

Research Article

Environmental Conflict Mediation Promoted by the Inter-American Development Bank: The Case of the Banhado Community in São José dos Campos, Brazil

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Abstract

Since the Washington Consensus, neoliberalism has globalized as a disciplinary regime, recasting *accountability* as a core norm legitimizing multilateral development interventions. While critical scholars have examined the ideological role of accountability in neoliberal governance, few studies analyze its operationalization in concrete conflicts between international financial institutions and marginalized communities. This paper investigates how the Inter-American Development Bank (IDB) employs accountability mechanisms to mediate disputes in Latin American development projects, interrogating the tensions between technocratic governance and grassroots resistance. Through a case study of the Urban Structuring Program of São José dos Campos (PEUSJC) - where infrastructure projects threatened historically settled communities - we analyze a complaint filed by social movements to the IDB's Independent Consultation and Investigation Mechanism (MICI). Combining document analysis (MICI reports, IDB project appraisals, and community petitions) with semi-structured interviews of state officials, IDB staff, and affected residents, we interpret findings through Gramsci's lens of hegemony. This approach reveals how accountability frameworks function as tools of consent-building while obscuring material power asymmetries. The study demonstrates that MICI's accountability procedures, though framed as participatory, often prioritize institutional legitimacy over substantive redress for displaced communities. By exposing this contradiction, the research contributes to critical debates on the limits of neoliberal accountability in development practice, urging closer scrutiny of multilateral conflict-mediation mechanisms.

Keywords

Accountability, International Finance Institutions, Independent Accountability Mechanism, Neoliberalism, Social Movements

1. Introduction

Accountability is the English term used to describe practices of rendering accounts, commonly employed in corporate financial audits. With the rise of neoliberalism, accountability practices have been generalized on a global scale, extending their application to governments and individuals alike [1].

This research aims to explore the accountability strategies

of the Inter-American Development Bank (IDB) as applied in development projects across Latin America, with a particular focus on the financing of an urban structuring program in a major inland city in the state of São Paulo, Brazil.

More specifically, the research focuses on a complaint submitted by social movements to the Independent Consulta-

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tion and Investigation Mechanism (MICI) concerning the Urban Structuring Program of São José dos Campos (PE-USJC), financed by the IDB and implemented by the municipality of São José dos Campos, São Paulo (Brazil), between 2008 and 2020. This line of financing included a subprogram for the involuntary resettlement of the Banhado Community, which was represented by social movements.

Based on this case study, the research aims to investigate the following question: Do the accountability processes of Independent Mechanisms—when guided by the doctrine of good governance—ensure the social participation of affected communities in the implementation of development projects financed by International Financial Institutions?

The main actors involved in the complaint regarding the Urban Structuring Program of São José dos Campos (PE-USJC), each playing distinct roles within the contested field, include: the Inter-American Development Bank (IDB) as the financier; the Municipality of São José dos Campos as the executing agency; social movements as the claimants; the State Public Defender's Office as legal counsel; and, finally, the IDB's internal audit body, the Independent Consultation and Investigation Mechanism (MICI), acting as the auditor.

Through this case study, the article launches an original contribution on participatory processes conducted by IFIs and their Independent Mechanisms, explaining standards and procedures used to establish agreements between the parties.

In addition, it will fill gaps in the bibliography regarding the Independent Mechanisms, in their understanding as audit offices of International Financial Institutions (IFIs), responsible for accountability to communities. In fact, there are few studies on accountability processes and their operationalization in concrete conflicts between IFIs and marginalized communities.

2. Materials and Methods

This is an exploratory study structured through document analysis and semi-structured interviews. The document analysis examined reports and the social and environmental safeguards of the IDB/MICI, as well as municipal laws and projects, all of which are publicly available online. Interviews were conducted with members of two families who have lived in the Banhado area for four generations, two employees of the municipality, and 1 (a) independent expert hired by MICI.

The criterion used in the interviews with experts who worked on the resettlement of families from Banhado prioritized a structured roadmap, whose purpose was to explore the context of International Financing and the gaps not identified in the documents, in which only the oral report of the subjects who experienced this process could transmit. For the residents interviewed, it was made use of the instrument of the life history interview, whose umbrella project obviously contemplates the social, economic and cultural dimensions of the residents of Banhado, but in this specific text the criterion used was the process of dispute resolution experienced by the

leaders interviews.

To leave no doubt about the veracity of the research findings, the research project that originated this article was approved by the ethics committee of the proposed institution, the CEP of the School of Arts, Sciences and Humanities of USP (CEP EACH 03.028.000), under no. 068488123.0.0000.5390 and the ethics committee of the co-participating institution, the CEP of the Universidade do Vale do Paraíba (CEP-Univap 12.244-000), under no. 068488123.0.3001.5503.

The results were explored from the concept of hegemony of Antonio Gramsci [2], an Italian philosopher persecuted by fascism, developed in prison genuine contributions to political philosophy, whose concept of hegemony provides us with subsidies to understand the purposes of dispute resolution processes mediated by Independent Mechanisms. The MICI, as an audit office of the IDB, exercises the hegemony of the dominant group exclusively through consent, but without totally excluding coercion, which is instrumentalized by the IDB and operationalized by the municipal government. At the extreme of affected communities, Gramsci's contributions help to understand how affected communities identify dispute resolution as a strategy for counterhegemonic struggle.

The article has a solid theoretical foundation based on the contributions of Pierre Dardot and Christian Laval [1] about the current stage of contemporary capitalism. The results are organized into four sections: the first offers a brief historical overview of neoliberalism and the consolidation of multilateral organizations; the second describes the ideological alignment of São José dos Campos with the Inter-American Development Bank (IDB) guidelines; the third analyzes the PEUSJC case, with a focus on the struggle of the Banhado Community; and finally, the fourth section presents the concluding remarks.

3. Neoliberalism as Governmentality

Pierre Dardot and Christian Laval understand neoliberalism as a new rationality. At its core, neoliberal rationality entails the generalization of competition as both a norm and a mode of conduct for companies and individuals—that is, the very logic of capital expressed through procedures and techniques of governmentality [1].

Governmentality, in Michel Foucault's conception, refers to a set of techniques and procedures used to govern and direct human conduct. In Foucauldian thought, the term "government" is not understood solely from an institutional perspective, but rather as a form of activity [1]. According to Verónica Gago, Foucault demonstrated how neoliberalism revolutionized the art of governing by promoting individual freedoms, which in turn became a sophisticated means of encouraging free competition and self-entrepreneurship [3].

In contemporary times, the innovative articulation of technologies and affects operates subtly within subjectivities; however, its procedures and techniques were conceived ear-

lier—at the Walter Lippmann Colloquium in 1938 and the founding of the Mont Pèlerin Society in 1947. These two think tanks brought together Austrian, American, and German liberals who shared similar worldviews regarding the decline of laissez-faire ideals in the face of the Keynesian turn in the United States and the rise of fascist and socialist regimes in Europe [1].

The main challenge for Austrian and German liberals was to define new principles for governmental intervention. In a certain sense, neoliberalism emerged from the articulation of two antagonistic yet complementary currents: the Austro-American school, represented by Ludwig von Mises and Friedrich Hayek, and the German ordoliberal school, represented by Louis Rougier and Wilhelm Röpke. Both doctrines shared the view that laissez-faire was incapable of producing natural harmony, just as the Keynesian state was incapable of creating artificial harmony. The neoliberal solution was to subject both to strict control, combining state intervention with free competition. This was not merely a matter of reducing the role of the state, but of restructuring it according to the dictates of a globalized economy—transforming the state into an evaluator of new instruments of power [1].

Neoliberal subjectivism took shape through the reforms imposed by the "good order" of the 1990s. The diffusion of neoliberal principles reshaped political vocabulary, redefining state action through the doctrine of good governance. Governance, in this context, refers to an activity that entails a new way of steering the world—governing companies in the same manner as governing states.

This is the deeper meaning of Foucault's concept of governmentality—as a set of technologies and forms of knowledge that produce a new type of rationality, one that cannot be understood solely through the traditional "top-down" model, but rather as a "bottom-up" dynamic that shapes ways of doing, thinking, and acting [4]. International Financial Institutions (IFIs), such as the World Bank and the International Monetary Fund, have been key agents in the global dissemination of the good governance principle [1], as will be examined below.

3.1. International Financial Institutions as Disciplinary Agents of Neoliberalism

International Financial Institutions (IFIs) are part of the broader universe of multilateral organizations, whose origins trace back to the Bretton Woods Agreement, which established the International Monetary Fund (IMF) and the World Bank. In the wake of the World Bank's creation, regional development banks were established, such as the Inter-American Development Bank (IDB), founded in 1959 as the World Bank's regional arm in Latin America [5].

Arantes argues that the objective of multilateral organizations is to intervene in peripheral countries in order to create an environment conducive to the global realization of value. The World Bank and its regional counterparts, such as the

IDB, operate in the periphery of the capitalist system with the aim of stabilizing its inherent contradictions by investing in social and industrial reforms [6].

In the Third World, the involvement of the World Bank and the IDB in the housing sector extended to both public and private domains, within historically situated policy frameworks:

- 1) Housing Provision (1960-1971) was a policy centered on slum clearance and the construction of housing units based on rudimentary self-help methods;
- 2) Support for Urbanization (1972-1982) involved policies of urban development based on standards significantly below those of modern urbanism adopted during Europe's postwar reconstruction;
- 3) Structural Adjustment (1983-present) marked a shift in the economic policies of the World Bank and the IDB, emphasizing competitive federalism and the strengthening of municipal governance;
- 4) Urban Adjustment (1995-present) intensified palliative poverty-alleviation policies, while simultaneously advancing a refined strategy of bureaucratic colonization by the doctrine of good governance and the city-as-enterprise model. [6].

During the militant phase of neoliberalism, the neoliberal reforms implemented by Ronald Reagan in the United States and Margaret Thatcher in the United Kingdom served as models for the structural adjustment programs promoted by the IMF and the World Bank. Beginning in 1991, the onset of the "good order" was marked by the alignment of Global South countries with a wave of public sector privatizations and economic deregulation (Idem, *ibid*).

Neoliberalism became a "global disciplinary system" [1], institutionalized through the 1989 Washington Consensus. The so-called good order was grounded in a set of policy recommendations that peripheral countries were expected to follow, as virtually unlimited powers were granted to international creditors—forcing developing nations to comply with structural adjustment plans.

While during the militant phase of neoliberalism competition was imposed on Global South countries as a universal rule, the 1990s marked the institutionalization of accountability as a generalized norm, defining this period as one of managerial neoliberalism. It is within this context that Independent Accountability Mechanisms emerged.

3.2. Between Coercion and Consent: Independent Accountability Mechanisms

Beginning in 1991, the implementation of neoliberal globalization occurred through the alignment of Global South countries with a wave of public sector privatizations and economic deregulation imposed by multilateral organizations [1].

It is true that globalization expanded productive specialization and opened global markets, but it also intensified

territorial conflicts, including in Latin America. In response to the new social order imposed in the 1990s, social movements reacted by developing new forms of collective action [3].

With the aim of increasing the security of its financing operations, the World Bank developed the first social and environmental safeguards, which subsequently served as a model for all other multilateral organizations [7]. Moreover, it was during the United Nations Conference on Environment and Development (ECO-92) that multilateral organizations established the creation of Independent Accountability Mechanisms (IAMs) [8].

The 1990s marked the beginning of processes for managing environmental conflicts in Latin America, a period that coincided with the specialization of peripheral countries in the export of their natural resources [9]. The Inspection Panel (IPN), an independent mechanism of the World Bank and a precursor to other independent mechanisms, was established in 1993. The following year, the Inter-American Development Bank (IDB) created its first mechanism, which was later restructured in 2010 as the Independent Consultation and Investigation Mechanism (MICI). With the proliferation of Independent Accountability Mechanisms (IAMs), a network—IAMNet—was formed in the early 2000s. Since then, it has facilitated mutual cooperation meetings aimed at strengthening the IAMs [8].

From a Gramscian perspective, Santana argues that IDB financing mechanisms are composed of both coercive and consensual elements. Coercion is exercised through the imposition of rules and conditionalities on Latin American governments, while consensus is simultaneously built and articulated through meetings and public hearings [9]. Supported by the theoretical framework and literature review, the discussion on IDB programs for the city of São José dos Campos can now be advanced.

4. Discussion

4.1. São José dos Campos and the Creation of the Neoliberal Laboratory in the Eastern Cone of São Paulo

At the end of the 1990s, the municipality of São José dos Campos came under significant political and economic influence from the Inter-American Development Bank (IDB) through two multilateral projects: the Habitar São José Program, launched in 1999, and the São José dos Campos Urban Structuring Program, initiated in 2008. The IDB's choice of São José dos Campos as a strategic site for global investment was due to its status as a technological hub in the Vale do Paraíba region [8].

In 1999, under a PSDB administration, the municipality adopted a slum clearance policy by joining the federal program Habitar Brasil-BID (HBB), whose original R\$12 million funding was intended for land tenure regularization and the

upgrading of informal settlements [10]. However, the program was ultimately diverted toward slum removal. Its flagship project was the construction of the Campos de São José housing complex on the city's far eastern periphery, designed to relocate residents from three favelas: Vila Nova Tatetuba, Vila Nova Detroit, and Caparaó [11].

A team of social workers was mobilized by the local government to persuade the communities to accept the resettlement. Some residents of Vila Nova Tatetuba—also known as Morro do Regaço—refused to participate and were forcibly removed through court orders and police intervention between December 2003 and January 2004. Their homes were demolished, and their furniture and personal belongings were confiscated by the municipal government and stored in a warehouse. Part of this resistant group eventually moved to the new housing complex in the far east, while another group of 28 families occupied a federally owned warehouse previously granted to the company MRS Logística S/A, located in the city center [11].

In practice, the Habitar Brasil-BID Program in São José dos Campos promoted slum clearance rather than upgrading. From a Gramscian perspective, the relationship between the IDB and the local government in implementing the HBB reflected a combination of coercion and consent. Civil society is composed of a network of social institutions, while political society comprises the set of coercive apparatuses; political leadership, therefore, depends on the degree of autonomy within civil society institutions [12]. In São José dos Campos, social workers functioned within the hegemonic apparatus by securing family consent to the program, while court decisions and police actions constituted the mechanisms of coercion and domination [13].

The coercive and consensual implementation of the HBB in São José dos Campos strengthened the ties between the IDB and the municipality, culminating in a new international loan. Unlike the HBB federal program, this new line of credit—known as the Urban Structuring Program of São José dos Campos (PEUSJC)—was negotiated directly between the city and the IDB. Its goal was to coordinate the city's physical and territorial development through a set of transportation, environmental, and administrative modernization projects [12].

The program was divided into three components: (1) Urban-Environmental Improvements, (2) Urban Mobility, and (3) Institutional Strengthening. Component 1 focused on projects such as the creation of linear parks, the regularization of informal settlements, and the resettlement of the Banhado community. The justification for this resettlement rested on two seemingly opposing but ultimately complementary projects: the creation of the Banhado Municipal Nature Park and the construction of the Banhado Road [13].

Component 2—Urban Mobility—included the creation of road corridors, including the Banhado Road itself, which was projected to be built over the old track bed of the now-defunct Federal Railway Network (RFFSA), where part of the Banhado community resided. Component

3—Institutional Strengthening—was the most distinct, encompassing a set of initiatives aimed at administrative modernization through the establishment of the Program Management Unit (UGP) [12].

It is important to note that Component 3 was ideologically grounded in the doctrine of good governance. By restructuring the public administration based on business management principles, it provided a framework aligned with market efficiency. This entailed redefining the role of public author-

ities, integrating civil servants into a managerial model, depoliticizing politics, and transforming government into governance [14].

The UGP was created based on the principle of administrative decentralization, with a structure reflected in a highly dispersed multidisciplinary technical team distributed across multiple secretariats and offices [13], as illustrated in Figure 1.

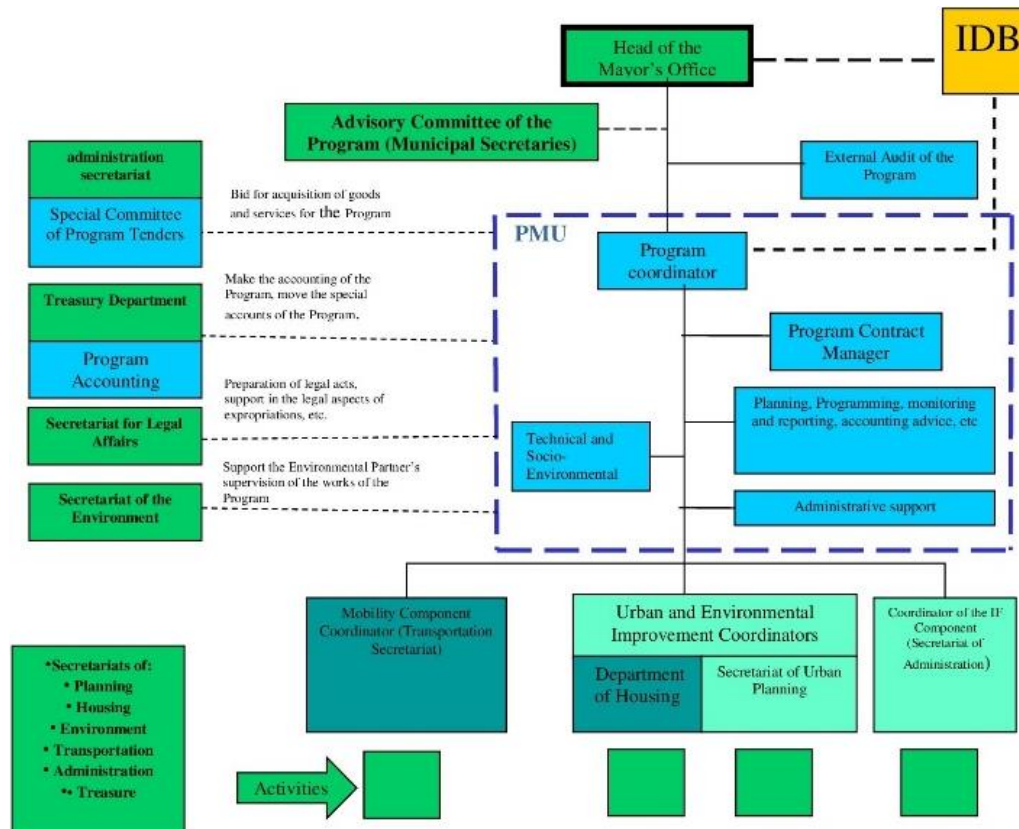


Figure 1. Translated from the document "Execution - Program Management Unit (PMU).

The Program Management Unit (UGP) was formally linked to the mayor's office but reported directly to the IDB, such that its decentralized structure enabled the program to be implemented in a horizontally integrated manner.

The next section presents a detailed analysis of the interview findings and documents related to the PEUSJC case.

4.2. Accountability in the Service of Taming the Debate: IDB Projects in São José dos Campos

Violations of fundamental rights committed under the HBB case led to a series of petitions sent to the IDB's office in Brazil. In the absence of responses, in 2011, residents of Vila Nova Tatetuba submitted a formal complaint to the Independent Consultation and Investigation Mechanism (MICI),

represented by Cosme Vitor, an activist from the Central de Movimentos Populares (CMP) [11]. According to the complaint:

"Since 1999, we have been fighting against the slum clearance project implemented in the city of São José dos Campos (SP) by the municipal government—a project financed by the Inter-American Development Bank (IDB). This project has only one goal: to forcibly remove the poor from the urban center and relocate them to the legal city outskirts. On the land where their homes once stood, supermarkets (Carrefour), car dealerships, and apartment buildings have been erected" [15].

The complainants were well aware that the HBB case constituted a process of gentrification which, as noted by Souza, attracted international attention due to the rapid real estate speculation in the region [11].

In December 2011, the MICI initiated the eligibility phase of the HBB case, as there were indications of violations of operational policies, specifically: OP-710 - Involuntary Resettlement Policy; and OP-761 - Gender Equality Policy. The newly elected government from the Workers' Party (PT) was eager to advance to the consultation phase [16], which was conducted between 2012 and 2013. The agreement reached during this phase benefited only the 28 remaining families who were occupying the MRS warehouse in the central area. In December 2013, an agreement was reached: the municipality would fund the construction of 28 individual housing units of 50.62 m² under the federal housing program Minha Casa Minha Vida (PMCMV), located approximately 4 km from the city center, with a scheduled completion within 18 months. Additionally, compensation was to be paid for the destruction of their homes and personal property, calculated at 20 times the minimum wage [12, 17].

Despite the agreement, reparations were not universal. Residents of Jardim São José II were deliberately excluded from the consultation phase, based on MICI's assessment that the acquisition of housing units in Jardim São José II had already redressed any violations. However, the contradiction was acknowledged in the HBB Evaluation Report, which recognized the socio-environmental harms suffered by residents from all three communities [16].

It is evident that the resettlement resulted in increased impoverishment. Families were burdened with high condominium fees and utility costs. Many residents struggled to find

employment in the surrounding area and were unable to maintain their previous economic activities. Commuting to workplaces by public transportation significantly reduced their disposable income. Moreover, the resettlement contributed to increased violence in Jardim São José II due to the concentration of drug traffickers from the three different communities in a single location. This led to violent territorial disputes and placed the broader population at risk—especially vulnerable groups such as female-headed households [17].

The following section examines the conflict mediation process in the PEUSJC case, revisiting the HBB experience through the lens of IDB operational policies.

4.3. The Evaluation Phase of the PEUSJC Case

The Banhado is a 5.2 million square meter alluvial plain located in the central area of São José dos Campos. In 2002, it was designated as an Environmental Protection Area (APA), defined by the floodplain of the Paraíba do Sul River and framed by a semicircular slope resembling a shallow bay [13].

The community inhabitant of the landscape is known pejoratively as Favela do Banhado. However, it is a community consolidated for about 100 years, geographically composed of a more dense area, occupied mostly by rural workers attracted by the industrialization of the 1960s and 1970s, and another area with rural characteristics and endowed with an occupation spread by small farms, dating back to the 1930s (Figure 2) [13].

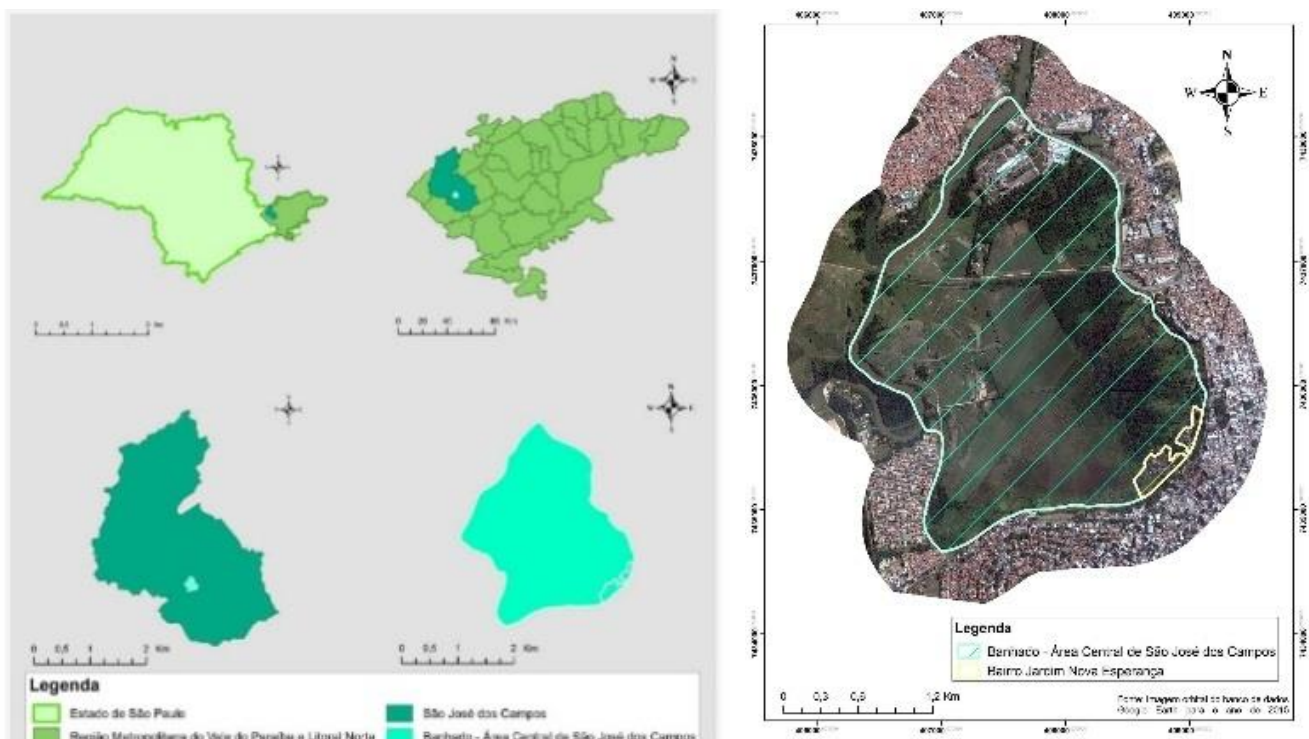


Figure 2. Location of the study area.

For many decades the area of Banhado has been the scene of historical conflicts for the domination of its economic and landscape potential, but since 2000, the conflict acquired a new configuration from the positioning of new actors, as the

IDB, responsible for financing the construction of Via Banhado, whose project posed a threat to the existence of the Community of Banhado, also known as Jardim Nova Esperança (Figura 3) [13].

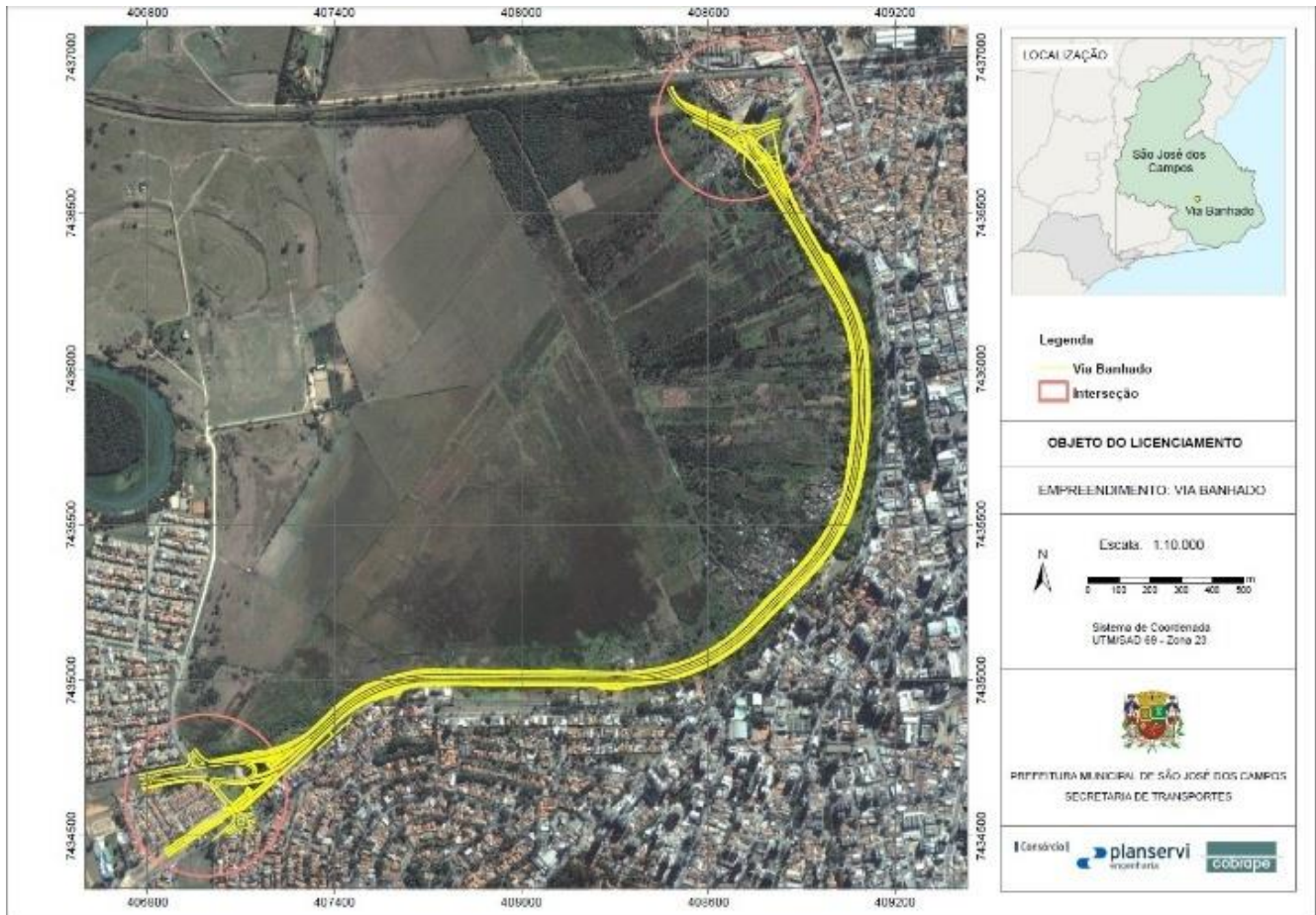


Figure 3. Location of the intervention area of the IDB-funded Via Banhado project.

In this context, the conflicts mediated by the MICI fall within the broader set of accountability strategies initiated in the 1990s.

Acsegrad describes conflict mediation as a mechanism to secure the acceptance of resistant groups toward the concentration of natural resources in the hands of large corporations [7].

Cosme Vitor's complaint regarding the HBB case also included the PEUSJC. On August 22, 2011, the PEUSJC case was declared eligible for the Consultation Phase, as the preliminary review identified violations of three operational policies: OP-710 - Involuntary Resettlement Policy; OP-102 - Access to Information Policy; and OP-703 - Environment and Environmental Safeguards Policy [18].

In February 2012, the MICI published the PEUSJC Evaluation Report. The aim of the investigation was to gather information related to the complaint through interviews with the parties involved. According to residents, the municipal

government failed to hold public hearings regarding the creation of the Banhado Municipal Nature Park, as well as regarding the rationale behind the resettlement process. They also reported the closure of public facilities in the neighborhood and the demolition of homes of those who agreed to resettlement, with debris left behind at the site. Moreover, the municipality did not offer appropriate compensation measures, instead providing only apartments located in peripheral areas [19].

Notably, the resettlement of the Banhado Community began in 2008, even though the loan agreement was only signed in 2011. This was made possible through a clause in the contract that allowed reimbursement for prior works and expropriations [20].

As such, the resettlement process was supported by three technical documents: the Comprehensive Social Action Plan (PIAS), the Environmental Assessment Report (RAA), and the Environmental and Social Management Report (RGAS)

[21].

Although the IDB required an Involuntary Resettlement Plan, the PIAS was, in fact, a social assistance program designed and implemented by the Municipal Department of Social Development. The RAA was developed as an environmental impact study for the Banhado and Cambu roads. The RGAS, in turn, was intended to serve as an instrument to guarantee environmental and social oversight and public participation in the program [13]. However, neither the RAA nor the RGAS can be considered proper environmental impact assessments.

Based on the research findings, the MICI identified non-compliances that justified advancing to the conflict mediation phase. In this phase, the residents were recognized as primary actors with voting rights, while the state public defender's office acted as a secondary actor, limited to an observational role.

As mediator, the MICI questioned the legitimacy of the PIAS as a valid resettlement plan, making its revision a central topic of the dialogue process.

4.4. Accountability as an Instrument for Domestication of the Debate: Consultation Phase of the PEUSJC Case

Com a aproximação das Partes em 2013 para o processo de diálogo, o MICI indicou Cosme Vitor como responsável pela comunicação com a comunidade. Em trabalhos anteriores, apontamos a posição ambígua de Cosme Vitor, que era militante da CMP e, ao mesmo tempo assessor de Amélia Naomi, vereadora e primeira-dama [21].

Given the trend observed since the Washington Consensus, in which many NGOs began to act as mediators and facilitators of efficiency in projects financed by multilateral institutions [14], the selection of the CMP raised concerns among residents. Part of the community interpreted the appointment as an attempt by the IDB to align itself with the PT administration and potentially influence the dialogue process, raising doubts about the preservation of local autonomy.

The inclusion of Cosme Vitor as a representative seems a refined way to suppress the autonomy of the community in its decisions to domesticate the debate.

According to the Consultation Phase Report, both the MICI and the IDB expressed concern regarding the Workers' Party (PT) administration, due to its campaign commitments opposing the PEUSJC. The most controversial of these commitments was the proposal to allow residents to remain in the Banhado area as park rangers. It did not take long for the PT administration to yield to pressure from the IDB/MICI to comply with the loan agreement clauses [22].

On the one hand, the election of Carlinhos Almeida from the Workers' Party (PT) marked the end of a 16-year period of PSDB control over the municipal administration. On the other hand, this brief interruption under PT leadership did not signify the end of neoliberal hegemony, but rather its con-

tinuation in new forms. Chico de Oliveira characterized the PT's time in power at the national level through the concept of "inverted hegemony"—a reinterpretation of Gramsci's notion of hegemony—where the dominant classes consent to being led by the subalterns, provided that the political and moral leadership does not challenge the prevailing hegemonic order [23].

Thus, the governability of Carlinhos Almeida's administration was sustained by the continuation of neoliberal hegemony, supplemented by the implementation of some social policies. This occurred within a context marked by opposition from the majority bloc in the city council and constant oversight from the IDB/MICI. As Dardot explains, while under Fordism only corporate managers were subject to shareholder oversight, with the advent of Toyotism and globalization, state leaders themselves became the object of surveillance by the international financial community—marking a shift from corporate governance to state governance [1].

In order to implement the Banhado Road project and resettle the affected community, the Carlinhos Almeida administration saw an urgent need to revise the PIAS, previously questioned by the IDB regarding its technical legitimacy [22].

According to Operational Policy OP-710, any resettlement plan must include rehabilitation options capable of at least restoring pre-resettlement living standards [24].

As Interviewee B revealed: "we didn't even know the bank's policies, the IDB's policies." In other words, the major evictions that occurred under the HBB were carried out without compliance with the operational policies. It was only during the implementation of the PIAS that the notion of involuntary resettlement was formally introduced by an IDB consultant, who then required the team of social workers to develop appropriate compensation measures for the families living in the Banhado area [25].

Previously, under the PSDB administration of Eduardo Cury, the PIAS had been defended as the official resettlement plan. However, findings from the MICI later contested this claim. Interviewee B even stated that the PIAS was, in fact, a removal project, as it offered no real alternatives for residents to remain in their original neighborhood. Notably, Interviewee B was part of the team of social workers responsible for implementing the slum clearance policy. The lessons learned from the HBB case served as the foundation for the PIAS methodology, which was structured around semi-structured interviews, on-site visits, and socioeconomic registration [16].

The MICI had previously identified noncompliance with operational policies in its Evaluation Report on the PEUSJC. In short, the justifications for the removal of the Banhado Community were poorly substantiated [19], reduced to only two options: housing units provided by the Companhia de Desenvolvimento Habitacional e Urbano (CDHU) or financial compensation of R\$ 38,000.00 [26].

These options did not qualify as adequate forms of com-

pensation under OP-710, which requires effective measures to mitigate the risks of impoverishment associated with displacement [24]. The PIAS offered no clear indication of how the municipality intended to implement compensation strategies that included income generation or employment opportunities, nor did it address future costs such as transportation, condominium fees, or cooking gas [25].

The PIAS registered 399 families in 2008, and the socioeconomic survey recorded their preferred areas for relocation. Unsurprisingly, 68.5% of residents indicated a preference for central areas [26]. However, Interviewee B disclosed that although preferred locations were surveyed, no actual options for remaining in the central region were made available [25].

This amounted to a form of procedural fraud that effec-

tively eliminated any possibility of remaining in place (see Table 1).

Under the justification of a lack of available housing in the central region, the municipality validated the second option located in the northern part of the city. In general, high-rise housing complexes prevailed, contradicting the majority preference of the population for single-story houses [26].

The community reported not having been consulted about the reasons for the resettlement or the forms of compensation [18]. The Cury administration's understanding of social participation is superficially described in the RGAS, limited to informational materials available on the city hall's website and the public hearings held during the preparation of the 2006 master plan [12].

Table 1. Classification of "preferences" of residents.

Housing Estates - PIAS		
	Jardim Boa Vista	Frei Galvão
Central area	68.5%	20.1%
North	20.6%	57.6%
South	4.3%	11.5%
East	2.6%	6.9%
No preference	4.0%	4.0%
Leave or stay?		
	Options	Resettlement
Accepted	94.1%	
No accepted	2.1%	
No answered	3.7	
House		99.1%
Compensation		0.9%

*Source: Prepared by the authors based on PIAS.

In fact, social participation was merely a device used by the Cury administration to legitimize the Urban Structuring Program of São José dos Campos (PEUSJC), despite violating Operational Policy OP-102. Following the model used in HBB, social workers promoted the formation of a residents' committee to assist in conducting meetings with the community for the implementation of the resettlement [26].

Clearly, the Inter-American Development Bank's (IDB) influence on the slum clearance policy exacerbated social conflicts and inequalities. In 2002, the first socioeconomic census was conducted, with its methods later replicated and updated in the PIAS. Based on the 2002 census data, the community was "frozen," meaning that any renovations or new constructions in the Banhado area were prohibited—an

act that contributed to the deterioration of housing conditions. Gradually, the Cury administration began shutting down existing public services in the neighborhood, such as the Basic Health Unit, the daycare center, and, most traumatically, the demolition of the FUNDHAS facility, a vocational education center for children and adolescents [19].

Since 2008, the *modus operandi* of the removals was summarized by the demolition of dwellings followed by the abandonment of rubble at the site [19]. According to interviewee A, the administrations of Cury and Carlinhos Almeida promoted the gradual emptying of the community through isolated removals. MICI (Independent Consultation and Investigation Mechanism) technicians, however, disagreed with the municipality's approach, asserting that a structured

resettlement plan was the most effective way to ensure community removal with adequate compensation [27].

The community was hesitant to participate in the new census, fearing that the data could be manipulated to serve the resettlement agenda. In response, the Program Management Unit (UGP) was strengthened to gain greater autonomy in

coordinating the resettlement plan. Below, the organizational chart of the Preliminary Resettlement Plan for Jardim Nova Esperança—or the Banhado Resettlement Plan (PDR Banhado)—followed the same logic of administrative decentralization of the UGP (Figure 4) [22].

Strategic	Management	Operational	Actions
Mayor's Office			
	URBAM - Municipal Urbanizadora		Support in all operational
PMU - Program Management Unit	PMU - Program Management Unit		PDR Management
SH - Housing Secretariat	SH - Housing Secretariat	ELO - Local Office	Registration
			Adherence of residents
			Service
	SG - Secretariat of Government	Communication	Communication plan (dissemination material)
		Community Relations	Support to ELO/contact with residents
	ST - Department of Transport	Public roads	Support for change
	SSM - Secretariat of Municipal Services	Regional	Realization of the change
			Removal of debris
			Demolition
	SEDEC - Secretariat for the Defence of the Citizen	Supervision	Support for freezing
		Civil Guard	Security
		Civil Defense	Avaliação/laudo das casas
	SDS - Secretariat for Social Development	social technical work	Support and follow-up after change

Figure 4. Management scheme of the PDR Banhado.

Reflecting on the findings through the lens of Dardot, it becomes clear that the municipal government was assimilating the managerial logic promoted by multilateral organizations, particularly through think tanks. In this context, the residents of Banhado agreed to participate in the new socio-economic census [1].

In November and December of 2013, the parties involved defined the methodology, logistics, and content of the questionnaire [22]. However, interviewee A revealed that there had been one condition imposed by the residents: that no specific questions related to resettlement would be included. Nonetheless, “the municipality took the initiative to use the open-ended section to ask families whether they were interested in relocating or not.” Due to this arbitrary action, the MICI intervened and succeeded in obtaining the municipality’s commitment not to use the resettlement-related data. However, this was not enough to restore trust with the community [27].

Subsequently, the “freezing” policy was relaxed, and the municipality authorized housing improvements and implemented upgrades in the neighborhood, including public lighting, road access improvements, and drainage maintenance [22]. Renato Leandro, a member of the Banhado Residents’ Committee, described the dialogue process as a “forum for bargaining over public services,” where UGP staff

would negotiate infrastructure improvements in exchange for concessions. Through these exchanges, the MICI and the municipality managed to secure some degree of community cooperation regarding resettlement. Still, Renato expressed frustration over the trivial nature of the dialogue, which was dominated by secondary issues [28].

According to interviewee A, the Workers’ Party (PT) administration was more willing to engage in the dialogue process. The MICI managed to secure the mayor’s support in reducing police activity in the community [27]. However, this consensual posture did not fully prevent coercive actions, as evidenced in local news reports. In 2014, bars and small grocery stores in Banhado were shut down by municipal guards, and residents were frequently searched in public spaces, sometimes suffering physical abuse [29].

From a Gramscian perspective, MICI agents played a critical role in mediating the macroeconomic (infrastructure) and municipal bureaucratic (superstructure) relations. The municipal government adopted a corporate management model, expanding its connections with dominant social sectors. At the same time, adherence to accountability principles became a powerful ideological tool for incorporating municipal civil servants as “intellectuals” of the dominant bloc [2].

According to Gramsci, intellectuals are “the ‘commissioners’ of the dominant group for the exercise of the subordinate

functions of hegemony” [2]. Social consensus is historically produced by the prestige obtained by the dominant group through its position in the social order. Meanwhile, the coercive apparatus ensures the discipline of those groups unwilling to consent to this hegemony. In this sense, both MICI and the IDB played the role of civil society protagonists, consistent with the theory of the extended state.

Throughout the dialogue process, one observes a deliberate effort to shift the status of the petitioners—from claimants to partners. As Maranhão notes, following the Washington Consensus, social participation was reframed as the primary mechanism for aligning development strategies with local problem-solving. Ideologically, the poor began to be portrayed not as passive beneficiaries of development programs, but as strategic partners in those programs [14].

Far from being genuine partners, the inclusion of the Banhado Residents’ Committee in the MICI-mediated dialogue was more accurately a form of “war of position.” For Gramsci, this form of struggle unfolds within the political arena, requiring a continuous occupation of territory [30].

The need to occupy MICI’s dialogue space emerges from the struggle for hegemony, as Gramsci would argue [30]—a contest over whether the dominated will capitulate to common sense or attain critical consciousness and become part of a hegemonic force. If war is the continuation of politics by other means, then the organic intellectuals emerging from subaltern classes serve as key agents in articulating counter-hegemonic strategies that lead these classes toward “good sense” [31].

The Banhado Residents’ Committee engaged in a hegemonic struggle within the MICI-mediated dialogue, even though it was constrained by the frameworks of accountability and good governance. As Gago (2018) points out, while neoliberalism mutates to capture social struggles—pluralizing itself through “bottom-up” practices—it is also continuously challenged by popular resistance and grassroots survival tactics [4]. As José Donizetti, a member of the Residents’ Committee, stated: “What we always discussed at the table was the debris, how to remove the families who wanted to leave... taking their animals... cleaning up the rubble... but we noticed the dialogue always favored the municipality” [32].

Interviewed residents demonstrated that the dialogue mediated by MICI and UGP was domesticated and depoliticized, centered on minor issues. This process can be analyzed through Gramsci’s notion of “small politics.” While “big politics” addresses the struggle to maintain or destroy hegemony, “small politics” concerns the day-to-day management of internal tensions within the political structure and among the various fractions of the same political class [2]. The exclusion of big politics is a defining feature of neoliberalism, whose official spokespersons are the international financial institutions (IFIs).

In this context, the socioeconomic census of Banhado was carried out on January 11 and 12, 2014. Around 40 social workers canvassed the neighborhood and registered 460 families (1,284 individuals). After analyzing the data on

housing time in the neighborhood becomes noticeable the motivations of residents to resist involuntary resettlement. In the universe of 461 families registered in 2014, 132 individuals interviewed declared to be living in the neighborhood in the period between 20 and 29 years, and another group, 124 individuals declared to have been living for 30 years or more in Banhado. Data were extracted from the Socioeconomic Registry of Families in Banhado (table 2) [22].

Table 2. Dwelling time in the Banhado.

Years	Families	%
from 1 to 4 years	46	10,0
from 5 to 9 years	44	9,6
from 10 to 14 years	54	11,7
from 15 to 19 years	39	8,5
from 20 to 29 years	132	28,7
30 years or more	124	27,0
No information	21	4,6
Total	460	100,0

*Source: Prepared by the authors based on data from the Socioeconomic Diagnosis of Families in Banhado.

Based on these data, an independent expert was hired to conduct a socioeconomic diagnosis to be presented exclusively to the Residents’ Committee, along with a presentation of the Via Banhado project. However, the community boycotted participation in these events [33].

In response, the municipality decided to proceed unilaterally with the project presentation. The event took place on September 7, 2014, with MICI present as an observer. Five resettlement alternatives were presented—none of which allowed for remaining in the neighborhood. A Local Management Office (ELO) was established in the central area to “assist the Banhado population in the process of selecting alternatives” [23].

The independent expert developed the Preliminary Resettlement Plan for Jardim Nova Esperança (PDR Banhado) to comply with OP-710, although the expert acknowledged that the plan did not yet meet all the criteria of a comprehensive resettlement plan [34]. Informational pamphlets distributed to Banhado residents during the September 7 event revealed a fundamental contradiction: compensation was being offered without a formal resettlement plan. The public defender’s office reinforced this critique: “We would like to clarify that this summons and the way it is being carried out DOES NOT HAVE THE SUPPORT OF THE PUBLIC DEFENDER’S OFFICE and contradicts the agreement made with the Defensoria and the Residents’ Committee” [35].

As had occurred with PIAS—when families were served at a Basic Health Unit far from their community—at the ELO, residents were received individually, as part of a persuasion strategy aimed at promoting acceptance of the compensation options, which included: (1) resettlement in housing complexes; (2) monetary compensation; (3) assisted purchase; (4) early settlement; and (5) rental assistance [34].

Despite the range of options, several constraints limited residents' actual choices, effectively steering them toward relocation in housing complexes. The early settlement option, for instance, involved the municipal government subsidizing mortgage payments on a unit alienated by the city. However, only families registered in the PMCMV program and residing in Banhado for more than ten years were eligible. Furthermore, the city would pay the PMCMV installments for a ten-year period, with no guarantee that it would cover the remaining

balance afterward [40].

Rental assistance consisted of monthly rent payments for a 12-month period, extendable for one additional year. But there was no guarantee of renewal, especially given that most housing complexes were still under construction. The first units would only be delivered in mid-2014, with the majority scheduled for 2016 (see Table 4) [34].

Monetary compensation was granted based on property appraisal values. Only nine families qualified for this option—specifically those with larger landholdings (the “chacareiros”), whose plots were significantly larger than average [35].

Tables 3 and 4 provide a detailed analysis of the relocation process to housing complexes for the 460 families residing in Banhado.

Table 3. Comparative analysis of the Socioeconomic Diagnosis of the Families of the Banhado and the PDR Banhado.

Resettlement for housing estates						
Forms of compensation	Denomination	Localization	Region	Distance in Km	Forecast	Typology
Housing unit	Colônia Paraíso I	Bosque dos Ipês	South	8,2	October 2014	Apartment
	Colônia Paraíso II	Bosque dos Ipês	South	8,2	October 2014	Apartment
	Colinas I	Cajuru	East	10,8	January 2016	Apartment
	Colinas II	Cajuru	East	10,8	January 2016	Apartment
	Alto da Ponte	São Geraldo	North	4,9	January 2016	Apartment
	Cajuru III	Cajuru	East	11,2	January 2016	Apartment
	Bom Retiro III	Novo Horizonte	East	10,7	April 2016	Apartment
	Mirante do Limoeiro I	Limoeiro	West	6,5	April 2016	Apartment
	Mirante do Limoeiro II	Limoeiro	West	6,5	April 2016	Apartment
	Cajuru I	Cajuru	East	11,2	April 2016	Apartment
	CDHU Jaguari	Altos de Santana	Norte	4,2	October 2014	Apartment
	CDHU Tom Jobim	Putim	Sudeste	8,6	July 2014	Apartment
	PMCMV Moradas do Cajuru	Campos de São José	East	9	under study	House
Total units available: 68				Total general units available: 674		

Table 4. Result of the questions PDR Banhado to residents.

Other options			
want to leave	Want indemnity	If you leave, want home	If you leave want indemnity
151	4	46	4
do not want to leave	Others	without registration	TOTAL

Other options			
82	19	154	460

*Source: Prepared by the authors based on data from the Socioeconomic Diagnosis of Families in Banhado and PDR Banhado

The assisted purchase modality was promoted as a major innovation, having been formalized through Municipal Law No. 9,258 of May 5, 2015, which established the Municipal Assisted Purchase Program. This program was created exclusively for families from the Banhado community and was based on the acquisition of another property on the real estate market. However, it was limited to the price ceiling established under Tier 1 of the PMCMV (Minha Casa Minha Vida), namely R\$ 76,000, plus an additional R\$ 20,000 provided through complementary financial support from the State Government, totaling R\$ 96,000. The family was responsible for finding a new or used property, which would then be appraised by the Municipal Housing Department [36].

Once again, the Public Defender's Office raised new arguments questioning the compensation mechanisms outlined in the PDR Banhado. In fact, it was unclear whether the income limit for Tier 1 of the PMCMV (R\$ 1,600.00) would be enforced. Moreover, if the property's value exceeded the R\$ 96,000 threshold, the municipality would only cover the appraised amount, with the remaining difference to be paid by the buyer [35].

Despite the data manipulation strategies, the municipality expressed concern over the number of residents who declared that they did not wish to leave Banhado (82 individuals). The remaining responses can be analyzed in another table extracted from the Socioeconomic Diagnosis (Figure 5).

Options	Adhesions					Total of memberships	without adhesion	Total
	HP "Campos de São José"	HP "Colônia Paraíso"	HP "Jaguari"	HP "Moradas do Cajuru"	HP "Tom Jobim"			
House							33	33
Assisted purchase							55	55
Compensation							19	19
Remain in the Banhado							22	22
HP	1	61	45		5	112	34	146
HP - house	1			5		6	32	38
without information							147	147
Total	2	61	45	5	5	118	342	460

Figure 5. Socioeconomic Survey Jan/2014.

A comparative analysis of the Socioeconomic Diagnosis and the Banhado Resettlement Plan (PDR Banhado) reveals that relocation to housing complexes in distant areas was the prevailing approach (118 declared acceptances). However, considering how the questions in the socioeconomic survey were formulated—framing resettlement options as the only viable alternative and excluding any possibility of remaining in place—this constitutes evidence of fraud in the process, which ultimately invalidates the data.

In this way, the municipality obtained false arguments to justify the resettlement. As stated in the PDR Banhado, 81% of respondents reportedly intended to opt for relocation [34]. Yet the manipulation of data undermines the credibility of responses regarding resettlement preferences. Despite the existence of multiple options, the municipality sought to reinterpret the IDB's notion of involuntary resettlement to fit

its own housing policy, grounded in large-scale housing complexes.

For these reasons, the Banhado Residents' Committee expressed dissatisfaction with the dialogue process, claiming that the commitments made were not honored by the city. Based on interviews with Renato Leandro and Jos é Donizetti, it became clear that the petitioners were divided: one group, aligned with Cosme Vitor, supported the continuation of the dialogue, while another demanded its termination [28, 32]. The MICI raised concerns about the committee's representativeness due to internal divisions and the prevailing demand among residents to remain in Banhado—an assertion that clashed with the Diagnosis's claim that 81% of residents had accepted relocation [34].

Relations between the parties were interrupted but resumed in November 2014, largely due to MICI's persuasive efforts to

reengage the residents. On March 13, 2015, the parties signed the Dialogue Rules, which set forth a work plan and detailed timeline, established a new residents' commission, and included a formal commitment by the city to comply with agreements reached during the meetings [37].

The Dialogue Rules document reveals that MICI sought a focused and streamlined negotiation process, with each party limited to six participants. The petitioners included two representatives from social movements, as well as four primary and two alternate members of the residents' commission. A public defender from São José dos Campos and an administrative team from the IDB also participated as observers, without decision-making authority [37].

The accelerated pace of the dialogue was a defining feature of the conflict mediation process. It consisted of eleven meetings, beginning on April 25, 2015, and scheduled to conclude by December 5, 2015. The main objective was to develop the Involuntary Resettlement Plan (PDR) with community participation. MICI would oversee the entire process from 2015 to 2017, divided into three phases: pre-occupation, occupation, and post-occupation [37].

It was clearly understood by both MICI/IDB and the municipality that there would be no possibility of remaining in place. According to the Consultation Phase Report: "It is important to emphasize that when removal is a project objective, the guiding principle must be to minimize disruption to the affected population" [22].

In general, the resettlement of the Banhado community was a subcomponent of the Urban Structuring Program of São José dos Campos (PEUSJC), which explains MICI's insistence on elaborating the PDR as a way to comply with Operational Policy OP-710 and the loan agreement clauses.

OP-710 does not consider the possibility of in-situ urban and housing upgrades, nor internal relocation within the community. It operates solely through the logic of removal, requiring the implementing agency to prepare a resettlement plan with adequate compensation options designed to minimize the negative impacts of displacement.

In Gramscian terms, the Carlinhos Almeida administration carried out the resettlement of Banhado residents using a dual strategy: force and consent, authoritarianism and hegemony. Assuming the existence of rulers and the ruled, it is up to the ruling group to identify paths of least resistance in order to more effectively exercise political direction over the governed [30]. In this case, the municipality relied more on its coercive apparatus than on its hegemonic apparatus.

Even the consensual actions, such as meetings and public hearings, were inherently authoritarian, insofar as they instituted a form of social participation preconditioned on the physical removal of the population.

To carry out the resettlement more effectively, the PDR included a communication plan, structured into five modalities: (1) printed newsletters; (2) printed notices; and (3) text messages. All three were to follow the same logic: to convince

residents that urbanization of the area was unfeasible due to its environmental status, and to guide them toward in-person or telephone service at the Local Management Office (ELO) [34].

This communication plan was developed by the Planning and Communication Advisory Office of the Municipal Secretary of Government.

The ELO served as the main interface with residents and was responsible for transmitting resident data to the Secretary of Government. The entire process was coordinated by the Program Management Unit (UGP), which justified the need for the plan based on data from the Socioeconomic Diagnosis—specifically, the supposed finding that 81% of residents had accepted relocation to housing complexes, which the municipality interpreted as an "openness" to engagement with public authorities.

The municipality assumed that the community's low educational attainment would not hinder the implementation of the communication plan, arguing that the widespread use of cellphones among residents demonstrated sufficient reading ability. Paradoxically, the same data on low schooling levels were used to justify the need for resettlement, framed as a strategy to overcome social vulnerability [34].

The Public Defender's Office, in contrast, argued that the municipality ignored the rural origins of the families and manipulated the data in a biased manner [38].

The printed newsletter, titled Casa Legal (Legal Home), was to be issued monthly in full-color A4 format, front and back, with a circulation of 500 copies per edition during all three resettlement phases. The newsletter was to become part of the community's daily life throughout the three-year resettlement period. Casa Legal would be distributed at public meetings and at the ELO, with content focused on the municipal housing program and the PDR Banhado [34].

However, a preliminary analysis of the content and design of the Casa Legal newsletter suggests that it functioned as a genuine marketing and real estate brochure, featuring bright colors, suggestive headlines, and testimonials from residents who had allegedly agreed to the resettlement (Figure 6).

The inclusion of testimonials from residents who agreed to resettlement can be understood as a calculated strategy to weaken the Banhado Residents' Committee. The selected statements conveyed ideological messages intended to persuade the broader community, such as the notion of homeownership expressed by Ruth Maria Ramos Silva: "Having the opportunity to buy my own house is an achievement, the realization of a dream" [39]; or the meritocratic framing that blames the poor for their own condition, as in the testimony of José Santos Silva: "I spent 40 years of my life in Banhado. I decided to leave because I believe people need to seek a better life... The City Hall is giving us support to live in a better place" [39].

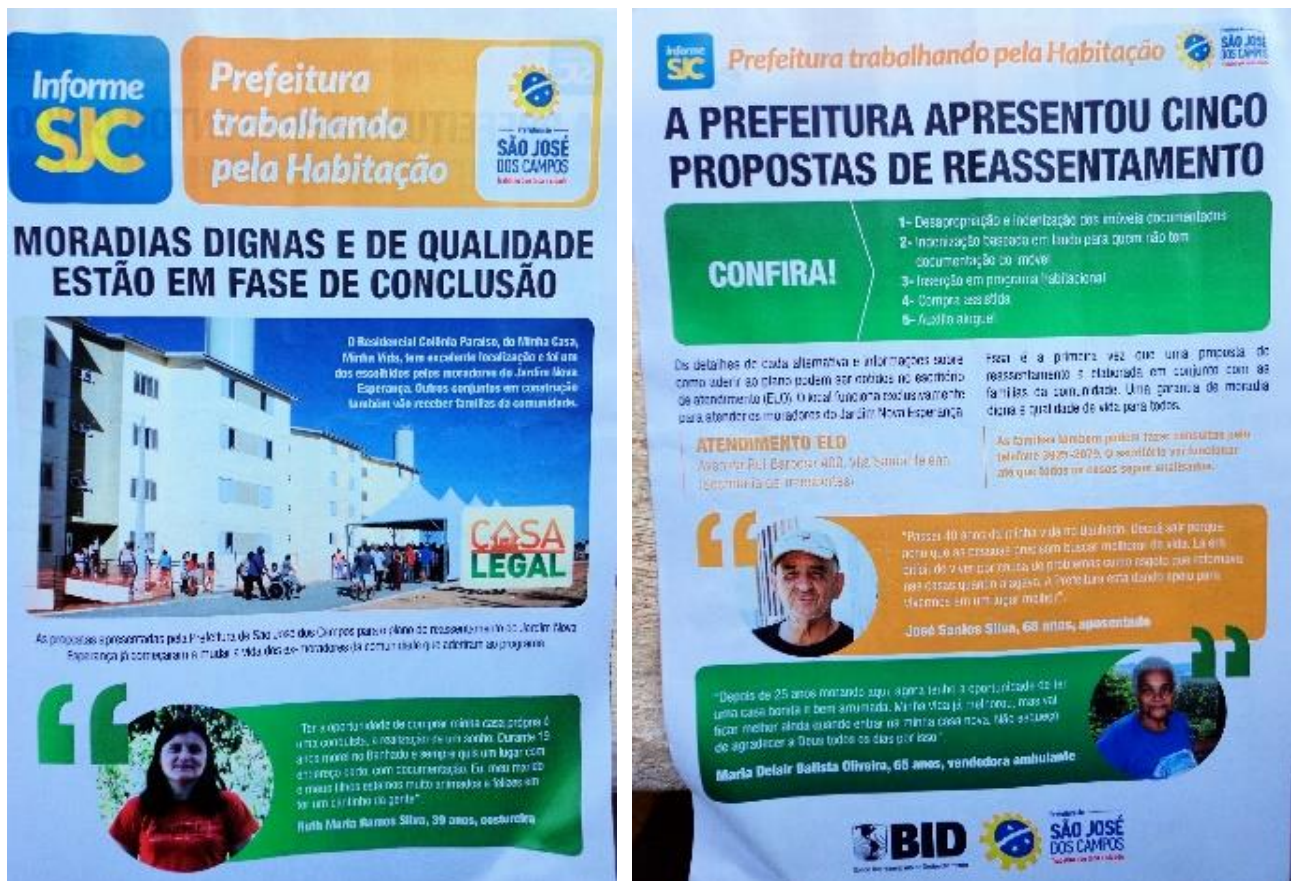


Figure 6. Informative Cool House, N°1, abr. 2015.

Furthermore, the text evokes the notion of life transformation made possible—ostensibly—by the benevolent action of the municipality. It presents the resident with a dilemma: change your life or remain in poverty, while also creating divisions within the community between those who "defend poverty" (i.e., staying in place) and those who "choose a better life" (i.e., opting for resettlement). Every issue of *Casa Legal* was designed to lead residents toward ELO services, where they could select one of the compensation options.

However, as previously discussed, the available compensation options effectively steered residents toward relocation into housing complexes.

In the analyzed promotional material, there is a photograph of the Colônia Paraíso Housing Complex, which is described as being in an "excellent location." Yet Table 2 had already demonstrated that this complex is situated in the southern region, 8.2 kilometers away from the original neighborhood.

The printed notices (avisos impressos), in turn, were designed to convey quick, straightforward messages.

With a print run of 500 copies in black-and-white A4 for-

mat, these notices were to be distributed by social workers or staff from the Department of Community Relations. Like the *Casa Legal* newsletter, the objective of the printed notices was to direct residents toward service at the ELO [34].

In the notice presented below (Figure 7), the structure of the compensation mechanisms under the PDR is made explicit within a discourse aimed at eliciting voluntary adherence to the resettlement process. The strategy relied on the unequal allocation of compensation based on pre-established categories defined solely at the discretion of the ELO. Only the ELO had the authority to determine which residents qualified for compensation, categorizing them according to the PDR's classifications by comparing documents submitted during service at the ELO with data from the 2014 Socioeconomic Diagnosis [40].

Moreover, the official discourse shifted the status of residents—from affected persons to beneficiaries of international financing. Table 5 presents a typology of beneficiaries, as well as the unequal distribution of compensation payments.

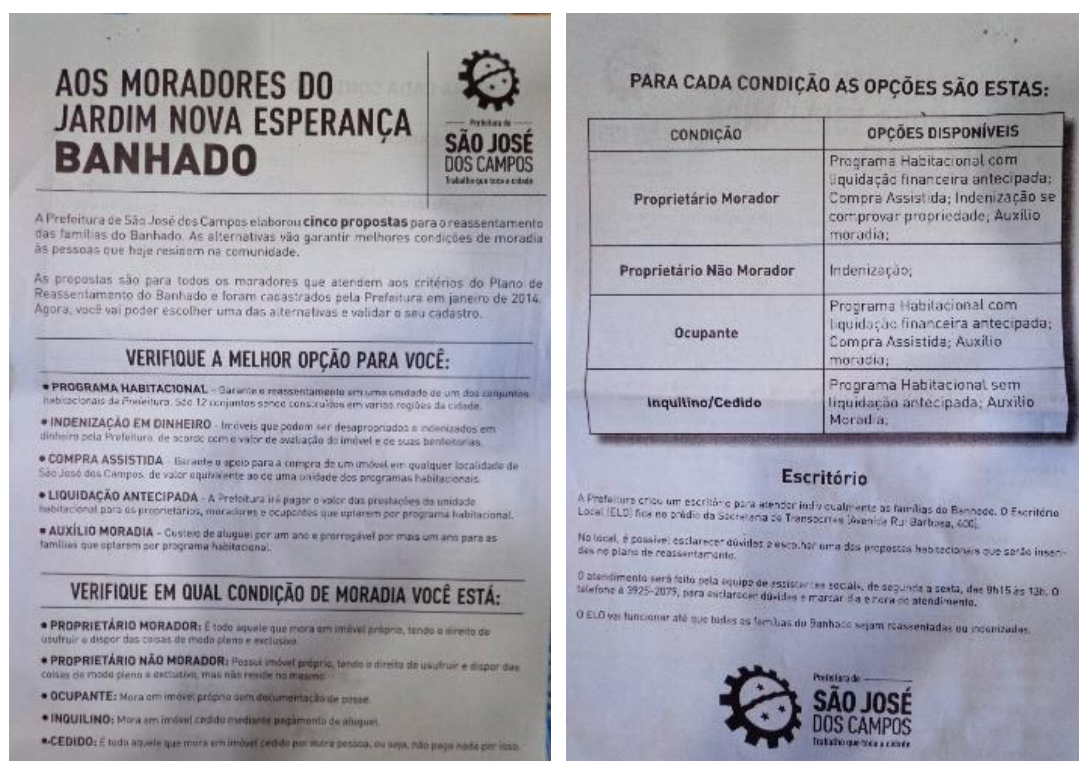


Figure 7. Notice printed: to the residents of Jardim Nova Esperança Banhado. 2015.

Table 5. Options by type of beneficiary.

Beneficiaries	Description	Compensation
Owner resident	Owner resident with property documentation	1. Housing unit with early liquidation 2. Assisted purchase 3. Indemnity, if proof of ownership 4. Housing benefit
Owner not resident	It has immovable, but does not reside in	Indemnity
Occupant	Lives in the property, but does not have documentation	1. Housing unit with early liquidation 2. Assisted purchase 3. Housing benefit
Tenant	Live in the property under rent	1. Housing unit without early liquidation 2. Housing benefit
Ceded	Live in the property under loan	1. Housing unit without early liquidation 2. Housing benefit

* Source: Developed by the authors based on data from PDR Banhado.

A comparison between Table 4 and the data from the Socioeconomic Diagnosis reveals that, out of the 460 households surveyed in 2014, 341 (74.1%) lacked any form of documentation. As a result, 74.1% of residents were excluded from receiving monetary compensation and were instead required to choose among assisted purchase (R\$ 96,000), rental assistance (12 months of rent), or relocation to a public housing unit. Unsurprisingly, most of the residents registered

in 2014 opted for relocation to public housing complexes—a total of 118 acceptances (Figure 5)—since the assisted purchase and rental assistance options were insufficient to enable the acquisition of a new home. This situation endangered residents' right to housing. In reality, what was framed as a "choice" was in fact an induced decision, in which residents were given a false impression of freedom.

Undoubtedly, the accountability strategy implemented by

the Program Management Unit (UGP) and mediated by MICI/IDB served a dual function: to reduce the costs of the resettlement plan and to stimulate the real estate and construction sectors through the development of low-income housing projects located on the urban periphery (see Table 2).

This case underscores how the managerial logic of the state is increasingly extended to other levels of government, including municipalities. Clearly, the administrative modernization promoted by the IDB plays a key role in shaping this new rationality: on the one hand, it relaxes rules to encourage private enterprise, while on the other, it adopts a regulatory and evaluative stance. The state and other institutions begin to deploy new instruments of power mediated by financialization, which in turn exerts pressure on public agendas. The generalization of competition results in social policies—such as the PDR Banhado's compensation mechanisms—being designed to cost as little as possible so as not to interfere with economic competitiveness [1].

Within this logic, in another printed notice, the UGP and MICI established the rules for house swaps—referred to as the “chessboard” (xadrez) system. This strategy was meant to regulate the temporary stay of those residents who had not yet agreed to the PDR. Some of the key rules included [41]:

- 1) Both residents must be registered in the 2014 Socioeconomic Diagnosis [41];
- 2) The person designated to occupy the vacated house must be formally registered at the ELO, either by the resident or by the residents' committee [41];
- 3) The vacated house may only be reassigned if approved by a civil defense inspection, which must determine that the vacated house is in better condition than the applicant's current home [41];
- 4) The applicant's current house must be demolished following the signing of a demolition authorization form [41].

In the official text, the municipality emphasized that this was a response to a request from the Banhado Residents' Committee and claimed that the house swap rules had been developed in collaboration with the committee. To further legitimize the policy and encourage community buy-in, the logo of the Residents' Committee was placed alongside those of the MICI and the municipality—clearly intended to reinforce the message of collective agreement [41].

However, Renato Leandro reported that the “chessboard” system (xadrez) was sabotaged by the municipality itself, which claimed that the homeowner would not be eligible for compensation unless they agreed to the demolition of their previous dwelling—thus arbitrarily reversing the rules. On one occasion, the residents' committee mobilized to ensure that the chessboard system would be upheld, but the municipality went ahead with the demolition and repressed demonstrators using police force [28].

According to interviewee A, the municipality strained its relationship with MICI by violating the terms of the dialogue and carrying out selective demolitions in Banhado. MICI

pressured the city to halt such unilateral actions and to remove the debris left behind. However, MICI had no power to protect Banhado families from municipal retaliation, nor could it enforce compliance with Operational Policy OP-710 by the implementing agency [27].

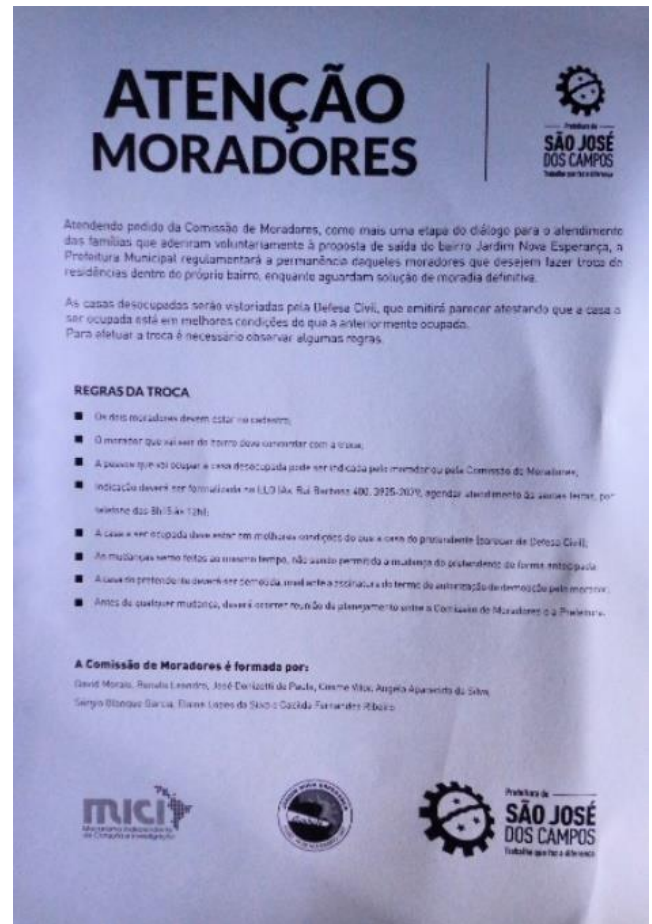


Figure 8. Notice printed: Attention residents. 2015.

Meanwhile, the MICI-mediated dialogue reduced social participation to a mere simulation, where the prevailing logic was one of individual responsibility and self-discipline. The introduction of financial audit techniques, performance evaluations, and surveillance mechanisms aimed to heighten control over individuals and encourage high-performing behavior.

MICI's “Dialogue Rules” subjected the Residents' Committee to the evaluative authority of the Independent Mechanism itself, meaning that participation implied acceptance of hierarchical judgment through MICI's own assessment tools. In this sense, accountability came to signify making individuals evaluable, guiding their behavior through incentives for individual performance [1].

The ideal of the accountable subject was generalized even to sectors far removed from finance, including the management of socio-environmental conflicts [1]. In the case of Banhado, by resisting the logic of accountability, the entire

community became collectively held responsible.

In this context, the municipality activated the third strategy in its communication plan: text messaging. Through the Institute for Research, Administration, and Planning (IP-PLAN), the city contracted a package of 10,000 SMS messages to be sent to the mobile phones of residents previously registered at the ELO. It was anticipated that this volume would suffice for 20 mass message campaigns, distributed until December 2016. In theory, the messages were intended to be merely informational [34]. However, according to Renato Leandro and Jos é Donizetti, residents were constantly harassed to agree to resettlement [32]. For Renato, the messages were threatening: “They say you’re going to lose your house, they say that next year you’ll be evicted, they say it’ll be like Pinheirinho, that they’ll demolish your house with you still inside” (verbal statement) [28].

The harassment and coercion experienced by residents via technology highlight one of the defining features of the neoliberal *raison du monde*: the erasure of the boundary between public and private spheres, undermining the very foundations of democracy. The colonization of public administration by the doctrine of good governance has led to a gradual replacement of the notion of public goods by managerial categories such as the individualization of aid and selective allocation of benefits [1].

Taking the Banhado case as an example—where residents were directed to the ELO for service—Dardot and Laval explain that the logic of individualized negotiation tends to replace the rules of public law and democratic political decision-making [1].

Tensions between the parties reached their limit when the Carlinhos Almeida administration published the schedule of public hearings for the Environmental Impact Study of the Via Banhado. In response, the Banhado Residents’ Committee issued a formal statement announcing “its decision to no longer participate in the dialogue process and requesting that its Petition be transferred to the Compliance Review Phase” [42]. The justification was that the municipality had scheduled the hearings without fulfilling the agreement to revise the PDR Banhado, which had guaranteed the participation of residents at all stages of the resettlement process.

The MICI and the municipality were caught off guard by the Committee’s decision. According to the timeline, a presentation of the draft PDR Banhado was scheduled for May 23 and 24 [34]. Interviewees expressed deep frustration over the committee’s decision. Interviewee C stated: “We were winning—the municipality was getting what it wanted, responding to families’ requests, so the negotiation was working, MICI was happy... Then suddenly, it all falls apart... For me, that’s very paradoxical... things were going well, and then the families pull out” [42]. Interviewee A added: “It was a huge disappointment for us—we tried to reverse it, but there was no way, no way to undo it” [27].

In the face of this setback, the IDB ordered the resettlement subprogram for Banhado families to be withdrawn from

international financing, according to interviewee C. Through a contractual amendment, the funds originally allocated for the Via Banhado and the resettlement process were redirected toward the construction of the Via Cambu í and the regularization of several informal settlements [42].

Thus, the MICI dialogue process in the PEUSJC case became part of the broader good governance doctrine, in which negotiated conflict resolution is reduced to the pacification of dissent—without any transformation of the underlying structures of conflict [7].

5. Conclusions

This research has demonstrated how negotiated conflict resolution within neoliberal governance systems—exemplified by the MICI’s mediation processes—often depoliticizes dissent by framing infrastructure disputes as technical, “win-win” scenarios. By prioritizing accountability techniques that emphasize bargaining capacity over substantive rights, such mechanisms risk reducing participatory forums to exercises in co-responsibilization, where affected communities are subtly pressured to concede to preordained outcomes. The Banhado case illustrates this dynamic: participation in resettlement planning became a means of legitimizing external agendas, while the appointment of community “representatives” served to fragment collective resistance and appropriate local voices.

This study underscores the need to investigate how alternate dispute resolution frameworks - not only in the IDB but in multilateral development banks more broadly - might be redesigned to center structural inequalities rather than suppress conflict as a managerial inconvenience. Future work could compare the MICI approach with more transformative justice models, such as those prioritizing redistributive over procedural remedies.

Ultimately, these findings challenge prevailing assumptions that participatory mechanisms inherently democratize development. Instead, they urge scholars to interrogate whose participation is legitimized - and at what cost. By situating MICI-style mediation within wider critiques of neoliberal governance, this work opens pathways for research that reimagines conflict not as a problem to be eliminated, but as a constitutive force in renegotiating power.

The transformation of the complainant into the official representative of the families illustrates a sophisticated method of expanding MICI’s influence within communities. At the same time, delegating the role of spokesperson to this representative enabled the appropriation of the residents’ voices.

Following the breakdown of the dialogue process, the PEUSJC case was forwarded to the Compliance Review Phase, which initiated an investigation into the IDB’s conduct. However, that topic will be the subject of a separate publication.

Abbreviations

IDB	Inter-American Development Bank (Banco Interamericano de Desenvolvimento - BID)
MICI	Independent Consultation and Investigation Mechanism (Mecanismo Independente de Consulta e Investiga ção)
PEUSJC	Urban Structuring Program of S ão Jos é dos Campos (Programa de Estrutura ção Urbana de S ão Jos é dos Campos)
IFI	International Financial Institution
IAM	Independent Accountability Mechanism
IAMNet	Independent Accountability Mechanism Network
IMF	International Monetary Fund (Fundo Monet ário Internacional - FMI)
RFFSA	Federal Railway Network (Rede Ferrovi ária Federal)
PMCMV	My House My Life Program (Programa Minha Casa Minha Vida)
HBB	Habitar Brasil IDB Program (Programa Habitar Brasil BID)
RAA	Environmental Assessment Report (Relat ório de Avalia ção Ambiental)
PIAS	Integrated Social Action Program (Programa Integral de A ção Social)
RGAS	Environmental and Social Management Report (Relat ório de Gest ão Ambiental e Social)
PDR	Involuntary Resettlement Plan of Jardim Nova Esperan ça - Banhado (Plano de Reassentamento Involunt ário do Jardim Nova Esperan ça - Banhado)
OP-710	Involuntary Resettlement Policy (Pol ítica de Reassentamento Involunt ário)
OP-761	Gender Equality Policy (Pol ítica de Igualdade de G ênero)
OP-102	Access to Information Policy (Pol ítica de Acesso à Informa ção)
OP-703	Environmental and Safeguards Policy (Pol ítica de Meio Ambiente e Salvaguardas Ambientais)
ELO	Local Management Office (Escrit ório Local de Gest ão)
UGP	Program Management Unit (Unidade de Gest ão do Programa)
CDHU	Housing and Urban Development Company (Companhia Habitacional de Desenvolvimento Urbano)
UBS	Basic Health Unit (Unidade B ática de Sa úde)
PT	Workers' Party (Partido dos Trabalhadores)
PSDB	Brazilian Social Democracy Party (Partido da Social Democracia Brasileira)
CMP	Central of Popular Movements (Central de Movimentos Populares)
FUNDHAS	H élio Augusto de Souza Foundation (Fundação H élio Augusto de Souza)
IPPLAN	Institute for Research, Administration and Planning (Instituto de Pesquisa, Administra ção e Planejamento)

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Author Contributions

Douglas de Almeida Silva: Conceptualization, Data curation, Formal Analysis, Investigation, Methodology, Writing – original draft

Marcel Fantin: Supervision, Validation, Visualization, Writing – review & editing

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Data Availability Statement

Through this cover letter, we request the acceptance of this article for peer review. We clarify that the manuscript was developed based on the results of a postdoctoral project, developed at the Institute of Architecture and Urbanism of the University of S ão Paulo, with co-participation of the University of Vale do Para íba, and financed by the S ão Paulo State Research Foundation (Donation No. 2023/10435-6).

The results were obtained through documentary research and semi-structured interviews, previously approved by the ethics committee (n. 39929914.0.0000.5503).

Conflicts of Interest

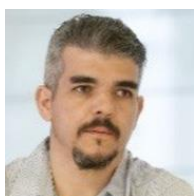
The authors declare no conflicts of interest.

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Biography



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