	09	Bento Gonçalves BRT/Antônio de Carvalho terminal	Yes	
	10	Padre Cacique BRT/Cristal terminal	No	
	11	Beira-Rio Stadium surrounding lanes	Yes	
	12	Salgado Filho Airport	Yes	
	13	Aeromovel (atmospheric railway)	No	
	14	subway Line 2	No	
Stadium	01	Beira-Rio Stadium	Yes	
	02	Grêmio's Arena	No	
Riverfront	01	Mauá Docks	No	
	02	Guaíba riverfront	No	
Total	18	Projects of the Responsibility Matrix	Yes	12
			No	6

Source: Brasil (2010a)

‘correcting inefficiencies while supporting market processes’ and can be divided into three categories: trend planning, leverage planning and private-management planning.

Trend planning represents a ‘head-on challenge to the existing regulative style, attempting to re-orientate it to a private-sector perspective’ (Brindley et al. 2004: 16). These authors believe this is an explicit introduction of market criteria into urban development decision making. Leverage planning is focused on stimulating the market; its essential ingredient is ‘the use of public-sector finance to stimulate a weak market and to release a greater volume of private-sector investments’ (Brindley et al. 2004: 20). Finally, private-management planning consists of handing over the management of the whole renewal process to the private sector. These authors believe this goes beyond leverage planning, as it ‘draws in not only private-sector

financial resources, but also the managerial methods, skills, and experience of the private sector' (Brindley et al. 2004: 23).

Urban entrepreneurialism, according to Harvey (1989: 8), typically rests on a 'public-private partnership focusing on investments and economic development with the speculative construction within a particular territory as its immediate (though by no means exclusive) political and economic goal'. Harvey systematised four basic strategies related to urban entrepreneurialism: (1) the creation of the exploitation of particular advantages for the production of goods and services; (2) the improvement of a competitive position with respect to the spatial division of consumption; (3) the struggle over the acquisition of key control and command functions; and (4) competitive edge with respect to the redistribution of surpluses through central governments.

Harvey emphasises that they are justified in isolation, but it is their combination that provides rapid and unequal changes in the urban system as practices involving a market-driven and urban entrepreneurial approach can cause fractures and resistance in the territory, as they can affect different social groups. We concluded that the entrepreneurial policies put into practice in Porto Alegre frustrated the local government in terms of its expectations and resulted in contradictory results for its population.

5.2 A RESPONSIBILITY MATRIX FOCUSED ON THE AUTOMOBILE

In May 2009, Porto Alegre was confirmed as one of the 2014 FIFA World Cup host cities. From then until January, 2010, the local authority had merely eight months to decide which projects would be included in the Responsibility Matrix. The local authority decided that it would not make direct investments in stadia, and thereby prioritised investments in urban mobility projects. The local authority signed a collaboration contract with the private sector, proposing a plethora of projects, whose architecture and engineering designs would be paid by the *Centro da Indústria e Comércio do Rio Grande do Sul* (CIERGS)¹. This would reduce the need for public investment, allowing the local authority to increase the number of projects without compromising its budget. The rationale was that the process would become more efficient and that we could show the rest of the world how competent, industrialised and modern Porto Alegre was.

Finally, the Responsibility Matrix included nine urban mobility projects, one involving airport infrastructure and one relative to stadium accessibility. As there was little time, and in the absence of a strong local public transport planning structure, the selection of the mobility projects was based on previous transport planning studies, the memory of a few civil servants and, in particular, the requirements of the private sector. Out of the nine projects, only three were related to public transport; the other six were focused on the use of automobiles.

Compared with the other host cities, Porto Alegre had the highest number of urban mobility projects, although most of them focused on private transport—see Fig. 5.1. In addition, it was the only host city that based its projects on public–private partnerships (PPP). Although in the beginning PPPs were considered a positive factor, the combination of lack of a mobility planning structure, insufficient legislation on these partnerships and, most importantly, the flexibility of the local government to make these operations as profitable as possible for the private sector produced catastrophic results (Chart 5.1).

A car-based mobility was eventually prioritised; more than 3,000 families were evicted from two favelas; the public transport projects were never developed; and all the projects were delivered as preliminary studies, leading to major problems at the construction sites and, consequently, increases in delays and cost. As a result, out of 11 projects, only four were completed by the time of the matches; the others are not expected to be finished in the foreseeable future.

All these projects are associated with two urban entrepreneurialism strategies defined by Harvey (1989: 9): one is related to the competition for federal funds, and the other to the ‘creation and exploitation of particular advantages for the production of goods and services’. The second strategy requires heavy investment in transportation (such as airports) and communication technologies. The provision of infrastructure that improves the speed and quality of internal and external connections is fundamental for interurban competition. When spatialising the projects in the territory, the application of this strategy becomes evident. As seen in Fig. 5.1, most of main road extensions are located between the airport and the developing business districts, exempting the football clubs and others entrepreneurs from the responsibility for the construction of mitigation projects. The map also shows that the projects are located in or between areas with high-income populations.

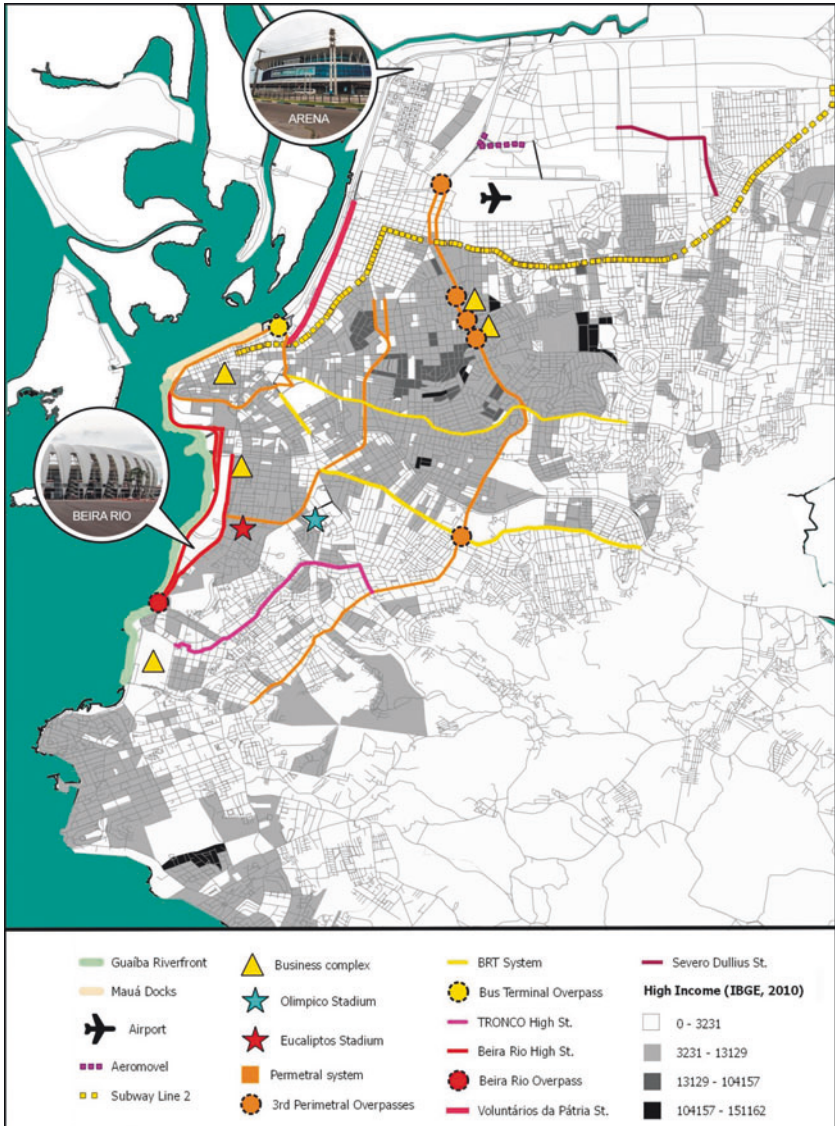


Fig. 5.1 Map of the 2014 FIFA World Cup projects in Porto Alegre

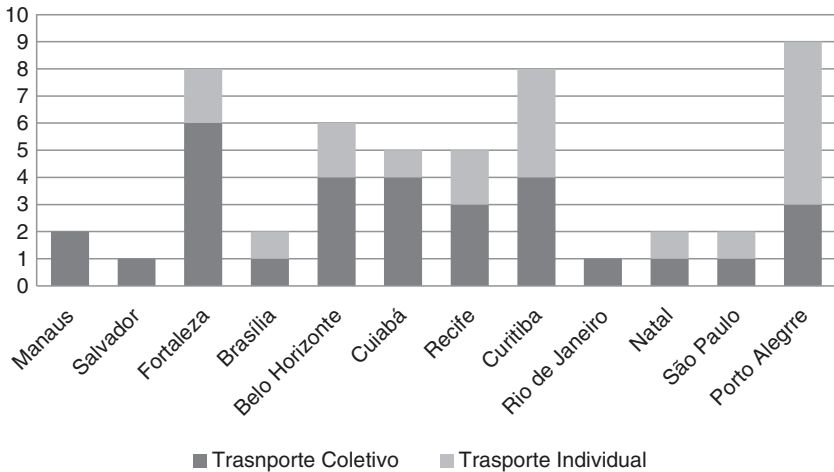


Chart 5.1 Number of urban mobility projects included in the Responsibility Matrix

Source: Elaboration by the authors based on Brasil (2010a, 2010b, 2010c, 2010d, 2010e, 2010f, 2010g, 2010h, 2010i, 2010j, 2010k; 2010l; 2012)

In terms of participation, the population, which received information on the projects almost exclusively through corporate media, was invited to public hearings, which were usually held after the decisions had already been taken and the public bids had closed, leading to demonstrations by those groups affected and those seriously worried about the city's future. The projects showed the disregard of the local authorities for the environment, basic living conditions and the right of the low-income population to housing, as well as the practice of implementing evictions, whether to remove obstacles to businesses or because the poor and their way of living should become less visible.

The lack of information from the local authorities, in addition to the lack of response to formal requests for information, was a strategy to prevent the projects from suffering any interference. The so-called technical neutrality was highly valued: some city officials declared that they represented the technical team of the local administration and that they knew what was best for the city, despite not having carried out any of the studies required by the legislation (such as alternative projects and local impact assessment).

Although the projects were distributed throughout the territory, they always favoured identifiable corporate groups. Typical entrepreneurial urban strategies (Harvey 1989) were put into practice. The speculative nature of the projects, the absence of a strong urban planning structure that might oppose the privileges given to specific groups, the relaxation of environmental impact criteria and the lack of transparency in decision making by the local authority characterised the practices of leverage planning (Brindley et al. 2004).

The justification of infrastructure improvements to evict 3,000 families from highly valued areas, which would compromise the ‘city entrance’ image, indicates the application of trend planning (Brindley et al. 2004), essentially focused on complying with private interests. Such policies and actions implement processes of accumulation by spoliation (Harvey 2012) and prepare the field of an area with a high market potential for interventions by contractors. When merely confirming the market trends, planning contradictorily abandons the reason for its own existence: it submits itself to the forces that define such trends and becomes a mere space for the dialogue between political agents and private players, where specific actions dictated by private interests are articulated.

The urban interventions presented above combined with the fact that the local government has managed the public transport system in alliance with entrepreneurs while disrespecting the law² have been a key element for the emergence of an important social movement. The struggle for public transport is led by the *Bloco de Lutas Pelo Transporte Público*³ (Public Transport Struggle Front), a movement that unites various organisations in the struggle against fare increases and in favour of a high-quality public transport system that is accessible to all. In 2013, the movement achieved a fare reduction.

The *Bloco*’s platform can be considered a struggle for the right to the city and is not just fighting for free fares, but is also confronting the results of the growth coalition (Molotch 1976), the resulting context of poor infrastructure and low public investment in the improvement of the public transport system. The main causes of transport problems are the lack of planning (system range and efficiency), the lack of an urban legislation to reduce urban sprawl, and urban interventions that expel the poor to the outskirts of the city, increasing informal urban sprawl. In fact, the massive participation in the events held by the *Bloco* and its platform gained national recognition and inspired other social movements elsewhere in Brazil to fight against the excessive public expenditure on the FIFA World Cup projects.

5.3 THE TALE OF ONE HOST CITY WITH TWO STADIA

During the period of Porto Alegre's candidacy, the mayor claimed an important advantage to be that the city was the only one in Brazil to have two FIFA-standard stadia. Both *Grêmio* and *Internacional* clubs had their own stadia. *Internacional* chose to renovate its old stadium, while *Grêmio* decided to build a new one (Fig. 5.2). During FIFA's visits, *Internacional's* stadium was selected to host the matches, though its projects were behind schedule. One of the main reasons for FIFA's choice was the location of the stadium.

Internacional's stadium is located ten minutes south of the city centre by car and on the *Guaíba* riverfront (Fig. 5.1). The surrounding area features a large shopping centre and the *Iberê Camargo* Museum, designed by the Portuguese architect Álvaro Siza, following the strategy of 'internationalising' the city's architecture. The area is well served with urban infrastructure, although there is an evident segregation of the space between formal and informal settlements.



Fig. 5.2 The Beira Rio and Grêmio Arenas in Porto Alegre

Author: Luciano Antunes 2015

Grêmio's Arena development site is located within a 15-minute drive from the city centre (Fig. 5.1). The area has a low population density and a very poor urban infrastructure. The region used to be an industrial district that was abandoned and it is now inhabited by middle-, low and very low-income populations. The area is known for its informal settlements, whose situation the local administration has tried to improve in the past ten years. In terms of accessibility, the arena is located near important highways that connect the city to the metropolitan region.

The two clubs established agreements with two Brazilian multinational engineering companies which would exploit the business for 20 years⁴ and would benefit from low interest loans from the *Banco Nacional de Desenvolvimento Econômico e Social* (BNDES).⁵ The clubs sold the land of their former stadia to the companies as a funding source. The *Olimpico* and Grand Park *Eucaliptos* developments are now respectively exploited by the OAS and Melnick Evens construction companies. Although the local administration was not financially responsible for building the stadia, it directly participated through measures such as providing tax exemptions, donating land, exempting the companies from mitigation projects and changing urban parameters. The acts approved by the City Council altered the urban parameters for these specific areas; however, it should be noted that this took place on 29 December 2008, when Porto Alegre had not been yet selected as a host city. Therefore, the local administration would provide benefits to build two 'FIFA-standard' soccer stadia, when FIFA required only one.

The soccer clubs, real-estate speculators and councillors favourable to these projects knew how to take advantage of the context to approve changes in the city's Master Plan. The passionate historical rivalry between the two clubs' supporters also played a role, since both stadia needed to be approved to make everyone happy. As a result, the movements which raised the negative consequences of the projects were silenced by the massive support of the population and the corporate media. The forces and actors involved articulated what Molotch (1976) called the growth coalition, with the elites and media applying pressure to favour their interests and take advantage of the passion for soccer.

The strategies described above, put into practice in order to favour the soccer clubs and the companies involved in stadium construction, can be characterised as leverage planning practices, according to Brindley et al. (2004). Relative to the LUIs in particular, PPP practices, public investment in clearing sites, providing urban infrastructure and exempting the private sector from paying taxes were put into place. This type of planning

can also be related to an urban entrepreneurial approach; in this particular case, it was associated with the strategy of the ‘spatial division of consumption’ (Harvey, 1989: 9) by attracting consumption through the construction of sports stadia, shopping and convention centres, etc. and/or encouraging entertainment and cultural activities. In other words, leverage planning is exercised when the public authorities actively take part in solving the problem of over-accumulation by urban renewal processes, including the exploitation of depreciated land, eviction of the poorest populations and disregard for environmental aspects.

Although these elements can also be observed in the case of *Internacional*, they are more evident in *Grémio*’s stadium, since it was built in an undeveloped urban area. This can be seen in the dynamics of new real estate developments offers in the area. According to Fagundes (2011), the real estate market offered only 500 new housing units in this area from 1999 to 2010. However, from 2009 to 2015, 2,013 housing units were put on the market, demonstrating a strong growth trend. Moreover, a higher number of middle-class and luxury units were offered, significantly changing the previous standards.

The lack of action by the local authority to address the problems experienced by the low-income communities living close to the *Arena*, and the growth of middle-class and luxury developments and gated condominiums have helped to deepen the social-spatial segregation of the area. In the absence of a comprehensive public project, the real estate market determines current urban restructuring and, according to the evidence, feeds a gentrification process.

5.4 THE RIVERFRONT *RENAISSANCE*

The urban regeneration of *Maná Docks* and the *Guaíba*⁶ riverfront urban design had been previously proposed. Both areas were the object of various projects during different local administrations, and new studies were made by each new administration. *Maná Docks* LUI follows the current fashion of the renovation of harbour facilities, such as the emblematic cases of Baltimore Inner Harbour, Genoa Harbour and Buenos Aires’ Puerto Madero. *Guaíba* riverfront renovation consists of qualifying the riverfront as a green park with recreation facilities.

In order to allow the construction of the current *Maná Docks* project, the local authority changed the current urban legislation, determining new uses and buildings parameters, which were believed to be ‘attractive’ to

the developers. In 2011, after a public tender, the *Cais Mauá* consortium, led by a Spanish company that was also responsible for Port Vell in Barcelona, won the right to develop the area for 25 years. The Rio Grande do Sul state government was the main negotiator of this operation. The role of the local authority was to change the Master Plan and turn it to a business plan that would be considered ‘acceptable’ by the market. It was also responsible for approving the required legal licences. In 2012, there was significant administrative reform with the creation of the *Gabinete de Desenvolvimento e Assuntos Especiais* (GADES),⁷ directly answerable to the mayor’s office. One of the aims of this reform was to ensure that the demands of the LUIs were approved in a swift and flexible manner.⁸

The *Mauá* Docks project is a specific large-scale urban intervention. The public sector has conducted no territorial impact assessment. The PPP to exploit it will allocate exclusive activities to it, such as a shopping centre. In this case, as in many others, RBS, which is a regional conglomerate known for its media operations, exerted strong pressure in order to get it approved. An article published in one of its newspapers on the area concession signature ceremony celebrated the operation as the ‘rebirth of our metropolis’. The article praised the transfer of the ownership of the docks to the private sector, saying that ‘the dream that this will become a truly public space starts to come true’ (Melo 2011: 4). The mystical rhetoric does not explain how, after being given to a private company, it would become a ‘truly public space’. Relative to the impacts in the downtown area, all the evidence indicates that there will be a gentrification process.

The actual privatisation of this important and emblematic space for Porto Alegre’s citizens resulted in reactions from the population. The lack of participation in the project elaboration and the uses designated to it were the main complaints. A social movement called *Cais Mauá de Todos* (Mauá Docks for All) is fighting to stop the project. The strategy is based on cultural events, gatherings in the nearby squares and legal action. Since the project has not yet been built, there is still a possibility of preventing its implementation.

Interventions on the *Guaíba* riverfront had also been previously proposed. One of the proposals was included in the 1999 Master Plan as a renewal area. The current mayor, José Fortunati, when still head of the local planning department (2006–08), contacted entrepreneurs with the aim of implementing a future PPP and announced a Public Competition of Ideas for the riverfront, which never took place. In December 2011, the

local government hired the politician and architect Jaime Lerner⁹ for the project, which was led by GADES. In a public hearing demanded by the local branch of the Brazilian Institute of Architects (IAB), organised social movements expressed their frustrations: they questioned the hiring of Lerner outside any public tender, the absence of social, economic, and environmental impact assessment reports on the project, and the exclusion of the local authority technical personnel and the general population in the process. The hiring of Lerner and subsequent developments evokes Harvey's (2011) 'urban spectacle', referring to the fetishisation of the urban space through the design of renowned architects.

The *Guaíba* riverfront and *Mauá* Docks projects are based on PPPs, which broadly hand over these areas to private companies in exchange for building the project and/or providing maintenance services. The *Mauá* Docks project will be completely funded by private investment. On the other hand, the *Guaíba* riverfront will be funded by public investment (City Hall, the Ministry of Tourism and parliamentary amendments), but the local authority is also studying the possibility of the concession of this area to the private sector.

The *Mauá* Docks project evidences facilitation and private-management planning practices (Brindley et al. 2004). The *Guaíba* riverfront project incorporates strategies associated with urban entrepreneurialism, competing for federal funds. However, both adopt entrepreneurial strategies in terms of the space division of consumption (Harvey 1989). Both cases also show that in market-driven planning, urban planning technical personnel are excluded from the process, as well as the population and local participation bodies.

5.5 FINAL CONSIDERATIONS

In June 2015, in an interview to the most important newspaper in Porto Alegre Mayor Fortunati said:

[Today], I would not propose so many projects. I believe I was right to seek them in order to modernize the city; however, had I known there would be so many problems and obstacles, I might only have dealt with the surroundings of the Beira-Rio [stadium]. (Felin and Gonzatto 2015)

Reviewing his political position during the World Cup episode, this was a confession of failure.

The urban entrepreneurial strategies (Harvey 1989) undoubtedly left their mark on Porto Alegre. There was a plethora of urban beautification, innovation, revitalisation and renewal projects. The city's territory experienced transformations that were not articulated in any long-term plan. These strategies weakened public planning institutions and increased the subordination of public powers to private interests. In the case analysed here, the absence of public planning bodies, that is, of an integrated city project, an urban transportation plan and the participation of society, made Porto Alegre an 'open city' exposed to immediate profiteering.

The local authority spared no effort in seizing the 'opportunity' that hosting a mega-event represented. However, the results were mediocre. As seen before, out of the 18 projects proposed, only six were ready by the time of the World Cup, nine are not expected to be completed soon and three have not even started. Out of the six projects completed, two were related to stadia and were under the responsibility of the private sector; the other four addressed urban mobility, one funded by the Federal Government and three by the local authority. Table 5.2 shows which projects were under the responsibility of the local authority, how they relate to the urban entrepreneurial strategies proposed by Harvey (1989) and their stage of completion.

Relative to mobility, for instance, most of the obstacles were caused by the fact that CIERGS did not deliver the detailed plans. According to the local government discourse, the partnership with CIERGS would accelerate the process. Many of the delays were due to the lack of executive projects, which were finally never made by CIERGS. This postponed or prevented public tenders, consequently preventing the planned investments from being applied. In addition, there were breaches of the law, and some projects, such as those of the BRTs (Bus Rapid Transit), were never delivered. The expropriations required for road extensions were poorly managed. Part of the resettlements were included in the social housing programme of the Federal Government (*Minha Casa, Minha Vida*), but there were no developers interested in them up to the time of the World Cup. Moreover, the costs of some of the projects were underestimated at the time when the Responsibility Matrix was signed, and therefore the local authority had to request further funds from public investment agencies. Finally, the only mobility projects that were ready by the time of the World Cup (those surrounding the *Beira-Rio* Stadium) were financed solely by the local authority, compromising actions in other areas that counted on these funds. Similar problems were experienced in the other projects.

Table 5.2 Summary of the projects for the FIFA's World Cup 2014 in Porto Alegre

<i>Type</i>	<i>Projects under the responsibility of PMPA</i>	<i>UEE1</i>	<i>UEE2</i>	<i>UEE3</i>	<i>PPP</i>	<i>Completed for the World Cup</i>	<i>No completion forecast</i>
Mobility	Tronco High St 3rd Perimetral High St Overpasses Padre Cacique/Beira Rio High St Profásio Alves BRT João Pessoa BRT Voluntários da Pátria High St Severo Dullius St Bus Terminal overpass Bento Gonçalves BRT Padre Cacique BRT Beira Rio surrounding lanes Salgado Filho Airport Aeromovel						
Stadium	Subway Line 2 Beira-Rio Stadium Grêmio's Arena						
Riverfront	Mauá Docks Guaíba Riverfront						

Note: UEE1: spatial division of consumption; UEE2: acquisition of key control and command functions; UEE3: redistribution of surpluses through central governments; PPP: public-private partnership

The main feature of the Porto Alegre of the World Cup was the disruption of its territory and of its fragile planning bodies. As a result, the city has many construction sites under development with no completion date set. The inability of or lack of interest shown by the local authority in properly finding a solution for evicted families and unfinished public transport urban projects have caused considerable social losses.

Finally, the municipality's budget is compromised for the next years. All this is as a result of favouring private interests. The local authority was not able to complete all the proposed projects, frustrating the expectations created, and the mayor failed to have his image associated with an efficient LUI development that would transform Porto Alegre into a modern city that would be renowned worldwide. On the other hand, there was significant capital circulation: the real estate market thrived during the final years in the run-up to the mega-event and the private sector made huge profits. Porto Alegre is therefore a clear example that when entrepreneurial strategies are put into practice, the public sector takes the risks, and the population endures the damage, while the private sector reaps the benefits. This is what was left of the City participation in a mega-event.

NOTES

1. The Manufacturing Industry Association of Rio Grande do Sul.
2. The contract between the municipality and private transport companies expired more than two decades ago, but they are still running the lines.
3. See <https://pt-br.facebook.com/pages/Bloco-de-Luta-pelo-Transporte-P%C3%BABlico/488875294508389> (accessed 15 August 2016).
4. The current *Grêmio* administration has been trying to make an agreement with OAS for several months to buy the Arena; see, for example, <http://www.correiodopovo.com.br/Espportes/545630/Sinais-de-nova-negociao-entre-OAS-e-Grêmio> (accessed 15 August 2016).
5. Brazilian National Economic and Social Development Bank.
6. The projects have not yet started, although the docks have been closed to the public since September 2014; see <http://www.sul21.com.br/jornal/arquiteta-apresenta-modelo-alternativo-ao-projeto-de-revitalizacao-do-cais-maua> (accessed 15 August 2016). In the case of the riverfront, no offers were presented in more than one tender; see <http://zh.clicrbs.com.br/rs/porto-alegre/noticia/2015/03/licitacao-para-revitalizar-a-orla-do-guaiba-deve-ter-o-preco-aumentado-4713033.html> (accessed 15 August 2016).
7. Secretariat for the Development and Special Matters.

8. According to Article 5 of the Act that established the secretariat, ‘the essential aim of GADES is to raise external funding to increase the investment capacity of the administration of the city of Porto Alegre by articulating and stimulating public or private partnership to make special projects feasible (Porto Alegre 2012: 2). GADES became the sector responsible for special projects, such as *Cais Mauá* and the *Revitalização da Orla do Guaíba*.
9. Jaime Lerner is a Brazilian architect, urban planner and politician. He was the Mayor of Curitiba and the Governor of the State of Paraná in southern Brazil. He was President of the International Union of Architects from 2002 to 2005 and has won several international awards.

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Recife

Much to Do about Nothing

Flávio A.M. de Souza

Abstract This chapter provides evidence from Recife on how large-scale urban projects were used to foster development by market processes, influencing polarized inequalities. In addition, it claims that the managerial state may be inefficient in terms of its structural weakness in favouring efficiency as opposed to shared responsibilities. In this process, new forms of governance are not sufficient to improve the conditions of impoverishment. Finally, as is widely accepted, this chapter provides evidence that institutional arrangements favouring economic growth should not be taken for granted as an indicator of long-term investments. The political economy of urban land is a crucial variable determining continuity and discontinuity. and this should not be disregarded by policy makers.

Keywords Large-scale urban projects · Sports mega-events planning · Recife

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6.1 INTRODUCTION: A GENERAL VIEW OF RECIFE

Recife is the capital of Pernambuco State located in the northeast of Brazil. In terms of its territorial position, at a regional level, it is 800 kilometres equidistant from the other two largest capital cities in the northeast of Brazil—Salvador and Fortaleza. At a global level, it is at the northeastern coast of Brazil, in a privileged location in relation to Africa, Europe and the US.

With a total population of approximately 1.6 million inhabitants, Recife occupies a total area of 218 square kilometres, of which 98 are occupied by the so-called formal housing sector. Informal housing accounts for 30 square kilometres. More than half of Recife's population lives in low-income areas (*favelas*) which occupy 14 per cent of the total area of Recife. High densities in Recife have increased pressure on demand for serviced land, even among higher-income groups. In a list of the largest cities in Latin America, Recife is in sixth position (8,000 inhabitants per square kilometre).¹

The *Arena Pernambuco* is one of the 12 stadiums that hosted matches as part of the 2014 FIFA World Cup in Brazil. Despite being located in São Lourenço da Mata, in a border area with the cities of Camaragibe, Jaboatão dos Guararapes and Recife, part of the Metropolitan Region of Recife (MRR) (Fig. 6.1), it is generally acknowledged that the *Arena Pernambuco* is located in Recife.

Recife has a very strong relationship with its Metropolitan Region, since much of the population of Recife and of its neighbouring cities commutes, and much of its urban agglomeration is interlinked with neighbouring cities, making it very difficult to perceive from a territorial perspective where it starts or ends.

The MRR is formed by 14 municipalities² and is the sixth most populated Metropolitan Region in Brazil, accounting for a population of approximately 3.7 million inhabitants, which corresponds to 41.7 per cent of the total population of Pernambuco (approximately 8.8 million inhabitants).

Pernambuco occupies a total area of 98,076.109 square kilometres, having 185 municipalities. The MRR accounts for about 65 per cent of Pernambuco's gross domestic product (GDP) (US\$60.1 billion of the total of US\$38.3 billion: IBGE 2013).³

The growing investments in the MRR in the last decade have caused the local economy to grow at unprecedented rates. The implementation



Fig. 6.1 Location of the *Arena Pernambuco* in the MRR

Source: Elaboration by the author adapted from IBGE

of 100 new development sites in Pernambuco is responsible for the creation of over 20,000 new jobs (*Valor Econômico* 2011). Among these, in the south of the MRR, can be highlighted the Port of Suape industrial complex with PETROBRAS Abreu e Lima oil refinery and the South Atlantic shipyard, among others. In the north of the MRR, special attention can be given to the Fiat Chrysler automobiles plant (which by itself is expected to attract over 80 new businesses), the HEMOBRAS plant (a biotechnology and blood derivatives plant) and the Vivix plant (a float glass plant). These industries act as vectors that represent investments in the region for real estate, which are planned, negotiated and/or promoted in the MRR.

Perhaps one of the most relevant structural projects aiming at the consolidation of the developments already installed in the MRR is the project for the motorway designed as a semi-ring road and called *Arco Viário Metropolitano* (Metropolitan Ring Road). It is important as it connects the northern industrial site (including the flow of Fiat Chrysler

automotive production to the port of Suape), bypassing the traffic in Recife. Planned in the 1970s by a state development agency (FIDEM), it was implemented in 2008. This could have been an important asset to be included on the agenda of investments for the 2014 FIFA World Cup in Recife.

In the case of Recife, these new developments appear to be more relevant vectors of real estate investments in the region, stimulating supply and demand in the MRR, than the expected demands created by the 2014 FIFA World Cup in Recife. Nevertheless, the presence of economic momentum created by a sports mega-event of this nature can positively influence land values as a result of localized infrastructure investments made in Recife in preparation for this event.

In order to understand the economic situation of Brazil over the last two decades, it was made an analysis of GDP increase for Brazil and Pernambuco. This analysis indicates that the Brazilian economy had grown steadily from the 1990s until 2014. And it also indicates that the economic performance of Pernambuco State was better than the economy of Brazil as a whole ([Chart 6.1](#)).

By observing the total volume of GDP, considering the base year of 1990 = 100 and the sequence of data until 2014, it can be said that after a period of economic instability, the Brazilian economy has shown steady economic growth. It should be noted that Brazil's GDP has doubled since 1990, and the GDP in Pernambuco increased 150 per cent over the same period.

Looking at the situation more closely, as in [Chart 6.2](#), there was an acute increase in the annual percentage GDP growth rate of Pernambuco State in 2004, indicating a new phenomenon of steady economic development that lasted until 2008. As a consequence of the global economic crisis of 2008, there was a sharp decrease in this growth rate 2009, but in 2010, the Brazilian economy was propelled by a governmental decision to offer cheap credit, coupled with longer repayment periods to stimulate consumption. In addition, a massive programme to foster economic acceleration, known as *Programa de Aceleração do Crescimento* (PAC), was started, which intensively promoted the building industry, as seen in [Chap. 1](#).

Since the 1970s, numerous plans have been carried out aiming at the development of the urban structure of Recife, including what came to be known today as *Via Mangue*. Other projects aimed at improving transport corridors also existed, and was with the possibility of adding investments

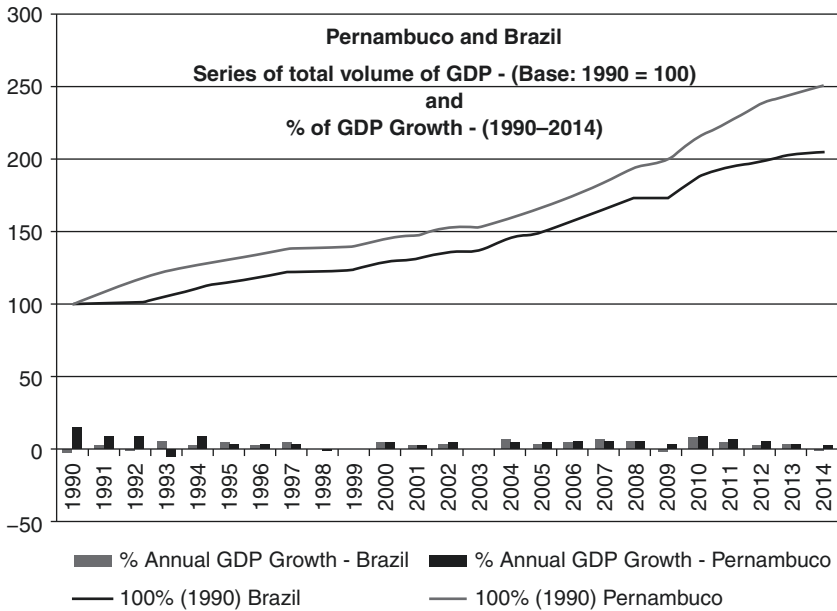


Chart 6.1 Annual percentage of GDP growth rate for Brazil and Pernambuco from 1990 to 2014 (base: 1990 = 100)

Source: Elaboration by the author adapted from IPEA; CONDEPE/FIDEM; World Bank, 2016

in this sector, the sport mega-event 2014 FIFA World Cup represented a window of opportunity for the Pernambuco state government to justify investments.

In the last decade, there was a period of high profit expectations that attracted international investors to Brazil, whilst motivating the local economy. Numerous investments were made in Pernambuco, especially in the MRR, which have propelled the economy, contradicting the gloomy forecasts for the Brazilian economy today.

However, from a wider perspective, despite the increase in the percentage of annual GDP growth seeming to indicate a moderate and sustained upward trend, the global economic crisis of 2008 affected these indicators in Brazil and Pernambuco in 2009 and, most importantly at present, a political crisis coupled with a persistent fiscal crisis has decreased economic prosperity in Brazil.

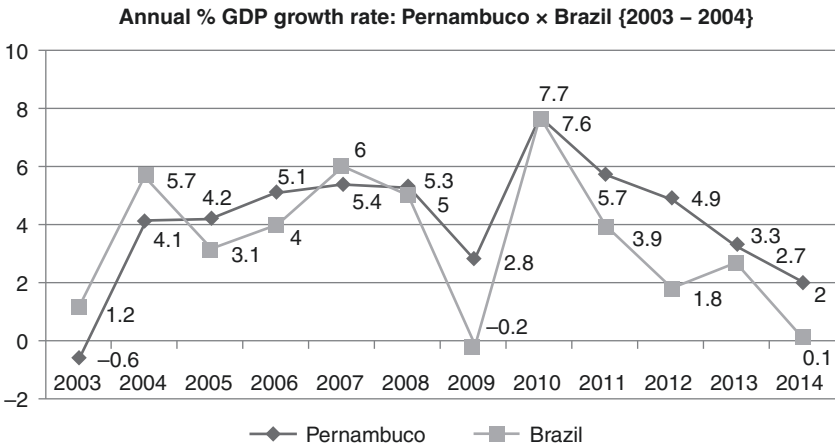


Chart 6.2 Annual percentage GDP growth rate for Brazil and Pernambuco from 2003 to 2014

Source: Elaboration by the author adapted from CONDEPE/FIDEM and World Bank, 2016

6.2 AN OVERVIEW ON THE RESPONSIBILITY MATRIX FOR RECIFE

According to the Responsibility Matrix signed in January 2010 by the Pernambuco State government on behalf of the FIFA World Cup 2014 in Recife (PERNAMBUCO 2010), it was decided that a set of investments would be accomplished, including the construction of a new arena and several implementations regarding the amelioration of interurban mobility. These developments are briefly presented below in order to broaden the discussion.

6.2.1 The Construction of Arena Pernambuco and Cidade da Copa

As is already known, the 12 host cities of the FIFA 2014 World Cup were assigned in May 2009 and, in June 2009, a Basic Project containing an architectural basic study was initially presented by the Pernambuco State government. The Responsibility Matrix was signed in January 2010. By May 2010, a process of land expropriation was initiated by the Pernambuco State government in Camaragibe (the municipality adjacent

to the *Arena Pernambuco*). A total of 123 families were forcibly removed in Camaragibe in order to free up space for the expansion of an integrated bus terminal. In Recife, 298 land expropriations took place in relation to mobility issues to build two BRT lines and another 1,460 expropriations for the construction of *Via Mangue*. In Olinda, 38 expropriations were officially recorded, whilst 800 more expropriations were recorded in Carpina (SEDES 2014). Official records are easily available, but are not systematic. From what could be seen, 2,681 expropriations were officially recorded. This total includes relocation and paid expropriation.

The *Arena Pernambuco* (Fig. 6.2) was designed by the architects' office Fernandes and Associates based in São Paulo. It was built as a result of a public-private partnership (PPP) in the form of an Administrative Concession Contract assigned between the Pernambuco State government and the Business and Investment Pernambuco Arena Consortium, a branch of Odebrecht Construction Company. The contract was signed on 15 June 2010.

The construction of the *Arena Pernambuco* was made through the celebration of a PPP between the private party, Odebrecht



Fig. 6.2 The *Arena Pernambuco*

Source: Photograph of Portal da Copa, 2013, reused under Creative Commons License 3.0

Participações e Investimentos, and the State of Pernambuco. The private partner would provide the public service for a period of 30 years and the State of Pernambuco would guarantee the financial success of this period in the event that the revenues were not sufficient for cost recovery.

Odebrecht, the concession holder, was responsible for building the stadium in three years, as well as being responsible for the management, maintenance and the operating expenses of the stadium during the 30 years of the duration of the contract. After this period, the *Arena Pernambuco* shall be administered by the Pernambuco State Government.

Initially, the *Arena Pernambuco* was expected to be completed by 2014 prior to the beginning of the FIFA World Cup. However, the then Pernambuco State governor, Eduardo Campos, declared his interest to have Recife as a host city for the FIFA Confederations Cup immediately after Recife had been chosen to host the FIFA World Cup 2014. Therefore, an amendment was signed to the original contract in 21 December 2010 to cover the costs for accelerating the construction of the *Arena Pernambuco*. Two more amendments to the original contract were signed before its completion (15 August 2011 and 5 December 2011). Recife was confirmed as a host city of the FIFA Confederation Cup in November 2012.

Efforts to complete the construction of the *Arena Pernambuco* in time for the Confederations Cup were successful, but total price for this has not yet been measured.

The construction of the *Arena Pernambuco* forcibly ended in May 2013 and the stadium hosted three matches of the Confederations Cup FIFA in June 2013. It also hosted five games for the FIFA World Cup 2014 in June–July 2014.

The *Arena Pernambuco* has a capacity of 46,000 people. Its outer area comprises 4,700 parking spaces and its design was based on a mobility plan that included *Cosme and Damião* metro station, located about two kilometres from the Arena, with the aim of encouraging access by public transport. During both events, the 2013 Confederations Cup and the 2014 World Cup, there was a special shuttle service, but many people still had to walk. The stadium was designed as a multipurpose arena, aiming to host, in addition to sports events, housing concerts, festivals, conferences, trade shows and other entertainment activities. In order to achieve this, conference rooms, auditoriums, food courts, restaurants, an

integrated shopping centre, a museum, cinemas, a theatre and a convention centre were created within the Arena.

The Arena is located near the *Capibaribe* River and the BR-408 highway that might facilitate accessibility to the area, but it is surrounded by major areas of environmental protection, affecting the potential exploitation of newly urbanized land. The practice of urban development in the 1970s and the 1980s was based on landfills of mangroves in flat areas and severe curtailing of natural topography on the fringes of Recife.

Since the late 1980s and the 1990s, developers have had to adhere to environmental legislation that is very restrictive in order to obtain planning permission. Nevertheless, one can still encounter practices from the past today. The *Arena Pernambuco*, for example, was preliminary licensed by the Pernambuco state environmental agency on 31 August 2009 (CPRH 2009), without an environmental impact assessment study having been undertaken.

Nevertheless, in the surroundings of the *Arena Pernambuco*, it was anticipated that a new mixed-use development known as *Cidade da Copa* (World Cup City) would be developed. This was a smart city development that attracted attention from the local media due to its innovative nature in terms of its high technological apparatus that was expected to be installed as part of a large-scale urban project. In contrast to the *Arena Pernambuco*, this development required an environmental impact assessment in order to be initiated. Its developers claimed that it would be the first smart city in Latin America. But this development faced severe challenges regarding its construction, both at the environmental and economic levels, and it has not been started so far. In addition, the concessionaire, Odebrecht Construction Company, was not obliged by its contract to set up deadlines for the development of the *Cidade da Copa*. In addition, these events were followed by the unwillingness of investors to assume the risks that would be involved in the realization of this venture. The idea of developing a new planned neighbourhood was criticised locally due to the difficulties in obtaining planning permission and to the high costs for its development.

The feasibility study realized at the initial stage of land development in order to determine the economic feasibility of the *Arena Pernambuco* included the construction of the *Cidade da Copa*, creating demand at a local level. It included, among other things, housing developments, a university campus, entertainment centres and a shopping centre.

The legal implications for not realising the construction of the *Cidade da Copa* on the part of the concessionaire, such as fines, legal prosecutions

and so forth, were not predicted. If the development was proved not to be economic feasible, then, the state of Pernambuco could break the contract and would become responsible for its administration and, perhaps, for the development costs of the *Cidade da Copa*. Alternatively, a new concessionaire might be appointed.

The *Arena Pernambuco* was initially estimated to cost R\$479 million (2009). The total cost was officially declared by the Ministry of Sports in December 2014 as R\$532.6 million, approximately US\$198.9 million⁴ (Brazil 2014), a figure that includes the engineering contract, construction, pre-operating expenses and the feasibility study. The consortium received funding from the National Economic and Social Development Bank (*Banco Nacional de Desenvolvimento Econômico e Social* (BNDES)) and the Bank of Northeast of Brazil (*Banco do Nordeste do Brasil* (BNB)).

On 20 November 2014, the Pernambuco State Court of Auditors (*Tribunal de Contas do Estado Pernambuco*) asked the government of Pernambuco to present a feasibility study on the concession contract for the administration and economic exploration of the *Arena Pernambuco* in order for the initial contract to be continued. In addition, the Pernambuco State Court of Auditors declared in December 2014 that the final costs for the construction of *Arena Pernambuco* accounted for over R\$753 million (US\$280 million).

The Pernambuco government State assigned the Getulio Vargas Foundation (a prestigious research institute based in Rio de Janeiro) with the task of developing a feasibility study for the *Arena Pernambuco*. The report was completed in December 2015 and the government decided to overrule the 30-year contract with the concessionaire in 4 March 2016. It is not yet known whether a new concessionaire will be appointed or whether the state will take over the development of the site. The consequences of this recent event cannot be investigated so far. Future studies are needed to reveal the facts that might be revealed.

6.2.2 *Revising the Issues on Urban Mobility*

There were several projects regarding urban mobility for Recife but the main ones were: building Bus Rapid Transit (BRT) corridors, improving the existing metro system by adding new terminals and perhaps the most significant structural project that can be appointed: the *Via Mangue*

project. This is basically the opening of a new binary access road of approximately 4.5 kilometres long, which links the south zone of Recife to the north.

Via Mangue was developed as a basic project from March 2007 to December 2008, when it was presented to the public. The executive project was designed between May 2009 and December 2011. As a result of this process, approximately 1,500 families were removed from the area (both voluntarily and involuntarily) between February 2010 and December 2011. According the official data, there were 503 expropriations and 992 families that were resettled into three newly developed housing areas. The total cost of expropriation was R\$25.6 million (equivalent to US\$10.9 million).⁵

Officially, the construction of *Via Mangue* started in July 2010, with one side of it being opened to the public on 13 June 2014. This was just in time for the 2014 FIFA World Cup in July. Officially, it had been expected to be ready by September 2013. Its other side was only delivered on 21 January 2016, 18 months after the end of the games. Initial estimates accounted for a total cost of R\$320 million. The total cost for *Via Mangue* was acknowledged to be R\$430 million (equivalent to US\$160.6 million in December 2014). The actual costs of construction are not yet available since it was only recently completed. Nevertheless, one could add to the estimates the costs of the construction of the three housing estates for the displaced population.

According to the site for monitoring the 2014 World Cup spending (*Portal de acompanhamento de gastos para a Copa 2014*), a total of 505 expropriations were registered between April 2011 and September 2013 by local authorities in order to free up space for the construction of *Via Mangue*. The amount spent on compensation was recorded as R\$25.6 million (equivalent to US\$11.5 million).

One of the main corridors for public transportation is the BRT East-West. This corridor is to be 12 kilometres long, linking the city centre of Recife to São Lourenço da Mata (the *Arena Pernambuco*) and Camaragibe. This is divided into two projects: World Cup City branch and the Caxangá East-West transport corridor. None of these has been completed so far. World Cup City is to link to the *Cosme and Damião terminal* (which is about two kilometres from the *Arena Pernambuco*) to Avenida Caxangá (a main public transport corridor in Recife). This branch will be 6.3 kilometres long, starting from a metro station in Camaragibe, passing by the *Cosme and Damião terminal* (São Lourenço da Mata), possibly interconnecting with a boat

terminal near the Capibaribe River (adjacent to the *Arena Pernambuco*) and leading towards Avenida Caxangá (Recife). The second part of the BRT East-West will interconnect the previous BRT line in Avenida Caxangá to the city centre of Recife and will be approximately 5.7 kilometres long. Again, on this line, several bus stops have not been completed.

The builder of this BRT corridor was involved in the largest corruption scandal in Brazil, Operation Car Wash (*Operação Lava Jato*) (see Chap. 9). The construction of this corridor was abandoned in 2014 due to the mentioning of the contractor in the courts due to its involvement in the scandal (*Globo* 2015). An estimate for the total cost of construction of the BRT East-West was about R\$236 million.

The *Cosme and Damião* bus terminal, integrating the metro line through the *Cosme and Damião* metro station in São Lourenço da Mata, is situated on the borders of Recife and Camaragibe. An estimated R\$19 million was allocated to this project (Brazil 2014). The bus terminal was opened in time for the first match in Recife of the 2014 FIFA World Cup. The demands for the Confederations Cup had caused overcrowding in the metro station nearby in 2013. This transport system lacks the integration provided by the East-West branch to Recife city centre. As a less tangible legacy, the expropriations of 200 families that occurred during the period of construction appeared to be ignored since the site where these families lived for over 50 years is empty and the constructions of the East-West branch have stopped there.

The BR 408 federal motorway that links the west zone of Recife in the district of Curado, near the *Arena Pernambuco*, to the municipalities of São Lourenço da Mata, Paudalho and Carpina received investment for its enlargement (*Jornal do Comércio* 2014). These cities together make up one of the new axes of economic development in the MRR. In total, R\$426 million was invested to duplicate 42 kilometres of roads and a high-level road bridge was constructed. The rationale was to stimulate and attract new industrial, agricultural and commercial development to the area, coupled with new real estate developments that are expected to be constructed in the west zone of Recife. However, in order to achieve this, 800 families have been removed.

Two infrastructure projects were planned for Recife Airport in the Responsibility Matrix: a new airport traffic control tower for Recife Airport and a new building to house the airport traffic control instruments and airspace controllers. However, due to several problems, these plans were cancelled in the Responsibility Matrix.

Another infrastructure project that was planned in the Responsibility Matrix was a new maritime passengers' terminal. This was built in the old port of Recife in the city centre. The total cost for the maritime terminal was R\$28 million. The port of Recife claimed it to be the most modern terminal in Brazil.⁶

Urban signage in Recife and its surroundings to indicate the main destinations of tourist interest in the city, especially the *Arena Pernambuco*, was remade using a logo identifying the FIFA World Cup 2014, the main modes of transport (airport, metro stations and the maritime passengers' terminal), and places of public interest such as the historic city centre, beaches, shopping centres and museums. However, this has not serviced the whole city or the MRR. There are several roads that require signage, resulting in a lack of continuity of information.

In general, the construction of the projects demanded by FIFA was expensive and time-consuming, and resulted in several disputes, including the displacement of over 3,000 families in the MRR. Data are easily available, but these are not entirely systematic. They come from several sources and are not consistent. Most projects were not completed prior to the 2014 World Cup in Recife. The vast majority of the BRT stations were incomplete and abandoned across the city. Much still has to be done to complete the necessary construction work.

6.3 THE IMPACTS OF THE 2014 FIFA WORLD CUP IN RECIFE

This section discusses the impacts of the 2014 FIFA World Cup in Recife and its institutional arrangements to meet the goals designed by FIFA, and its alleged legacy for the city and its inhabitants by means of the realisation of large-scale urban projects in the construction of the *Arena Pernambuco* and its associated projects, mainly for the construction of the *Arena* itself, the promotion of urban mobility and so forth.

The present scenario of large-scale urban projects in Brazil shows that although there are differences between the planning and implementation of these projects, there are some common social practices and undeniable specifications, such as: (1) the treatment of the projects as part of a political game associated with the image of better management practices; (2) projects justified by a crisis situation and assuming strategies to cope with the crises; (3) a lack of relationships between the social and environmental dimensions of the project site; (4) the association of development

goals with an image of innovation; (5) and the temporary aspect of institutional arrangements demanded by urban managers.

There are basically four major championships in Brazil: the State league, the Regionals, the Nationals and the Brazil Cup. There are three major teams in Recife: Sport Náutico and Santa Cruz. They each have their own stadium: *Estádio Ademar da Costa Carvalho* (generally known as *Estádio da Ilha do Retiro*), *Estádio dos Aflitos* and *Estádio José do Rego Maciel* (known as *Estádio do Arruda*).

After a long negotiation period, it was decided that Náutico would transfer its matches to *Arena Pernambuco*. Sport and Santa Cruz have not agreed to transfer their matches to the *Arena* because they were suspicious that they might lose spectators. The results so far, in terms of public attendance at sports events held at the *Arena Pernambuco*, corroborate the reluctance on the part of local football teams.

Records differ from local sources, but they crudely indicate the poor performance of the *Arena Pernambuco* so far. In 2015, there were 15 matches in total for the state championship league that could have been held at the *Arena Pernambuco*, but only five were held there. None of the matches for the regional championship was held at the *Arena Pernambuco*, and 26 out of a total of 54 matches among the three local football teams that were part of the national league took place at the *Arena Pernambuco*.

As for the Brazil Cup, only two matches were held at the *Arena Pernambuco*. So, from the 60 estimated matches to be held at *Arena Pernambuco* in 2015 only 33 happened. i.e. only 55 per cent of the estimated football matches have occurred in Recife. This has resulted in generating well below the revenues required for the financial success of the mega-investment made for the construction of the *Arena Pernambuco*. In other words, this indicates that the State of Pernambuco has subsidized the remaining revenues for *Odebrecht Participações e Investimentos*.

In January and February 2016, only six football matches were played at the *Arena Pernambuco*. A 2018 FIFA World Cup qualifier match between Brazil and Uruguay happened in March 2016.

To illustrate the local incapacity to generate revenues, at a national level, for the 20 largest football teams in the National Championship season of 2015, the total revenue generated from games was equivalent to R\$236,154,106. Of this figure, the four largest football teams in Brazil accounted for the following amounts: *Sport Club Corinthians Paulista* (São Paulo) was responsible for R\$38,740,813 (16.4 per cent of the

total), *Sociedade Esportiva Palmeiras* (São Paulo) was responsible for R\$35,514,641 (14.9 per cent of the total), *Clube de Regatas Flamengo* (Rio de Janeiro) was responsible for R\$26,009,981 (11 per cent of the total) and *Clube Atlético Mineiro* (Minas Gerais) was responsible for R\$16,229,190 (6.8 per cent of the total). This was equivalent to a total of R\$116,294,625 (49.2 per cent of the total). *Sport Club do Recife* was responsible for only R\$8,086,135 (3.4 per cent of the total).

In addition, at a local level, a low capacity on the part of football teams in Recife to generate demand for sports events may have determined the low economic feasibility of the *Arena Pernambuco*. However, this fundamental mistake appeared to be neglected in the apparent miscalculation on the part of who determined whether to build a new football pitch in Recife, in contrast with the option of renovating existing football stadiums.

As seen in [Chap. 1](#), another example of the flexibilisation of existing rules and values due to the requirements of the contract with FIFA, can be illustrated as follows. It is part of a general understanding in Brazil that the use of legal drugs such as tobacco and alcohol should be controlled in closed public places. There have been numerous attempts to ban their consumption in such environments. For example, smoking in public buildings and in enclosed areas was banned in Brazil by Federal Law 9,294 of 15 June 1996. This Law is highly regulated at the state and municipal levels, and social practices have continuously endorsed this concept of cleaner environments.

In addition, after several discussions nationwide on violence in stadiums, the Fan Defence Statute (Law 10,671 of 15 May 2003) was enacted. This prohibits the consumption of alcoholic beverages in stadiums for the promotion of safer environments. But this law is generic and lacks local regulation at the state and municipal levels. It has also not been fully endorsed nationwide. For example, by 2008, among the 26 states, five allowed the sale and consumption of liquors, two were considering to allow and 19 maintained legal restrictions.

However, a subtle event broadened the debate on the issue of alcohol consumption on stadiums. Law No. 12,663 of 5 June 2012, known as the World Cup General Law, does not permit consumption, but removes the reference as the prohibition of alcohol consumption in stadiums contained in the Fan Defence Statute. Interpretations are different, but converge towards greater flexibility on the part of states and municipalities, which remain free to legislate on this issue. In 2015, a new Bill 1375/15 (*Projeto de Lei 1375/15*) was presented in the House of Representatives aiming to allow alcohol consumption.

As this anecdote illustrates, by demanding the liberalization of alcoholic drinks during the 2014 World Cup, FIFA apparently reversed direction on the scenario regarding the consumption of legal drugs in Brazil, and this served as a policy inducement towards the liberalization of the consumption of alcoholic drinks nationwide. Resuming, the impacts of the 2014 FIFA World Cup are not only the ones related to the physical aspects, such as the construction of arenas/stadiums, the opening of new access roads, the expansion of public transport, the improvement of airports and so on.

6.4 THE URBAN INSERTION OF ARENA PERNAMBUCO AND ITS IMPACTS

For the time being, the large-scale urban project of a smart city near the *Arena Pernambuco* was too much ambitious and has not occurred yet. There are plenty of development opportunities in both north and south regions of the MRR, pushed by the automotive industry and the port of Suape, respectively.

Regarding long-term development, continuous action and planning are key in order to achieve success. As the case of Recife indicates, necessary investments to propel further development in the area would be directed to the construction of the *Arco Metropolitano*, linking the automotive pole (in the north of the MRR) to the port of Suape (in the south of the MRR) that crosses the site of the *Arena Pernambuco* (in the west of the MRR). This is a necessary investment that needs to happen as it will foster urban land developments.

In terms of the impacts on land market values, it can be said that the construction of *Via Mangue*, as a major infrastructure project, shaping the urban structure (urban grid) in Boa Viagem, has been a key aspect affecting land values, since a number of new development sites were able to be created due to the opening of this access road. However, it is hard to predict the influence of the *Via Mangue* itself in determining higher land values because, as explained above, there were several externalities affecting land values in Recife, such as the economic boom of the MRR (Suape, Fiat Chrysler, Blood Centre, etc.), the appearance of a new actor in the real estate business in Brazil—corporate developers—publicly traded in the market, new joint ventures, etc.

From an institutional perspective, by Decree 36,193, the Pernambuco State government created the Extraordinary Secretariat of the FIFA World Cup 2014 on 9 February 2011 to deal with the planning, negotiations and

management of projects related to FIFA and all state-related agencies at all levels (federal, state and municipal).

At a municipal level, changes to land use were made to allow land development in the World Cup City located in São Lourenço da Mata. According to the Master Plan, the area was declared a Type II Social Interest Development Zone (*Zona Especial de Interesse Social (ZEIS)*), a sort of land banking for social housing. This was then transformed into a Type III Preferable Development Zone, which encouraged high density in order to allow land development for the World Cup City.

The most important result of this institutional arrangement in Brazil is the incorporation of an international organization, FIFA, that despite not being governmental, has influenced several countries policies and laws in governmental decision making. That is, State Decree 36,206 of 16 February 2011 created a Steering Committee formed by all 31 state agencies, headed by the newly created Extraordinary Secretariat of the FIFA World Cup 2014, and the possibility of integrating as special permanent guests the Pernambuco State Court of Auditors, the Federal Court of Auditors, the Brazilian Company of Airport Infrastructure (INFRAERO), the Pernambuco Football Federation and the municipalities of Recife and São Lourenço da Mata.

From another angle, institutions may have benefited from better connectivity, flexibility and innovation; these were the principles used for the promotion of urban development in the case of the 2014 FIFA World Cup in Recife. However, in the event of economic recession, these principles were not sufficient to improve efficiency or to foster development from a long-term perspective.

In contrast, local and non-local elites endorsed market-driven process of land delivery, participating in the competition for high-priced contracts for the construction of large-scale urban projects. Therefore, the political economy of urban land development may still be an important variable that cannot be disregarded by players in the building industry and by governments.

6.5 CONCLUSIONS

Generally speaking, as can be seen in this chapter, from a state market orientation perspective, cities are expected to attract investments of various kinds and to develop themselves economically. From this, new urban managers are expected to improve competitiveness among cities, both

locally and globally. Therefore, city managers welcome innovations, better connectivity and institutional flexibility to improve efficiency.

The case of Recife indicates that the 2014 FIFA World Cup in the MRR brought about several urban interventions necessary for the hosting of the event, but also important for the improvement of infrastructure in the region. In these interventions, the urban managers in Recife did not necessarily enforce rules on the projects in order to generate an equal distribution of investment and outcomes for the whole population. Instead, the poorest were relocated to provide the demanded space for the construction of the *Arena Pernambuco*, whilst the richest appeared to benefit most from the mobility projects.

The chapter builds on several pieces of anecdotal evidence to illustrate how states and several players have worked together to maximise returns at all levels. The projects analysed throughout this work were rationalised on the basis of the importance of urban, economic and social growth for the western MRR, such as the work to improve urban mobility, the construction of a multipurpose arena and the idea of promoting the design of a newly smart city close to the *Arena Pernambuco*. However, what the evidences throughout this chapter suggests is the lack of public concern in relation to: (1) the use of redistributive tools such as land capture values to promote social inclusion; and (2) the lack of effective concerns related to environmental issues.

Data indicate that the *Arena Pernambuco* has been underused. The major football teams (Sport and Santa Cruz) are not willing to give priority to the *Arena Pernambuco*, preferring their own football stadiums, which are centrally located and have easier and direct access.

The economic prospects that justified investment for the construction of a new football stadium were prominent, but false and misleading. Nonetheless, the construction of a new multipurpose arena may still attract investments in the near future for the neighbouring sites of the *Arena Pernambuco*, but this may require a more prosperous economic situation that no longer corresponds to the current Brazilian economic prospects. The State of Pernambuco is still performing better than the Brazilian economy, but it lacks the political and financial support provided by the Federal Government.

This chapter concludes that although the FIFA World Cup 2014 may have resulted in significant urban transformations for the MRR as a way of boosting the development of the western region, the production of physical spaces that emerged from this event resulted in the consolidation of

an exclusive and unsustainable spatial model, reinforcing the intended gentrification processes.

NOTES

1. Bogotá (13,500 square kilometres), Lima (11,750 square kilometres), São Paulo (9,000 square kilometres), Mexico City (8,400 square kilometres) and Santiago (8,400 square kilometres) have higher population densities than Recife.
2. Abreu e Lima (94,429 inhabitants), Araçoiaba (18,156 inhabitants), Cabo de Santo Agostinho (185,025 inhabitants), Camaragibe (144,466 inhabitants), Igarassu (102,021 inhabitants), Ilha de Itamaracá (21,884 inhabitants), Ipojuca (80,637 inhabitants), Itapissuma (23,769 inhabitants), Jaboatão dos Guararapes (644,620 inhabitants), Moreno (56,969 inhabitants), Olinda (377,779 inhabitants), Paulista (300,466 inhabitants), Recife (1,537,704 inhabitants) and São Lourenço da Mata (102,895 inhabitants).
3. The total amounts were R\$140.7 and R\$89.8 billion, converted at an exchange rate of R\$2.34 for US\$1.00 for 31 December 2013, according to the Brazilian Central Bank (<http://www4.bcb.gov.br/pec/conversao/conversao.asp>, accessed 18 August 2016).
4. Converted at an exchange rate of R\$2.68 for US\$1.00 for 23 December 2014, according to the Brazilian Central Bank (<http://www4.bcb.gov.br/pec/conversao/conversao.asp>, accessed 18 August 2016).
5. Converted at an exchange rate of R\$2.34 for US\$1.00 for 30 December 2013, according to the Brazilian Central Bank (<http://www4.bcb.gov.br/pec/conversao/conversao.asp>, accessed 18 August 2016).
6. For more details, see www.portodorecife.pe.gov.br (accessed 18 August 2016).

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Rio de Janeiro

Social and Urban Impacts of the *Maracanã* Stadium Renovation

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Abstract In the twenty-first century, the city of Rio de Janeiro has gained visibility on the national and international stages because it was chosen to host the 2007 Pan American Games, the 2014 FIFA World Cup and the 2016 Olympic Games. This chapter analyses the urban, socio-economic and spatial impacts of the renovation

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of the *Maracanã* Stadium and introduces new elements into the debate on large urban projects and their relationship with social structuring and the appropriation of urban space. After an initial presentation of the Rio de Janeiro context and of some basic information on the renovation of the stadium and its surroundings, the main conclusions are presented and developed around political, institutional, symbolic, urban-architectural, socio-environmental, economic, financial and land-related aspects.

Keywords Mega-events · 2014 FIFA World Cup · Rio de Janeiro · Maracanã · Urban planning

7.1 INTRODUCTION

This chapter discusses the urban, social and spatial impacts of the renovation of the *Jornalista Mário Filho (Maracanã)* football stadium in Rio de Janeiro, and it is based on a study completed in 2014. The main aim is to bring new elements into the debate on large urban projects and their relationship to the processes of the structuring and social appropriation of the urban space. After a brief presentation of the city of Rio de Janeiro socio-political context and the renovation process of the sporting facility, the main conclusions of the study are presented. The study analyses the relationship between the renovation project and political, institutional, symbolic, urban-architectural, social-environmental, economic, financial and land-related aspects. As opposed to the notion of ‘legacy’, which is critical to the official discourse to legitimise mega-events, we seek to understand how far the renovation of *Maracanã* goes in terms of its interfaces with different aspects of social reality. Thus, we examine: (i) the governmental decision-making process vis-à-vis the resistance of organised social groups; (ii) institutional exceptions and innovations made by the government; (iii) social, cultural and spatial disputes involving the ‘New *Maracanã*’; (iv) the de-characterisation of the stadium considering its status as a national heritage site granted by the National Heritage Institute (IPHAN);¹ (v) the transformation processes of land use and value; (vi) the socio-environmental impact; and (vii) renovation financing and sporting facility management.

7.1.1 *Rio de Janeiro: An Uneven City*

Just behind São Paulo, Rio de Janeiro is the second-largest Brazilian metropolitan region, with 21 municipalities and 12 million inhabitants. More than half of them, 6.5 million people (IBGE 2010), live in the city of Rio de Janeiro, commonly referred to as Rio.

The Rio de Janeiro Metropolitan Region concentrates its main economic activities as well as the high-income population in its more central municipalities, particularly in the central metropolitan core. The most peripheral municipalities concentrate the low-income population as well as the most precarious urban services (IBGE 2010). However, the metropolitan spaces are heterogeneous and may have, in different ways and at different levels, spaces of both affluence and poverty.

The city of Rio de Janeiro has the second-largest municipal gross domestic product (GDP) as well as the second-largest municipal budget in Brazil (IBGE 2010). Yet, Rio has 23 per cent or 1.4 million of its population living in favelas and 45 per cent concentrated in densely populated areas located in northern neighbourhoods served by railways (IBGE 2010). But the favelas spread almost throughout the city, including to the hills within the city in central areas and the affluent southern neighbourhoods.

A total of 18.5 per cent of Rio's households have a monthly per capita average income lower than or equal to half the Brazilian minimum wage² and 45.2 per cent have a maximum of one minimum wage, which corresponds, roughly speaking, to the range of people who depend upon public subsidies to buy a house. On the other hand, approximately 5 per cent of Rio's residences have a household per capita income higher than ten minimum wages.

While virtually all Rio households have access to a water supply, electricity and more or less adequate rubbish collection, the sewage services are much more precarious or in some cases non-existent in favelas and areas located to the west of the city, where one can find 37 per cent of households at the lowest income level.

In addition to the contrast between favelas and formal areas, inequality is expressed most visibly in the distribution of urban mobility conditions and access to employment, public facilities, commerce, services and leisure, which are concentrated in the central areas and high-income neighbourhoods. In 2013, the central area and the wealthier nearby

regions in the South Zone, *Tijuca* and the surrounding districts contained 44.5 per cent of commercial establishments and 54.5 per cent of formal jobs (PCRJ 2013), as well as 67 per cent of the highest income population.

Meanwhile, recent investments in urban mobility have benefited more the high-income neighbourhoods—especially in the emerging *Barra da Tijuca* region—and are distant from the poorest people living in areas far away from the main employment centres, both in Rio and in the peripheral metropolitan municipalities.

7.1.2 *Rio's Recent History: Brief Remarks*

Throughout recent Brazilian history, the city of Rio de Janeiro has played an important cultural and political role, not only as the capital city until 1960, but also because of its political opposition during the last Brazilian dictatorship (1964–85).

Despite its political and cultural influence on the Brazilian scenario, Rio was strongly impacted by the foundation of Brasília in 1960, as most of the political actors were transferred to the new capital. Two decades later, during the 1980s, a huge number of economic actors moved to other parts of the country, mainly to São Paulo, the richest Brazilian state. Furthermore, the combination of the rise of neoliberal views and Brazil's return to democracy in 1985 introduced discussion on new ways of dealing with public administration, including city management and planning. In this context, the old Fordist paradigms were strongly questioned, and new debates and models of coping with the new capitalist challenges emerged throughout the world.

By the end of the twentieth century, the rhetoric of competitiveness and increasing productivity had become widespread in almost all large Brazilian cities, affecting the civil and social rights guaranteed by the Brazilian Federal Constitution of 1988.

In the case of the city of Rio de Janeiro, the public administration's turning point was in 1993, when César Maia took office as Mayor of Rio supported by a strong political coalition. Competitiveness, participation in the global economy and promotion of the city's image were some of the keywords of the new urban agenda. Despite internal contradictions and dissensions, the next mayors followed these political and ideological guidelines, and together built a long-lasting close relationship between government and business to

define urban priorities and policies that should last at least until December 2016, when the term of the current mayor will end.

Hosting the 2016 Olympics and the 2014 FIFA World Cup, which promised to promote the city, attracting investments and transforming the urban scenario are the main features of this type of public administration.

7.2 PUBLIC SPENDING AND PRIVATE GAIN

In spite of the official discourse that emphasises partnerships with private capital, most of the spending on the 2014 FIFA World Cup came from the public sector, mainly from the Federal Government (direct investment or subsidised loans), but there was also significant spending from the Rio de Janeiro State and city governments.

According to the 2014 FIFA World Cup Responsibility Matrix, Rio de Janeiro spending was mostly on the renovation of the *Maracanã* Stadium and urban mobility facilities.

7.2.1 *Public Spending*

The consolidated Responsibility Matrix, released on the World Cup website in December 2014, reports a total amount of R\$1.05 billion (approximately US\$392.2 million)³ spent on the *Maracanã* Stadium renovation: a 38 per cent loan from the Federal Government, through the National Economic and Social Development Bank (*Banco Nacional de Desenvolvimento Econômico e Social* (BNDES)), and a 62 per cent investment from the State Government. Another R\$354.1 million (US\$132.3 million) was spent by the Municipal Government on urbanising the stadium's surroundings and on the remodelling of a multimodal station for public transportation.

The implementation of the Bus Rapid Transit system called *Transcarioca*, which links the international airport to the high-income *Barra da Tijuca* neighbourhood, cost R\$1.97 billion (US\$735.7 million), 60 per cent from the Federal Government and the rest paid for by the City Hall.

The Responsibility Matrix also includes the renovation of the *Antonio Carlos Jobim* International Airport (R\$443.7 million or US\$165.7 million) and a complementary structure for the finals of the 2013 Confederations Cup (R\$37.7 or US\$14.1 million), as well as tourism infrastructure (R\$18.9 or US\$7.1 million).

According to the December 2014 Responsibility Matrix, the total amount of public money invested was R\$3.8 billion (US\$1.5 billion), accounting for 100 per cent of the total spent.

7.2.2 *Private Gain*

Accumulation strategies by international, national and local agents are usually those which are rewarded with profit.

On the one hand, large Brazilian companies, contractors of construction projects and services for the government, such as Odebrecht and OAS, have increased their power over the city, winning public tenders and being involved in the majority of the World Cup or the Olympic projects, such as the implementation of the Bus Rapid Transit transportation system, the expansion of the subway system, the renovation of the *Maracanã* Stadium and the remodelling of the Rio de Janeiro docklands⁴ (IMD 2014).

On the other hand, since Rio de Janeiro became the host city for the 2016 Olympics, the preferred option of urban policy has been to remove low-income communities, which has favoured local strategies for land valuation. In the international image of the Rio Olympics, the city government wants to project the idea that there is no place for this juxtaposition of fabrics (formal and informal), which are so common in the city (Sánchez et al. 2014).

The political parties who control the city, state and federal governments have been allies since the first Eduardo Paes municipal administration in 2009, which silenced almost all institutional opposition to governmental actions. However, it is important to highlight that there has been resistance on the part of social movements, such as the ‘Popular Committee for the World Cup and the Rio de Janeiro Olympics’, a public channel of denunciation and resistance to removal and other actions related to these events (CPCORJ 2014).

7.3 THE ‘NEW *MARACANÃ*’: THE MAIN FEATURES OF AN ONGOING RENOVATION PROJECT

The renovation of the *Maracanã* Stadium, completed in April 2014, provides more evidences and allows us to update the debate on mega-events, especially with respect to their relationship with the implementation of public policies that increase the concentration of power and income, and the privatisation of public spaces and services. The main

public agent in this case is the State Government of Rio de Janeiro, the owner of the *Maracanã* Stadium, which is responsible for the process of renovation and private concession of this sporting facility. The political moment was fuelled by demonstrations in June 2013 that demanded, at least initially, a change of attitude from the public state administration.

7.3.1 *The Maracanã Complex*

The so-called ‘*Maracanã Complex*’ is made up of the *Maracanã* Stadium and a set of public facilities located in the same block as the sporting facility in the *Maracanã* neighbourhood, near Rio city centre. The construction of the Stadium began in 1948 and the sports complex, which includes the *Maracanãzinho* gymnasium, the *Célio de Barros* Athletics Stadium and the *Julio Delamare* Aquatics Centre, was only completed in 1965. The *Friedenreich* Municipal School, the old Indian Museum and the buildings initially used by departments of the Ministry of Agriculture are also part of the *Maracanã* complex.

Opened in 1950, the *Maracanã* was initially designed to receive 150,000 people.⁵ Over the years, after several refurbishments that started at the beginning of the 1980s, the stadium capacity was reduced by half. In 1999 the stadium was remodelled in order to fulfil FIFA requirements for the 2000 Club World Cup. Later, bigger and more radical changes were made for the 2007 Pan American Games, which included the suppression of the ‘geral’, a low-cost standing sector that allowed low-income people to watch the matches. This is the starting point of the progressive ‘elitisation’ of the stadium, which would only be completed in 2014.

7.3.2 *The ‘New Maracanã’*

A few months after the 2007 Pan American Games, FIFA announced that Brazil would host the 2014 World Cup, and a new period of the stadium’s adaptation started. The renovation project followed the constant demands in the specifications delivered by FIFA to the host cities.

In addition to changes in the football stadium, the project also included the demolition of the *Célio de Barros* Athletics Stadium, the *Julio Delamare* Aquatics Centre, the *Friedenreich* Municipal School and the building of the old Indian Museum, occupied by the indigenous movement and also known as ‘*Aldeia Maracanã*’. Among the reasons for these demolitions was the construction of parking lots, which would make the

stadium meet the FIFA requirement for parking spaces, and a shopping centre, which could become an important commercial attraction for the private sector in the concession to manage the stadium, a central element in the state government's strategy to maintain the facility.

The New *Maracanã*, as it has been called, was completely refurbished, and its capacity was reduced to 79,000 people. Among the main changes are the implementation of a fibre-glass-tensioned membrane roof, the total reconstruction of the stadium seating, an increase in the size of the area of private boxes and VIP sectors, and the division of the spectators into a larger number of sectors. Locker rooms, press rooms, restrooms, fast food restaurants and other services have also been remodelled. The field has been lowered and a new drainage system with much greater capacity has been installed. The result of all these changes was a huge increase in ticket prices and a radical change in the profile of the *Maracanã* spectators.



Fig. 7.1 The *Maracanã* stadium and its surroundings

Author: Daniel Basil. Source: Portal da Copa 2014, reused under Creative Commons License 3.0

7.3.3 *The Stadium Surroundings*

The region where the *Maracanã* Stadium is located is well served by public mass transportation, with train and metro stations nearby, and is less than 15 minutes away from the city centre. Besides the railway, which separates middle-class neighbourhoods from the *Mangureira* favela (see Fig. 7.1), there is one of the most important road axes in the city, made up of broad avenues that connect the northern zone and the city centre.

In the immediate surroundings of the stadium, there is also the campus of the Rio de Janeiro State University (UERJ); the Metrô-Mangureira favela, partially removed; and, on the other side of the railroad, the Mangureira favela; the ‘*Minha Casa, Minha Vida*’⁶ housing developments; and the *Quinta da Boa Vista* park.

7.4 SOCIAL AND URBAN ‘IMPACTS’ UNDER *MARACANA* REMODELLING

The discussion on the ‘legacy’ of the World Cup, and also of the Olympics, is the term which official discourses of Brazilian federal, state and city governments have referred to the alleged economic effects of mega-events and their material and immaterial results.

The notion of ‘legacy’ is usually associated with positive effects allegedly generated by large projects that are part of the mega-events portfolio. Its discursive efficacy is evaluated in terms of consensus promotion around the event, the legitimisation of certain public investments and priorities, and conflict and social tension prevention and/or elimination (Novais and Soares 2011).

This critical perspective not only sheds light on the ‘virtuous’ possibilities of the projects, but also strives to understand how far these project interfaces may reach different elements of the social reality. It is this methodological direction that will inform our analysis and allow us to identify general or specific relations between mega-events and the processes of social reproduction and the appropriation of urban spaces. These relations are often seen as ‘impacts’ and can be read from different perspectives, according to the aspect one wishes to highlight (Vainer et al. 2012.) As we will see in the following topics, social and urban ‘impacts’ have definitely been imposed as a result of the *Maracanã* renovation, while isolated or specific benefits belittle the alleged ‘legacy’ of the 2014 FIFA World Cup.

7.4.1 *Governmental Decisions and Resistance*

Public decisions involving public resources, spaces and equipment related to the 2014 FIFA World Cup were made and implemented without due legal process. Projects were not debated publicly, and the processes that involved decisions and public accountability were not transparent. Public documents were allegedly not made available to the public, not even when formally requested.

Groups of people affected by the construction projects were only heard after many steps were taken, such as lawsuits, pressure on the legislative power, public demonstrations and denunciations that, most of the time, were only broadcast by the international media, since the local media was rarely open to communicating these types of news.

Before the June 2013 demonstrations, the state government was inflexible about the renovation of the *Maracanã* complex. Many demonstrations were organised against the private concession of the stadium, the forced eviction of people who lived in *Aldeia Maracanã*, the removal of the *Metró-Mangureira* favela, the demolition of sporting facilities and the threats of removing the *Friedenreich* Municipal School. A large number of these demonstrations were organised by the ‘Popular Committee for the World Cup and the Rio de Janeiro Olympics’.⁷ On the other hand, athletes also spoke up against the incoherence of destroying sports facilities as part of the preparations for the mega-events. However, nothing affected decisions already made or the popularity of the governor Sérgio Cabral, who was supported by the Federal Government. Demonstrations were violently repressed, especially in the case of *Aldeia Maracanã*, but the government remained unmoved.

After the June 2013 demonstrations and their extremely violent repression by the police, one thing fuelling the other, the governor became one of the main focuses for demands and ‘Fora Cabral’ (‘Cabral out’) became one of the most popular slogans on the streets. His popularity plummeted, rumours about his resignation spread and old cases of private appropriation of public resources (particularly the use of state-owned helicopters for family trips) reappeared in the papers.

And what seemed impossible happened: cornered, the governor made a statement saying that he would no longer demolish the sports facilities. The political struggle changed the course of things and reversed the decision to demolish the *Célio de Barros* Stadium (partially carried out, since the training field was destroyed and turned into a parking lot) and

the *Julio Delamare* Aquatics Centre. Shortly afterwards, the decision to demolish the *Friedenreich* Municipal School was also revoked.

These accomplishments, however, cannot be seen as final. Promises and commitments made by the State Government on the reconstruction of the Athletics Stadium were not formalised, and there is no set date for its commencement. The *Julio Delamare* facility was not demolished, but it was closed, and employees were made redundant a few weeks before the World Cup. Nonetheless, there have been irreparable losses, such as the end of the popular sectors in the *Maracanã* Stadium, the violent removal of some of the families in the *Metrô Mangueira* community, and the expulsion of indigenous people and others who lived in the old Indian Museum.

7.4.2 *Institutional Exceptions and Innovations*

After the announcement that Brazil would host the 2014 FIFA World Cup, the Brazilian government made evident its decision to create special conditions for contracts and public bids for mega-events (Vainer and Oliveira 2014), as shown by the laws aimed at making the debt limits of cities more flexible, changing tax dispositions or instituting a Special Regime for Public Procurement in cases related to the 2014 FIFA World Cup and the 2016 Olympic Games. The General Law for the World Cup (Federal Law 12.633/2012) establishes a set of exceptions to the existing legal order, ranging from the exploitation of commercial rights and the concession of visas to ticket sales (Vainer and Oliveira 2014).⁸

At the state level, measures for the administrative concession of the management, operation and maintenance of the *Maracanã* sports complex and the implementation of the Pacifying Police Unit (UPP)⁹ in the *Mangueira* complex stand out, significantly affecting the social appropriation of the sports facilities and the urban space, the removal of people in the surrounding areas, the increase in land values and the gentrification process.

At the city level, it can be highlighted that the Master Plan for Sustainable Urban Development, approved in 2011, defined that the areas under the influence of the 2014 FIFA World Cup and the Rio 2016 Olympic Games facilities were included as ‘areas subject to intervention’. This guideline qualifies them as priority areas for plans, projects, construction projects or the implementation of specific, or exceptional, urban planning regimes.

7.4.3 *Disputes over the Meaning and the Social Appropriation of the 'New Maracanã'*

The history of the *Maracanã* highlights its importance as a symbol of the city of Rio de Janeiro, recognised by the sports world, politics and culture, making it, since the 1950s, an icon of Brazilian nationality and football and worldwide popular culture.

Due to the symbolic strength that transformed it into a material and immaterial heritage, throughout *Maracanã's* history both its architecture and its urban insertion as part of a sports facility complex have been closely intertwined with public and popular sports as well as with social representations and practices. The *Maracanã* and its social appropriation have been marked by disputes since its beginning, when the questions of whether it was really necessary and the choice of its location were under discussion.

Another important discussion related to whether or not the *Maracanã* should be listed as a heritage site and, if so, what should be preserved and what should be done in order to modernise it. At the beginning of 2016, questions and conflicts concerning the *Maracanã* related to the large investment of public resources and the concession model used for its renovation and modernisation for the 2014 World Cup. These disputes referred to the possibility of appropriation by different social groups who defend their own interests and devise their own arguments on the gains and losses, 'legacies' and 'ruptures' stemming from the social and spatial reconfiguration.

While the legitimising discourse of the 'New *Maracanã*' project was linked to the need to fulfil FIFA requirements, civil society, whether organised or not, has denounced the de-characterisation of the building and the ways in which these changes have directly affected the relationship between the space and its most traditional users.

The decrease in the stadium's capacity, the extinction of the so-called 'geral', the increase in ticket prices as well as the introduction of VIP sectors, and the imposition of a 'football fan behaviour manual' are some of the measures aimed at re-signifying the *Maracanã*. But these conditioning factors have been challenged by groups and social movements who have fought to continue its long-standing popular and democratic character.

Interventions made in the stadium as well as the logistics and the spatial disposition of military apparatuses in its surroundings during the 2014 World Cup restated the selective and excluding character of the space requalification process by means of legitimisation actions and orders.

Nevertheless, disputes over the usufruct of the *Maracanã* Stadium still remain on the agenda of social movements in the post-2014 FIFA World Cup and post-2016 Olympics context.

7.4.4 *The De-characterisation of the Stadium and the Disputes over the Creation of a National Heritage Site*

The process of turning the *Maracanã* into a national heritage site began in 1983. Yet, only in 1997, when interventions were being discussed to meet the FIFA demands for the 2000 World Club Cup, did concerns arise about the de-characterisation of the *Maracanã* complex. It was then suggested that not only the stadium but also the whole complex should be defined and protected as a national heritage site. Three years later, in 2000, after a favourable report by the IPHAN Advisory Board, its final status as a national heritage site was ratified by the Ministry of Culture.

The history of interventions, however, was not to be interrupted so easily. During the preparations for the 2007 Pan American Games, many changes were made to meet the demands of the organising bodies, including the suppression of the ‘geral’, which set an important precedent for larger interventions in the stadium’s architecture.

During the renovation for the 2014 World Cup, the meaning of the national heritage site status became one of the most controversial points.

As the renovation started in 2010, it was claimed that there were problems in the concrete structure of the roof that covered the bleachers. The solution presented was its substitution by a tensioned membrane structure. At that time, the IPHAN Regional Office in Rio de Janeiro issued an opinion stating that it did not oppose the changes to the roof based on the argument that the national heritage status of the stadium was only related to its immaterial cultural character, since it had been registered in the ‘Archaeological, Ethnographic and Landscape’ book and not in the ‘Fine Arts’ book, where recognised important architectural examples should be placed.

Later, in August 2011, when the renovation project was presented to the IPHAN Advisory Board, many members of the board criticised the interventions, which would lead to the complete de-characterisation of the stadium, and the arguments used to defend them, stating its disappointment with the disrespect shown towards the status of the *Maracanã* as a national heritage monument. Nevertheless, as it was not the Board’s prerogative to decide on behalf of the institution, the meeting ended up only with a reproach from the IPHAN Regional Office.

In 2011, a civil lawsuit was filed by the Federal Prosecution Office against the IPHAN and *Empresa de Obras Públicas* (EMOP), the public company responsible for the work on the complex. The charge was the demolition of the roof that had de-characterised the *Maracanã* and had also violated its heritage status *canã*. However, this was not accepted by the 6th Federal Court, which challenged, among other reasons, the technical opinions that had criticised the stadium's roof. The Prosecution Office appealed and the lawsuit had not been closed by the publication of this book.

7.4.5 *Processes of Land Transformation and Valuation*

The trends and possibilities of land transformation in the *Maracanã* area should be considered in the general context of Rio's real estate dynamics, which, along with global and domestic factors (the 2008 real estate crisis, the growth of housing credit, etc.), is also influenced by investments linked to the implementation of the 2014 FIFA World Cup and the 2016 Olympics. The renovation of the *Maracanã* complex and the supplementary actions that were carried out in the surroundings have somehow influenced the distribution of private investment, fuelled transformations and changed expectations and demands from the local population. In different ways, they may also have affected social representations attributed to the *Maracanã* and its neighbourhood. Except for the evictions, removal and relocation actions executed in the area close to the stadium, it is still not possible to state that the renovation of the complex is mainly responsible for the ongoing transformations, especially when it comes to the formal real estate dynamics south of the railway.

North of the railway, however, the renovation of the *Maracanã* may have been critical for the transformation of the use of space, particularly if we consider the influence of the World Cup in the supplementary measures implemented or planned in the region. The implementation of a UPP in the *Mangueira* complex, the expectations of sanitation improvements in the favela, the improvement in accessibility resulting from the building of the new footbridge over the railroad, and the new *Mangueira* I and II housing projects are directly related to the ongoing processes of land valuation.

Nonetheless, these transformations are found not only in the vicinity of the stadium, but are also shared by a significant number of other favelas in the city that received UPPs and significant resources from the Federal Government for different reasons, such as media visibility, their location in areas of interest for real estate capital or their proximity to areas where

sporting facilities or structures related to mega-events would be implemented. There is significant evidence that the mega-events in Rio de Janeiro have influenced the distribution of federal resources to the city and have redirected state government actions, especially those linked to public security and urban mobility policies.

In short, except for the cases already mentioned, in the intense dynamism of the region's real estate market, it is not possible to distinguish what can be specifically attributed to the renovation of the *Maracanã* complex. Nevertheless, interventions near the complex allow us to speculate on the influence of the renovation on land valuation and the social appropriation of space.

7.4.6 *Socio-environmental Impacts*

The renovation of the *Maracanã* has brought about a series of changes that have affected the surrounding population and the users of the sporting facilities in different ways.

Social access and public control over the existing facilities of the *Maracanã* complex deteriorated after the renovation. Activities in the *Célio de Barros* Stadium and in the *Julio Delamare* Aquatics Centre were terminated, and their relocation to other areas took place in a precarious way, with irreparable damage to athletes and users who had benefited from the facilities.

As this study has shown, social mobilisation, also including employees and users of the existing facilities, managed to change the decision to demolish the sports facilities and the *Friedenreich* Municipal School, but the extent or duration of this accomplishment is not yet fully known. Employees, parents and students from the *Friedenreich* Municipal School are still vigilant in relation to new renovations relating to the 2016 Olympic Games. Also, athletes, users and various supporters who were mobilised against the demolition of sporting facilities still do not have, by the publication of this book, information about the renovation projects that will be executed and are apprehensive as to the possibility of activities being resumed.

Pressures to vacate the *Metrô-Mangueira* favela and the old Indian Museum involved actions that violated human rights and disrespected international conventions on removal and relocation processes (ANCOP 2012). The violent removal processes had long-lasting negative impacts on part of the population of the favela (those who immediately accepted removal are currently living tens of kilometres away) and on the people

who lived in the Museum. The *Metrô-Mangueira* families who had resisted relocation to peripheral areas benefited from the change in the city government's strategy that offered well-situated housing close to the *Mangueira* complex. However, social mobilisation around the *Aldeia Maracanã* occupation in the Museum was not enough to guarantee its remaining, despite its success in preventing the demolition of the building, which, according to the state government officials, will be restored.

There are certainly many issues to be addressed when it comes to the removal of the *Metrô-Mangueira* favela. Poor access to housing in the city led homeless families to settle in some of the empty houses, which brought about new conflicts that evolved into violent confrontations with the police. By the end of 2014, despite commitments made to relocate these families, the situation in *Metrô-Mangueira* was extremely insecure and precarious, resulting in people living in the middle of trash and debris from demolished buildings.

The main change for the population of the *Mangueira* complex was the implementation of the UPP, which managed to improve security conditions in the area, but which has been broadly criticised by local leaderships. The UPP operations, classified by those interviewed as truculent, disrespectful or abusive, were followed by the regulation and formalisation of existing services and by increases in prices, especially electricity. According to the population interviewed during the study in *Mangueira* and the nearby housing developments, the main 'legacy' is the construction of the footbridge connecting the north of the railway to the *Maracanã* subway and train stations.

7.4.7 *Public Spending, Private Management and Economic Effects*

The final price of the renovation of the *Maracanã* Stadium was R\$1.05 billion (US\$392.2 million) (Brazil, Controladoria Geral da União 2014). However, if we add all the spending on renovation projects executed since 1999, the costs would double or be even higher.

Maracanã S.A. consortium won the public bid offered by the state government to manage the complex for 35 years. The concessionaire was made up of the following companies: Odebrecht Properties, IMX Venues and Arenas, a joint venture between the EBX and IMG Worldwide Groups, and the American company AEG, which operates more than 100 arenas in 14 countries.¹⁰

The group will pay 34 annual instalments of R\$5.5 million (US\$2.1 million), restated by the Extended Consumer Price Index (IPCA), and

has committed itself to invest R\$594.2 million (US\$221.9 million) in improvements in the surrounding environment, which initially included demolishing the Athletics Stadium, the Aquatics Centre and the Indian Museum (Concessionária Maracanã 2014). Later these definitions were changed by means of a first amendment to the contract, which excludes the demolition of buildings and requires the concessionaire to renovate these sporting facilities.

The Federal Government, or more specifically sectors of the Ministry of Sports, evaluates that the 2014 World Cup was a good deal, as seen in the following excerpt from a recently published news item (Costas 2014):

‘The World Cup is a historical opportunity to promote social and economic development both locally and nationally’, said, for example, the Ministry of Sports adviser for Large-Scale Events, Joel Benin, at the beginning of the year. ‘It will create 3.6 million jobs, move billions and leave an important legacy in the economic area.’¹¹

However, in the same item the author states that ‘economic consulting agencies, such as Tendências and Capital Economics, made their calculations and concluded that the general effect on the GDP was null or insignificant. But few expected a negative impact’.

On the other hand, the alleged positive impact of the World Cup on the Brazilian economy was criticised by the Minister of Finance Guido Mantega during an interview on the effects of the 2014 event on Brazilian GDP (Costas 2014):

‘[The World Cup] was a success when it comes to organisation. From the production and trade perspective, it brought damage’, said Mantega during an interview to the *Folha de S. Paulo* newspaper and to the *UOL* news website little more than a week ago. ‘[During the event] we had fewer working days. Industrial production fell and trade grew little. In fact, it was not a good result.’

7.5 CLOSING REMARKS

The transformation process of the *Maracanã* and its surroundings is still ongoing and has not finished with the end of the 2014 FIFA World Cup. The 2016 Olympics bring new prospects as well as uncertainties about the final project for the *Maracanã* complex. The implementation of a

shopping centre close to the complex, for example, a possibility considered by the state government, may create new challenges to the area. This new building, in addition to the projects around the stadium, the great potential for the renovation of the built areas in the vicinity, and the design of new planning guidelines and urban laws, could certainly transform the region even further. Therefore, discontinuities that are important in the process of production, management and social appropriation of space and are directly related to local interventions may be observed.

At the beginning of 2016, concessionaires announced their intention to return the stadium to the State Government, and alumni and athletes have demanded the reopening of *Julio de Lamare* and *Maracanãzinho* (Castro 2016). The imprisonment of the President of Odebrecht resulting from an investigation conducted by the Federal Police may also have contributed to the end of the partnership. Odebrecht's partner in the construction of the stadium, the entrepreneur representative of the Andrade Gutierrez firm, was also arrested as part of the same operation.¹²

According to press reports, the works would become a Rio 2016 Committee liability, with funds raised by the tax incentive law (Castro 2016). However, the measures for the management of these public facilities as well as the instruments to ensure social control over them remain open. It is hoped that this process will be followed and transformed by the resistance of social movements which managed to change public decisions after the June 2013 demonstrations. With the 2016 Olympics, Rio will once again attract the attention of the international media, and the results of this exposure, as the experience during the Confederations Cup showed, will be unpredictable.

NOTES

1. IPHAN stands for *Instituto do Patrimônio Histórico e Artístico Nacional*.
2. These percentages refer to the minimum wage ruling in 2010 and to the period of Demographic Census data collection in August 2010.
3. In December 2014, US\$1.00 = R\$2.677 according to the Brazilian Central Bank. More details can be found at <http://www.copa2014.gov.br> (accessed 15 August 2016).
4. A large-scale urban renovation of the Rio de Janeiro docklands launched by the City Hall in 2009.
5. These numbers would be frequently surpassed and, on many occasions, the stadium accommodated more than 190,000 supporters.

6. The ‘Minha Casa Minha Vida’, which means ‘My House, My Life’, is a federal programme that includes the financing of new housing units for low- and middle-income populations.
7. The Committee is a space of political articulation, made up of urban social movements, non-governmental organisations, labour unions, legislative seats, research entities and community organisations, besides individuals with no institutional links.
8. Law 12.348/2010, Law 12.350/2010 and Law 12.462/2011.
9. UPP (*Unidade de Polícia Pacificadora*) is a state government security programme that includes the installation of military police units in slums and ostensive policing actions.
10. Information from the official Maracanã website: <http://www.maracana.com/site> (accessed 15 August 2016).
11. Available at: <http://economia.uol.com.br/noticias/bbc/2014/08/29/afinal-foi-a-copa-que-derrubou-a-economia.htm> (accessed 15 August 2016).
12. The President of Odebrecht was arrested in July 2015 as part of the ‘Lava Jato’ Operation, which investigated a corruption scheme involving Petrobras (one of the biggest Brazilian companies), politicians from different parties and large engineering and construction companies. Petrobras is a publicly traded corporation whose majority stockholder is the Federal Government. The cases of Odebrecht and Andrade Gutierrez were still under examination in January 2016.

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São Paulo

Sports Mega-Events and the East Zone Local Development

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Abstract The city of São Paulo was chosen to host the 2014 FIFA World Cup opening match. After a series of disagreements between FIFA and the local organisers, the *Itaquera* neighbourhood in the East Zone was chosen to house the football stadium, putting into practice plans dating back to the 1980s. A typical low-income dormitory district, the region has always suffered from infrastructure problems and lack of jobs. The World Cup brought the promise of attracting investment and jobs to the region. The aim of this chapter is to analyse the results of implementation of projects and the construction of the arena in this region, attempting to understand its main impact by taking into account the urban, economic, real estate and social consequences.

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Keywords Urban development · Large-scale urban projects · Development plan · Local development

8.1 INTRODUCTION

The idea of organising Sports Mega-Events is defended by its supporters as a way to attract investments and jobs in a highly competitive environment. Aware of that rationale, Brazil applied for organising the 2014 FIFA World Cup in 2007. In between the 12 host cities, São Paulo was chosen to host the opening match. After a series of disagreements with FIFA, the local organisers saw in the organisation an opportunity to implement a series of plans dating back to the 1980s for Itaquera district in the city east zone. A typical low-income dormitory area, the region has always suffered from infrastructure problems and lack of jobs. The World Cup brought with it the promise of attracting investment and jobs to the region. The aim of this chapter is to analyse the results of the implementation of projects and the construction of the stadium in this region, trying to understand its main impact and taking into account the urban, economic, real estate and social issues. Thus, it is divided into four parts: (i) a description of São Paulo; (ii) analysis of the World Cup organisation and the Responsibility Matrix in São Paulo; (iii) analysis of the East Zone context, including the analysis of the developed plans and projects and of the real estate housing dynamics; and (iv) an evaluation of the World Cup's impact on the East Zone, taking into account urban, economic, real estate and social consequences.

8.2 THE CITY OF SÃO PAULO AND THE 2014 FIFA WORLD CUP

8.2.1 *The São Paulo Context*

The Greater São Paulo or São Paulo Metropolitan Region (SPMR) is Brazil's largest urban agglomeration, with a population of 19.7 million inhabitants (10 per cent of the Brazilian population). It is made up of 39 municipalities, but most of its population (11.3 million) live in the city of São Paulo (IBGE 2010).

This metropolis grew very quickly throughout the twentieth century, in a peripheral capitalism context (Nobre 2008). From the second half of the nineteenth century up to 1930, the Brazilian economy was based on coffee

exportation from São Paulo State. Capital accumulation was then invested in the newly emerging industries. From the 1930s to the 1950s, the region was consolidated as the biggest industrial centre in Brazil. In the 1950s, the establishment of heavy industry, especially from transnational automobile companies, resulted in an even higher concentration of national production and blue-collar jobs until the 1970s. Since the late 1970s, a deindustrialisation process has taken place, with industry moving towards the hinterland of São Paulo State and other regions of Brazil, causing an increase in the proportion of the tertiary sector in the SPMR economic base.

From the urbanisation point of view, this process has resulted in a typical Brazilian and Latin American metropolis: extremely uneven, fragmented and segregated, with the higher-income groups occupying the central areas, which are better endowed with infrastructure, accessibility, jobs and services, while the low-income population was ‘kicked out’ to the peripheral regions, with huge deficits and shortages.

In 2013, the SPMR had the second biggest Brazilian GDP, after the State of São Paulo, accounting for 19 per cent of the GNP (US\$424 billion¹), with the City of São Paulo responsible for 11 per cent of it (US\$267 billion) (IBGE 2013). The services sector is responsible for 81.5 per cent, whereas industry responds for 18.4 per cent and agriculture just 0.1 per cent.

Despite this economic strength, 41 per cent of metropolitan households had a monthly income of less than three SM (*Salários Mínimos*—three minimum wages, approximately US\$995), depending on public subsidies to obtain a house (IBGE 2010). On the other hand, only 17 per cent of households earned more than 10 SM (US\$3,320). However, these figures are better than the national figures, as 56 per cent of the population earn less than three SM, and only 10 per cent earn more than 10 SM (IBGE 2010).

Like other major Brazilian cities and metropolitan regions, São Paulo has a great concentration of precarious households located in favelas and precarious irregular settlements. According to the 2010 Demographic Census, the SPMR contained 1,703 favelas, almost a third of all Brazilian favelas, with more than 2.1 million inhabitants (10.7 per cent of the total population). In the São Paulo Municipality (SPM), 11.4 per cent of households are located in favelas, with 1.28 million inhabitants. The demographic density in the favela households—244.8 inhabitants per hectare (604.9 inhabitants per acre) in SPMR and 297.4 inhabitants per hectare (734.9) in SPM—is greater than the density of regular households—67.5 inhabitants per hectare (166.8 inhabitants per acre) in SPMR and 82.6 inhabitants per hectare (204.1) in SPM. The increase of the favela population is historically greater than the

municipality's annual growth: 3.2 per cent per year in the favelas and 0.8 per cent in the SPM (Pasternak and D'Ottaviano 2015, 2016).

The housing deficit is also a significant problem for local and federal government. For the metropolitan region, the 2010 calculated housing deficit was 793,048 new units, and for the SPM, it was 474,344 units (Fundação João Pinheiro 2013).

8.2.2 *The 2014 FIFA World Cup Organisation: The São Paulo Responsibility Matrix*

The city of São Paulo was chosen to host the opening match. On 13 January 2010, the Minister of Sports signed a term of agreement with the State Governor, the Mayor and the President of São Paulo Football Club (SPFC), owner of the *Morumbi* Stadium (the largest in the city at that time), agreeing to the Responsibility Matrix and defining the responsibilities for implementing the necessary projects to hold the 2013 FIFA Confederations Cup and the 2014 FIFA World Cup in the city (Brazil Ministry of Sports 2010).

The projects were estimated at that time at R\$5.49 billion (approximately US\$3.13 billion).² The Federal Government would be responsible for the renovation and expansion of the two international airports—*Guarulhos* (R\$1.22 billion) and *Viracopos* (R\$740 million)—and the port of Santos (R\$120 million), while the State Government would be responsible for implementing the *Ouro* Line (R\$2.86 billion), a 18 km light rail line linking the *Morumbi* Stadium to *Congonhas*, the regional airport, two metro and one train stations, the Municipal Government would be responsible for the urbanisation and road works of the *Morumbi* surroundings (R\$315 million) and the SPFC would be responsible for the renovation of the stadium (R\$240 million).

After months of disagreements between FIFA and SPFC regarding the renovation project, by this point estimated at R\$600 million, the Local Organising Committee (LOC) decided to build a new stadium in the *Itaquera* sub-prefecture, in the city's East Zone, on a plot granted to the Sport Club Corinthians Paulista (SCCP), one of the most popular football teams. A typical dormitory district, *Itaquera* had been the target of various local development policies since the 1980s, as will be seen in the following section.

Table 8.1 The São Paulo final Responsibility Matrix investment by type of work

	<i>Total</i>	<i>Financed by Federal Government</i>	<i>Federal investment</i>	<i>Local investment</i>	<i>Private investment</i>
Light rail	–	–	–	–	–
Airports (GRU+VCP)	3,107.6	–	507.6	–	2,600.0
<i>Itaquera</i> Arena	1,080.0	400.0	–	420.0	260.0
Road works	610.5	–	–	610.5	–
Santos Port	154.0	–	154.0	–	–
Other	133.1	–	23.3	2.0	107.9
Total (R\$ million)	5,085.2	400.0	684.9	1,032.5	2,967.9

Source: Brazil Ministry of Sports 2010. Elaboration by the authors

In December 2014, the total cost for the São Paulo projects was R\$5.09 billion (US\$1.89 billion),³ as in Table 8.1, 61 per cent of which was for the airports, 21 per cent for the *Itaquera* Arena construction, 12 per cent for road projects around the Arena, 3 per cent for the renovation of Santos harbour and 3 per cent for other works (Brazil Ministry of Sports, 2014).

In terms of funding, private enterprise bore 58 per cent of the costs, the State of São Paulo and the Municipality 20 per cent, the Federal Government 14 per cent (mainly airports and port renovation), and 8 per cent were federal loans.

The main reason for such a high level of private participation was that *Guarulhos* International Airport was privatised during the process and, as it is the busiest airport in Brazil, there was huge interest from private enterprise.

Although the final total of investments in São Paulo (R\$5.09 billion) was R\$400 million lower than that originally budgeted, it is necessary to consider that the *Ouro* Line monorail works were removed from the Responsibility Matrix (R\$2.86 billion), given that the matches would no longer be in *Morumbi*. In fact, there was an increase of R\$2.46 billion in the original value without the monorail, most of it due to the construction of the *Itaquera* Arena.

Even worse, the monorail works were started, but have now been stopped, given that it is not a priority for the Metro Company and it is becoming a ‘white elephant’.

8.3 EAST ZONE DEVELOPMENT: FROM RURAL LAND TO THE 2014 FIFA WORLD CUP

8.3.1 *The East Zone Context*

The São Paulo East Zone is located on the Tiete River floodplain, the historical focus of diseases such as dengue fever. It has been the main expansion axis for the low-income population, while the elite moved out to the hilly South and West Zones. The EFCB (Brazil Central Railroad) construction, linking the cities of São Paulo to Rio de Janeiro, attracted industrial expansion along the railroad and around its stations, together with working-class neighbourhoods. Major road works in the 1940s and 1950s emphasised this peripheral expansion, at that time based on the triad of radial avenues/buses/illegal settlements.

Later, during the 1970s and 1980s, the state and municipal public housing organisations (CDHU and COHAB) built some 290,000 housing units on the outskirts of the metropolitan area, most of them in the East Zone, which was chosen because of its cheaper value as it had been rural until that time. However, investments in public transport and infrastructure did not follow at the same pace (Nobre 2008). The construction of Red Metro Line began in 1979, but *Itaquera* station was only opened in 1988. The CPTM train service was renovated in 1994, but the *Itaquera* train station was only opened in 2000. Thus, the São Paulo East Zone was structured as a large dormitory town with a huge deficit in most urban services until recently.

According to the last Census (IBGE 2010), the region is home to 3.6 million inhabitants (33 per cent of the city's population) in 292 square kilometres (19 per cent of the area). The population density reaches 125 inhabitants per hectare (308.9 inhabitants per acre), while the city average is 82.6 (204.1). There is a concentration of low-income inhabitants: 75 per cent of households earn less than five minimum wages and only 7 per cent earn more than ten; the city's average is 63 per cent and 31 per cent, while in the *Pinheiros* sub-prefecture, the city's richest area, the average is 24 per cent and 56 per cent. On the other hand, there is a low concentration of jobs—25–50 jobs per hectare (61.8–123.6 jobs per acre)—while in the city centre this figure is more than 250 (617.8).

This segregated and differentiated urban structure causes overcrowding on the transport system as two million trips are made daily from the East Zone to the city centre in the morning and vice versa in the evening.

8.3.2 *Previous Development Plans*

Considering that the East Zone has been structured as a dormitory town, as seen in the previous section, several attempts by the municipal government have been made in order to bring jobs and economic activities to the region since the 1980s. However, until that time, a large part of the area was still rural, part of the agricultural belt, consisting of ranches and small farms.

In 1981, the city enacted the 9,300 Bylaw, transforming rural land in the municipality into industrial districts (São Paulo 1981). This law changed the characteristics of the existing rural areas by setting parameters for the creation of new factories. Thus, in the East Zone, more jobs were provided for the large number of new residents brought in by large public housing developments. However, few industries have been attracted to the area, mainly due to problems with the infrastructure and topography.

In 2004, the city enacted the 13,872 Bylaw which created the *Rio Verde-Jacu Urban Operation*,⁴ which projected the completion of *Jacu-Pêssego Avenue*, the main road linking *Guarulhos International Airport* to the *Imigrantes Highway*, which connects the city to the port of Santos (São Paulo 2004a). Because of these projects, this plan defined the region as a logistic hub because of its strategic location. However, due to the disinterest of the real estate market and problems with environmental licensing, it was abandoned by the City Hall, and the completion of *Jacu-Pêssego Avenue* only took place in 2012, together with the World Cup construction works.

Later that year, the *Itaquera Regional Plan 2004* defined a series of urban strategic projects in order to develop a local nucleus of economic and employment generating activities (São Paulo 2004b). One of these projects was the *Corinthians-Itaquera Metro Station Pole*, defined as a 650,000 square metre tract of land, owned by COHAB (the City Public Housing Company), which was partially ceded to be a train manoeuvre patio and metro station in the 1980s, but was only begun in 1989.

Another part of the land was given in concession to Sport Club Corinthians Paulista for the construction of its football stadium. The *Poupatempo Itaquera* (a major centre for state and municipal consumer public service provision) was built in 2000 and the Shopping Metro *Itaquera*, the largest shopping centre in the region, was finished in 2007. In the same year, the city enacted the 14,654 Bylaw, which created a selective incentives programme for the East Zone based on tax benefits

to attract economic activity and generate employment for the area (São Paulo 2007).

In 2014 the City Council approved the new Strategic Master Plan (São Paulo 2014a), the first revision after the City Statute (*Estatuto da Cidade*).⁵ Although the *Jacú-Pêssego* Avenue was built, there was no mobilisation of real estate capital in the area. As a result, the Urban Operation was replaced by a Metropolitan Structuring Macro-area, which is defined as an area undergoing a change of use and economic restructuring processes, suitable for new productive, commercial and service activities.

The Macro-areas are more generic than the Urban Operations, with a smoother legal definition, consisting of a zone with general goals and a wide range of possible interventions and enabling instruments. The proposed Macro-area in *Itaquera* consists of an island inscribed on a huge Urban Vulnerability Reduction Macro-area.

8.3.3 *The 2014 FIFA World Cup and the Itaquera Institutional Pole*

The difficulties that FIFA had with SPFC about the necessary works for *Morumbi* created new possibilities for Corinthians and *Itaquera*. The new Selective Incentive Act, which provided a credit of 60 cents for every Real (the Brazilian currency) invested in the area, made possible the construction of the new stadium, which was influenced by President Lula, an unashamed Corinthians supporter, to convince Odebrecht, the biggest Brazilian contractor, to build the Arena (Sabino 2014).

In 2011, the contract for the construction of the ‘Corinthians Arena’ was concluded at an estimated cost of R\$820 million (US\$420 million at that time), half of which was financed by a loan from BNDES (the Brazilian Social and Economic Development Bank) and the other half by Incentive Development Certificates, bonds that were exempt from various municipal taxes. The Arena Real Estate Investment Fund (FII), whose largest shareholder is Odebrecht, was set up in order to gather the necessary funds to pay the loan. All the revenue from the stadium ticket sales, commercial operations and copyrights will go to fund debt, with an estimated repayment in seven years.

The building work was accelerated in order to build the stadium in time for the opening of the World Cup. Early on, there were a series of problems caused by the removal of oil ducts passing through the land, which were solved in April 2012. In November 2013, a crane accident

caused the death of a worker, resulting in negative repercussions as the Building Workers' Union of São Paulo said that they had informed the contractor that the crane operator working hours were excessive and that there was a risk of accidents (Agência Estado 2013).

The Ministry of Labour closed the construction works for 16 days after a site inspection. In March 2014, there was another fatal accident when a worker fell from the structure. The stadium was delivered on 15 April 2014, two months before the opening of the World Cup, with 98 per cent of the work completed at a cost of R\$1.08 billion (US\$490 million at that time), 32 per cent higher than had originally been estimated.

In 2012, the Municipal Urban Development Secretary developed the *Itaquera* Institutional Pole Plan, defining a programme for the area with a series of road projects, originally budgeted at R\$317 million, to accommodate car traffic according to FIFA standards, although the Arena stands just 800 metres away from metro and train stations.

The project proposed technical schools, public buildings, convention centres and green areas, along with the new football stadium, as shown in Fig. 8.1. The plan was opposed by local favela residents (*Favela da Paz* with 236 families and *Miguel Inácio Curi* with 395), due to the construction of the *Rio Verde* Linear Park that would remove these communities. Families were notified, but there was a change on the part of the City Hall following the election of Mayor, Fernando Haddad of the Workers' Party (PT), who stated that they would only be removed when a housing development in the area had been built to accommodate them (Dantas 2013).

The road projects were planned by the City Hall and DERSA, which hired OAS (Brazil's fifth biggest contractor), planning a complex of flyovers and tunnels to avoid local traffic. In August 2012, the projects began, with completion forecast for April 2014. The projects were delivered on 9 June 2014, three days before the official opening of the World Cup, at an estimated cost of R\$610 million (approximately US\$224 million), almost double the amount initially budgeted.

8.3.4 *The Real Estate Housing Dynamics*

Since the mid-2000s, it has been possible to identify an important increase in the real estate market in Brazil. In São Paulo, with the announcement that the new World Cup stadium should be built in *Itaquera*, there was an immediate expectation of rise in the prices of real estate in the region. However, in the



Fig. 8.1 The *Itaquera* Arena

Source: Photograph by Alexandre Breveglieri, 2015, reused under Creative Commons License 2.0

Brazilian context, since 2009 the housing issue has been strongly influenced by the *Minha Casa Minha Vida* (My House My Life) federal programme, which has provided a large amount of funding for social housing construction.

According to SECOVI (the Housing Developers' Federation) data, until 2011, almost nothing of the additional potential building stock⁶ in the *Itaquera* district was used (Geise 2012), but from 2012 onwards, there was a change in this trend.

Analysing new residential developments launched between 2012 and 2014 in São Paulo according to their value in Brazilian Reals, it is possible to identify several new developments in the São Paulo East Zone and the *Itaquera* district (Meyer and Hirye 2015). Although new developments are smaller in area than other regions of the city, they represent a change in the East Zone real estate market dynamics. A large part of these developments were financed by the My House My Life Programme for the low and lower middle classes.

As *Itaquera* was already a low-income population neighbourhood, the impact of the 2009 federal housing programme combined with the 2014 FIFA World Cup stadium on the real estate market was considerable.

8.4 WHAT IS THE URBAN LEGACY OF THE 2014 FIFA WORLD CUP IN SÃO PAULO?

The results of the 2014 FIFA World Cup projects in São Paulo do not differ greatly from what has been presented by other researchers for other cities in Brazil, based on the triad of large-scale urban projects, public-private partnerships and legislation flexibility, in this case in the form of tax exemption. However, the case of São Paulo has specificities that should be considered.

First, unlike some other cities in Brazil, the stadium was built in a peripheral working-class neighbourhood, away from middle- and upper-class neighbourhoods, in an area that has always suffered from the postponement of public projects and the implementation of infrastructure and public facilities.

Considering this point, road improvement investment in the region was an important factor, since the completion of the *Jacu-Pêssego* Avenue and the link between the *Itaquera* and *Radial Leste* Avenues were considered fundamental in the 2004 *Itaquera* Regional Plan.

However, there are two issues to be considered. First there is the fact that the projects mainly favour car owners, and only 24 per cent of daily trips in the region are made by car (Metrô 2012). Second, one can question the need for the complex of flyovers and tunnels around the stadium, which ended up costing twice the originally budgeted figure.

Overpricing could also be seen in the construction of the stadium. The hired contractors are now under investigation for a major bribe scheme scandal at a federal level. This highlights the overpricing of 2014 FIFA World Cup projects, also noting that these companies are amongst the biggest campaign donors to various political parties.

Tax exemptions of R\$420 million (approximately US\$157 million), given by the Municipal Government for the construction of the stadium, represent a large tax reduction, which could have been directed to attract other economic activities with greater power to generate jobs or even to finance infrastructure or public facilities for the region.

However, the effectiveness of the incentive law should be questioned as in eight years of its existence, tax incentives have only attracted five companies to the area, in addition to Corinthians (Fábio and Reolom 2012). Industrial and local businessmen complain about the lack of infrastructure. Moreover, the completion of the *Jacu-Pêssego* Avenue has

resulted in worsening traffic conditions as it brought a huge amount of heavy truck traffic to the area, causing some companies to move away.

In terms of real estate dynamics and valuation, reports say that the World Cup projects had a huge impact on the region because ‘with many of the stadium and works built, the region has started to become a good bet for the Real Estate sector’ (Vasques 2013). Data from the housing market from EMBRAESP (São Paulo State Real Estate Research Company) confirm this statement, as the growth of both the number of new high-rise residential units and the potential sales value (PSV) of high-rise residential developments in the *Itaquera* sub-prefecture area was much higher than the city average (São Paulo 2014b).

In *Itaquera*, the value of the PSV increased by 4.5 per cent in four years, reaching R\$311 million. It was the second-largest sub-prefecture increase after *Pirituba*, as seen in the chart in Chart 8.1, increasing its position from 0.5 per cent to 1.7 per cent of the total PSV of the municipality in the period. The percentual increase in the number of high-rise residential units launched in *Itaquera* was the third biggest in the city, doubling the number of annual releases in four years, as seen in Chart 8.2, reaching 1,189 units.

When comparing the two charts, it appears that *Itaquera* was consolidated as the sub-prefecture in the city of São Paulo with the second-highest

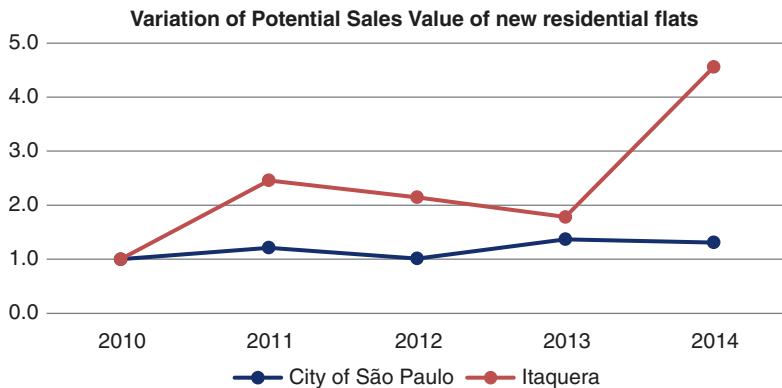


Chart 8.1 Variation on the new high-rise residential development PSV between 2010 and 2014

Source: Elaboration by the authors based on São Paulo, n.d. data

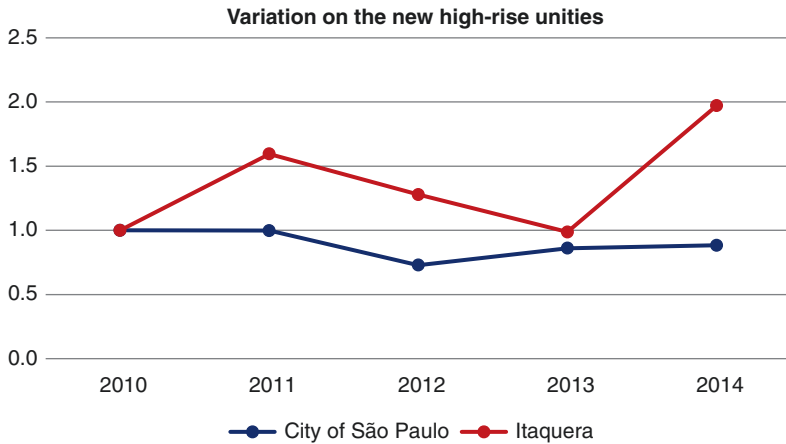


Chart 8.2 Variation on the new high-rise residential unities launching between 2010 and 2014

Source: Elaboration by the authors based on São Paulo, n.d. data

growth dynamics and real estate valuation. Logically, its weight is still small when compared to the most dynamic and valued sub-prefectures in São Paulo. However, the fact is that *Itaquera* experienced a more dynamic and greater real estate appreciation than the average between 2010 and 2014, and the World Cup projects contributed to this.

Another aspect that should be noted in the evaluation of the São Paulo legacy relates to the urban and economic changes promoted by large public investments in the region as prior expectations turned out to be frustrating, despite the housing boom.

The *Jacu-Pêssego* Avenue has become an important metropolitan north-south route, but locally it is a disaster as it generates heavy traffic and does nothing to improve the urban environment. The Institutional Pole is not yet complete, and to the east, poor and vulnerable communities are completely segregated from the development. There are no east-west connections to the site, and the *Jacu-Pêssego* Avenue acts as a barrier to access the new arena.

The construction of the arena took place during the São Paulo real estate boom and the revision of the Master Plan. However, this did not change the character of the district. The economic failure of the *Rio Verde-Jacu* axis, both as an Urban Operation or as a Macro-area, in the

restructuring of the area and in creating job-generating activities demonstrates society's distrust of the potential of the legacy left by the 2014 FIFA World Cup in São Paulo.

Finally, despite the fact that the low-income population was not removed from the area in São Paulo, as was the case in other World Cup host cities, the population of the surrounding favelas is not completely secure. Although the current mayor did not continue the *Rio Verde* Linear Park project, the city of São Paulo has a history of using environmental remediation projects to justify ejecting low-income populations from environmentally fragile areas (São Paulo 2011). However, if this happens in the future, it will not be part of the World Cup legacy.

NOTES

1. Calculated at an exchange rate of R\$2.34 to US\$1.00 on 31 December 2013, according to the Brazilian Central Bank, <http://www4.bcb.gov.br/pec/conversao/conversao.asp> (accessed 19 August 2016).
2. Calculated at an exchange rate of R\$1.75 to US\$1.00 on 13 January 2010, according to the Brazilian Central Bank, <http://www4.bcb.gov.br/pec/conversao/conversao.asp> (accessed 19 August 2016).
3. Calculated at an exchange rate of R\$2.68 to US\$1.00 on 23 December 2014, according to the Brazilian Central Bank, <http://www4.bcb.gov.br/pec/conversao/conversao.asp> (accessed 19 August 2016).
4. Consortium Urban Operations were ruled by the City Statute. This is a planning tool that promotes local urban interventions carried out under local authority coordination, involving the private sector. It seeks to achieve urban redevelopment and regeneration, and is financed through the implementation of land value capture tools.
5. The City Statute is a federal law that regulates the chapter on urban policy of the 1988 Federal Constitution. It specifies that the main urban policy tool is the Master Plan and defines a number of urban planning tools (Brazil 2001).
6. The additional building potential is an stock of building rights that the City Hall grants to interested developers through taxation.

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The Cup Final Score

What Went Wrong?

Eduardo Alberto Cusce Nobre

Abstract The 2014 FIFA World Cup in Brazil took place in 12 host cities between 12 June and 13 July. Despite all the fears about its realisation, the World Cup took place without major problems. Although from a touristic point of view the mega-event was a success, its main physical, economic and social impacts were quite questionable. The aim of this chapter is to summarise the main impacts of this mega-event and to attempt to relate them to the social unrest and major political and economic problems that Brazil is facing now.

Keywords Mega-event legacy · Economic crisis · Social and political unrest

9.1 FINAL CONSIDERATIONS

The 2014 FIFA World Cup in Brazil took place in the 12 host cities between 12 June and 13 July, resulting in 64 games, 171 goals, 3.43 million spectators in the stadia and five million people in the Fan Fests

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(Brazil 2014). Despite fears that the construction works would not be ready for the event and that insurgent demonstrations would threaten it, the World Cup took place without major problems. In the end, the Brazilian team suffered a shameful 7-1 defeat to Germany at the *Mineirão* in the fateful 8 July semi-final and then another 3-1 defeat to the Netherlands in Brasília in the 12 July match for third place.

Nevertheless, the event had good results as a tourism booster: a million foreign tourists came to Brazil and three million Brazilian tourists travelled inside Brazil during the World Cup (Brazil 2014). Research undertaken by the main national research institute in relation to foreign tourists showed their overwhelming satisfaction with the event (Datafolha 2014): 83 per cent of respondents considered the World Cup organisation excellent or good, 92 per cent considered the comfort and safety in the stadia excellent and good, 95 per cent considered Brazilians pleasant and hospitable people, 76 per cent considered the transportation to the stadia good and 69 per cent said they would live in Brazil.

Yet, although in terms of the spectacle and tourism the event was a success, why was it preceded and followed by large popular demonstrations? What went wrong? Some questions have been addressed in this book, especially the impact of urban interventions in host cities, their efficiency and their costs.

First of all, there is the question of the huge amount of public funds used for the organisation of the World Cup, despite previous promises to the contrary. In a country where 36.6 per cent of the 49.2 million of urban households are not connected to a sewage system (IBGE 2011), spending US\$8.5 billion of public money on the organisation of a mega-event seems to be blatantly wrong. Bearing this in mind, it is easy to understand the indignation of the social movements that protested against the World Cup, shouting slogans like: ‘We want hospitals, public transport and schools at FIFA standards.’

The very nature of planning consists of social justice, or at least it should/used to. However, the organisation of the 2014 FIFA World Cup disregarded this fact. Considering the planning process, it seems that the organisation of a sports mega-event in Brazil only reaffirmed the trend towards neoliberal urban planning, based on policies that emphasise economic opportunities, especially for those with considerable capital.

As has been shown in various chapters in this volume, the organisation of the 2014 FIFA World Cup was followed by more flexible and ‘business-friendly’ urban legislation: density parameters were upgraded, environmental restrictions were relaxed and tax exemptions were given, all with

the intention of attracting investment to the stadia and infrastructure projects. This can only be understood by considering the so-called ‘neo-developmental’ policies adopted at a national level such as the Growth Acceleration Programme and the My House My Life Programme.

Policies were designed to boost the building and real estate sectors, but neither of them took into consideration their urban impact. As a result, the largest Brazilian contractors and a diverse myriad of real estate companies took advantage of public funds to boost new urban development, and various chapters in this volume have shown that the main ‘losers’ of the 2014 FIFA World Cup in Brazil were the lowest-income and most-excluded strata, exactly the strata that urban planning should care for.

According to the Brazilian Presidency Executive Office data, about 35,600 people¹ were removed from their properties, with 13,600 recorded removals (10,800 households and 2,800 shops and other sort of properties), either by expropriation or forced eviction (ANCOP 2014: 39). Considering only the homes, Brazilian figures are 27 times more than the British ones, removed in the 2012 London Olympic Games, as noted in Chap. 1 (400 homes).

Most of these people were living in informal settlements such as favelas near the project sites. Many families were removed to housing developments many kilometres away from their original homes and generally ended up in a more precarious situation in terms of urban infrastructure and public facilities, though sometimes in better housing conditions. Their removal assured higher levels of profitability for the new real estate sector developments in favoured urban areas.

The main promise of the urban legacy was to improve mobility projects, but results here were also disappointing. The two current biggest urban problems in Brazil at present are mobility and access to housing. Historically, investments have been concentrated on road projects that generally favour motorised individual transport (automobiles, motorcycles, etc.), despite the fact that the majority of trips (69 per cent) are made by either non-motorised means (foot or bicycle) (40 per cent) or communal motorised means (buses, trains, metros, etc.) (29 per cent) (ANTP 2012).²

In addition, the growth in automobile production from 1.3 to 2.9 million a year from 2000 to 2013 in Brazil, as shown in Chart 9.1, shows the importance that this consumer good has acquired, especially for the middle classes, who often have two or three cars per family. Helped by tax incentives from the Federal Government and increased credit facility, this growth has resulted in increasing traffic jams in Brazilian cities.

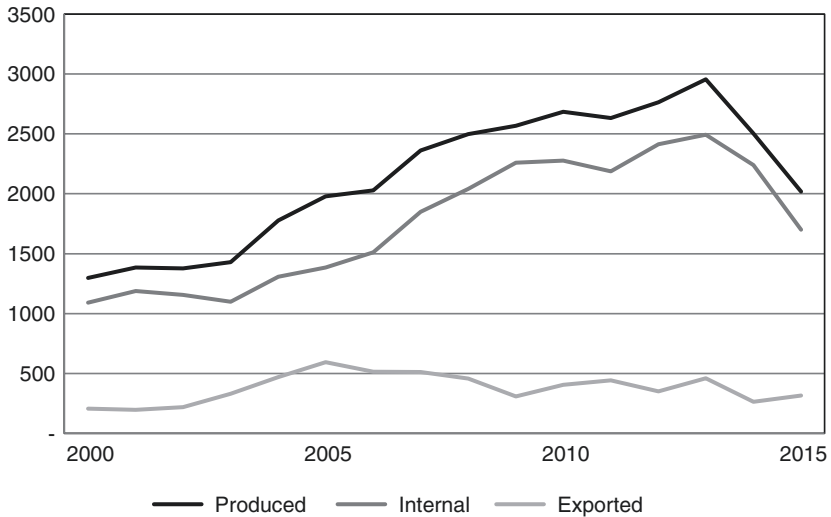


Chart 9.1 Growth in the Brazilian automobile production (in thousands of units) from 2000 to 2014

Source: Elaborated by the author based on ANFAVEA 2016

According to newspaper reports, one year after the World Cup, only 21.4 per cent of the mobility works were finished (Amora 2015). The delays have increased prices by 33 per cent on average, but sometimes these have doubled or even tripled. Worse still, some projects have been abandoned or postponed: one example is the VLT (light rail) in Cuiabá, capital of Mato Grosso State, where 40 trains were purchased and are parked in a yard, as there are no tracks to put them on. Some have become ‘white elephants’ like the São Paulo light rail, that was removed from the State Responsibility Matrix when the World Cup stadium changed to *Itaquera* and now faces an unclear future (Fig. 9.1). Of the airports, 10 out of 13 were ready (76.9 per cent), but most of them were renovated by the concessionaires.

The failure of the urban mobility promises has aggravated the political climate, and poor urban public transport has caused major demonstrations in many Brazilian metropolises since the well-publicised ‘2013 June demonstrations’³ that brought almost two million people on to the streets (Watts 2013).



Fig. 9.1 São Paulo abandoned light rail line

Eleven of the stadia were finished, and only one, Cuiabá, remained incomplete. However, the great question here is their use after the end of the World Cup. According to one newspaper report, their use only for football games is not sufficient to guarantee profitability for any of them (Terra 2015). As such, they all have to search for other sources such as shows and other sports competitions to keep their budgets balanced. Of the 12 stadia that have been built, three of them (Brasília, Cuiabá and Manaus) ended together 2015 with a deficit of more than R\$17.6 million (US\$4.5 million).

Nine of these 12 stadia belong to the state and Federal District governments, and three belong to local football teams (*Atlético Paranaense* in Curitiba, Corinthians in São Paulo and *Internacional* in Porto Alegre). Of the public stadia, five have been renovated and are now managed in a public–private partnership (PPP) scheme. All of these have caused a rise in ticket prices, which, together with the renovation to FIFA standards, have caused the gentrification of football as a spectator sport.

Five stadia are now managed by two of the Brazilian biggest contractor corporations, Odebrecht (the largest) and OAS (the third-largest), that are now being investigated by *Operação Lava Jato*⁴ (Operation Car Wash) in the huge corruption scandal involving Petrobras, the Brazilian petroleum corporation, five contractors and a large number of politicians.

Finally, after the mega-event euphoria, Brazil again faces economic and political uncertainties. Though the planning of the mega-event began during a period of great optimism and economic growth, its delivery occurred during a downturn, the result of the exhaustion of the internal demand growth process associated with a less favourable international environment. The 2008 international crisis, the reduction in China's growth and the end of the commodity valuation cycle due to the sharp fall in oil prices hit the Brazilian economy.

In the national arena, the political crisis due to the media exposure given to *Operação Lava Jato*, involving ex-President Lula, has eroded the governance basis of President Dilma Rousseff and endangers 12 years of Workers' Party government legacy, causing her impeachment.⁵

The delay in the government response to the economic crisis and the worsening of the domestic political environment have led to market instability, the departure of foreign investment and a sharp 49 per cent devaluation in the Brazilian Real. Gross domestic product (GDP) fell from 2.7 per cent growth in 2013 to 0.1 per cent stagnation in 2014 and -3.8 per cent recession in 2015, resulting in the downgrading of Brazil's investment grade by all credit rating agencies (Soto and Ayres 2015).

All of these factors will probably alter the course of sports mega-events planning from now on in Brazil as the political and economic conditions that made them possible have now changed considerably. Unfortunately, it seems that for most Brazilians, the 2014 FIFA World Cup left a bitter taste far beyond the defeat of their national team.

NOTES

1. However, ANCOB, the National Articulation of the World Cup Popular Committees, contests such data, saying that there were also indirect removals not related to the World Cup projects, but by those who used sports mega-events as an excuse so that they could take place. They define a figure seven times higher if all of them are included (the 2007 Pan American Games, the 2014 FIFA World Cup and the 2016 Olympic Games).
2. The report was made for 438 Brazilian cities with a population over 60,000 inhabitants, representing 64 per cent of the national population (ANTP 2012).
3. The '2013 June Demonstrations' were a series of demonstrations against poor public transport quality and fare increases that took place throughout 2013. They started in Porto Alegre and soon broke out in many other cities. By the

end of June, it was estimated that almost two million people went out to protest in 483 cities. Behind the transport rhetoric, there was the discontent with the amount of public money spent on the World Cup projects (Lea 2013).

4. *Operação Lava Jato* is the largest investigation of corruption and money laundering Brazil has ever known. It is led by federal prosecutors and the Federal Police. The scheme involves Petrobras, major contractor corporations and politicians. Up to now, this investigation has resulted in 133 arrest warrants, 84 convictions and the search for R\$14.5 billion (US\$4 billion) of appropriated money (<http://lavajato.mpf.mp.br/atuacao-na-1a-instancia/resultados/a-lava-jato-em-numeros-1>, accessed 19 August 2016). The name *lava jato* (car wash) comes from the beginning of the investigation that started investigating a car wash network that was used to launder money from criminal organisations.
5. In between the writing of this book and its publication, the political and economic situation in Brazil worsened. The incrimination of pro-government politicians close to President Rousseff in the *Operação Lava Jato*, including former President Lula, and the deterioration of public accounts caused strong reactions from different sectors of society. The impeachment process of President Rousseff based on alleged crimes against the fiscal responsibility law was approved in the House of Representatives in April and in the Senate in May, causing her temporary removal from office until the final decision by the Senate. In August 31, President Rousseff was judged and impeached by the Senate, being substituted by the Vice-President Michel Temer from the Brazilian Democratic Movement Party (PMDB).

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INDEX

A

AEG, 132
Aldeia Maracanã, 123, 126, 132
ANCOP, 14, 56, 155, 158n1
Andrade Gutierrez, 134, 135n12
Antonio Carlos Jobim International
Airport, 121
Arena Castelão, 50–54, 57–59
Arena das Dunas, 15, 65, 70–74
Arena Grêmio, 79–80, 86–88
Arena Itaquera, 17, 137, 141, 145
Arena Pernambuco, 17, 98, 99,
102–113

B

Barcelona, 2, 3, 89
Beira-Rio stadium, 16, 80, 90, 91
BNDES, 8, 13, 28, 31, 71, 87, 106,
121, 144
BRIC, 1–20
Bus Rapid Transit (BRT), 12, 29, 31,
49, 52, 53, 103, 106–109, 121

C

Célio de Barros Athletics
Stadium, 123

César Maia, 120
City of Rio de Janeiro, 118–120, 128
City Statute, 47, 53, 60n1, 144,
150n4, 150n5
COHAB, 142, 143
Confins International Airport, 29, 30

D

Dilma Rousseff, 19n9, 158

E

EBX, 132
Eduardo Paes, 122
Empresa de Obras Públicas, 130
Entrepreneurialism, 2, 27, 79–82, 90
Evictions, 14, 15, 17, 26, 35, 57, 84,
88, 126, 130, 155

F

Federal Government, 8–9, 11–13, 28,
29, 38, 56, 68, 71, 74, 91, 114,
121, 122, 126, 130, 133,
135n12, 140, 141, 155
Fernando Haddad, 145
Fernando Henrique Cardoso, 8, 18n6

FIFA

- business model, 15, 74
- standards, 11, 14, 15, 26, 35, 145, 154, 157
- 2013 Confederations Cup, 104, 140
- 2014 World Cup bid, 11, 48–50
- 2014 World Cup
 - organisation, 11–18, 28, 140–141
- Fortaleza Metropolitan Region (FMR), 43–44
- Friedenreich Municipal School, 123, 126, 131

G

- General Law of the World Cup, 13, 36, 111, 127
- Gentrification, 4, 30, 35, 36, 58, 88, 89, 115, 127, 157
- Guaíba riverfront, 79, 86, 88–90
- Guido Mantega, 133

I

- IMG Worldwide Groups, 132
- IMX Venues and Arenas, 132
- Indian Museum, 123, 127, 131, 133
- IPHAN, 118, 129, 134n1

J

- Jacu-Pêssego Avenue, 143, 147–149
- João Havelange, 10, 19n13
- José Fortunati, 89
- Joseph Blatter, 10, 11, 19n13
- Julio Delamare Aquatic Centre, 123, 127, 131

L

- Luiz Inácio Lula da Silva, 8, 19n9
- Light Rail (VLT), 54, 156

M

- Mangueira
 - complex, 127, 130–132
 - Favela, 125, 126, 131, 132
 - Metrô, 125, 126, 131, 132
- Maracanã
 - complex, 123, 126, 128, 130, 131, 133
 - stadium, 17, 117–134
- Mineirão* Stadium, 28–31, 35, 36
- Ministry of Sports, 11, 13, 19n14, 106, 133, 140, 141
- MRBH - Metropolitan Region of Belo Horizonte, 27
- MRR - Metropolitan Region of Recife, 98–101, 108, 109, 112, 114

N

- Neoliberal
 - city, 47
 - ideas, 8, 18n6
 - urbanisation, 64, 66–70
 - urban governance, 27, 36
 - urban model, 65
 - urban policy, planning, 26–28, 37, 154
- Neoliberalism, 26–28, 38, 70

O

- OAS, 71, 87, 93n4, 122, 145, 157
- Odebrecht, 103–105, 110, 122, 132, 134, 135n12, 144, 157

- Olympic Games
 1992 Barcelona, 2
 2012 London, 3, 4, 155
 2016 Rio de Janeiro, 2, 10, 66,
 70–71, 78, 117, 120, 122,
 126–127, 130–131, 134
Operação Lava Jato, 108, 157, 158,
 159n4, 159n5
- P**
Programa de Aceleração do Crescimento
 (PAC), 8, 9, 13, 100, 155
 Pacifying Police Unit (UPP), 127,
 130, 132, 135n9
 Pampulha, 26, 30, 31, 33, 35, 36
 Pan American Games, 10, 11, 66, 123,
 129, 158n1
 Petrobrás, 99, 135n12, 157, 159n4
 Popular Committee for the World Cup
 and the Rio de Janeiro
 Olympics, 122, 126
 Privatisation, 8, 26, 31, 36, 38, 55, 65,
 89, 122
Programa Minha Casa, Minha Vida
 (PMCMV), 8, 45
 Pro-Growth Coalitions, 64, 66–70
 Public-Private Partnership (PPP), 29,
 30, 71, 81, 82, 87, 89, 103,
 147, 157
- Q**
 Quinta da Boa Vista park, 125
- R**
 Real estate valorisation, 16, 52, 73, 74
 Resistance, 17, 38, 54–56, 68, 118,
 122, 126–127, 134
- Responsibility Matrix
 Belo Horizonte, 28–29
 Brazil, 12–14, 15
 Fortaleza, 48–50, 58
 Natal, 70–71
 Porto Alegre, 79, 81–83, 91
 Recife, 102–106
 Rio de Janeiro, 121
 São Paulo, 138, 140–141, 156
 Rio de Janeiro Metropolitan
 Region, 119
 Rio de Janeiro State University
 (UERJ), 125
- S**
 Sergio Cabral, 126
 Social Interest Special Zoning
 (ZEIS), 47,
 53, 113
 SPMR - São Paulo Metropolitan
 Region, 138–139
 Sports Mega-Events, 5, 9,
 100, 137–150,
 154, 158n1
- U**
 Urban Coalitions, 63–74
- V**
 Via Mangue, 100, 103,
 107, 112
- W**
 Washington Consensus, 8, 18n6,
 19n7, 19n10