



EVALUATIVE STUDY



ACHIEVEMENTS AND CHALLENGES FACED IN PROMOTING LOCAL DEVELOPMENT AND PRODUCTIVE INCLUSION

Responsible for the study:



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1. OBJECTIVES AND METHODOLOGY OF THE STUDY

ACER has been working since 1993 to defend the rights of children and young people living in the southern region of Diadema (SP). In 2008 it set up the Catalisar Project - a strategy aimed at creating a model of economic development for the productive inclusion of the most vulnerable members of society.

Among the things which attracted ACER to the initiative, it is worth highlighting the following:

- a) Because Brazil has shown that it continues to grow economically, at a time when more developed countries are affected by economic problems, it provides the opportunity to take steps towards sustainable development and productive inclusion. In spite of the economic achievements in the last few years, the indices of inequality in Brazilian society are still among the greatest in the world. On the whole, Brazil can still be described as a country in which an archipelago of highly productive enterprises exists amidst an ocean of activities of low productivity¹. In the last few years, significant numbers of the poorer population have improved their standard of living aided by programmes of transferring income, however they still do not find themselves included permanently in economic product chains, which reveals the weakness of our model of development. Therefore, it is vital to build strategies for creating employment and income which, like the Catalisar Project, look to promote productive inclusion amongst the most vulnerable sections of society, gradually reducing the need for assistance in order to survive, and helping people become self-sufficient, increasing the internal market and strengthening competition in the national economy.
- b) The neighbourhood of Eldorado, in which ACER works, is an example of Brazil's struggle for sustainable development. Figures from 2007 show that the monthly income in Eldorado was R\$294,00, a great deal lower than R\$737,00 registered for the average of the municipality in that year. Diadema is a municipality located in Greater Sao Paulo, with a high population density and strong development in industrial and commercial activities; however, the region in which Eldorado is situated is one of the municipal areas least affected by these activities. Wealth does exist in Diadema, but it is not distributed equally in neighbourhoods on the outskirts such as Eldorado. There is a great demand in the neighbourhood among young people and adults for productive activities, but geo-economic factors make it difficult for large businesses to establish themselves here. These gaps and challenges make ACER's

¹ Sachs, 2008

² IPEA, 1996, p.23. O conceito de Desenvolvimento Local Integrado e Sustentável vem inspirando experiências em

neighbourhood, Eldorado, a fertile ground for carrying out a project for local economic development.

- c) Public policies, which could help reduce poverty in the southern region of Diadema and promote its economic development, are still weak in the area. In Brazil, the social inequality results in, amongst other things, an unequal presence of the public sector in local neighbourhoods. In this way, the presence of ACER in Eldorado – its work as a mediatory organization which promotes resources and partnerships between different sectors for local development – makes the Catalisar Project an innovative experiment among public policies aimed at productive inclusion for the low-income population.

With these issues in mind, which sum up the important challenges for the socio-economic development of the country, the present study aims to demonstrate the achievements and challenges of the Catalisar Project, a strategy which looks to promote local development in vulnerable areas by strengthening popular enterprise and creating partnerships between sectors.

Between February 2008 and July 2010 the Catalisar Project experienced its pilot phase, aimed at testing the consistency and viability of its principles and methodologies. This stage sought to consolidate the project's methodology, and so it is important to evaluate the extent to which the strategies were consistent in developing enterprise and financial independence within the population targeted by the project. In the same way, it is necessary to evaluate to what extent the project succeeded in encouraging agents to undertake a joint venture in favour of local sustainable development.

Therefore, the present study conducted interviews, which would help reveal the opinions of “people who have the power to transform the economy” – a key idea of the Catalisar Project – about the impact of the project in developing popular enterprise, and about the opportunities it provides to promote local development.

Interviews were carried out with ten beneficiaries of the Catalisar Project and with representatives from four sectors of the local community. The beneficiaries are local entrepreneurs who live in Eldorado, who have been supported by the project through coaching, and the creation of conditions that favour sustainable productive inclusion. The representatives from sectors of the local community work in public or private organizations (financial agencies, commercial groups, public universities established in the municipality) that have (or are able to create) links with the Catalisar Project in the task of promoting local development.

FOUNDATIONS OF THE CATALISAR PROJECT

2.1. Aims of the Project

The Catalisar Project's main aim is to increase the well-being of Eldorado's residents, through transforming the local economy into a gradually more sustainable economy.

The specific objectives of the project are written below:

- a) To engage the different sectors within society – private sector, ONGs, residents– in the process of transforming the local economy.
- b) To promote understanding amongst local people about how the local economy works – the way in which an influx of resources makes it possible to develop the local economy or indicates a hole in resources from outside the area – and the creation of ideas and initiatives by which the resources will stay in the area and make its development possible.
- c) To support the local residents in carrying out their business ideas, using methods of coaching and forming partnerships, alliances and public policies which promote the consolidation of enterprises, which consequently increases opportunities for work and generating income in the area.

2.2. Guiding principles

In a country like Brazil, a strategy of development must attempt to gradually reduce the inherent differences between the rich and developed sections of the population (in the minority) and the large group of people who have difficulty in earning money and/or making a lasting or sustainable contribution to the economy.

The Brazilian economic development policy has still not been able to sufficiently promote this reduction in inequality. Alongside a part of the economy characterized by high productivity and the latest technological development, there remains a wide range of activities and micro-enterprises of low productivity, in which the majority of workers are poorly qualified.

The economic aspect is just one of the issues involved in sustainable development. Without a stable economy it is impossible to promote development. Therefore, without advances socially (reducing inequalities and improving inclusion), environmentally (preserving sustainable living systems), territorially (fairer distribution of resources, activities and population) and politically (evolution of government to provide more democratic processes) there is no way of achieving a fair and balanced level of development.

The Catalisar Project has at its foundation the aim of integrated and sustainable local development. This aim proposes “a new way of promoting development, which allows the possibility of an increase in more sustainable communities, which are capable of: fulfilling their immediate needs; uncovering or awakening vocations amongst people and developing their individual potential; and supporting external exchanges, making the most of their local advantages”

²

Sustainable local development depends on forming a government strategy based on cooperation between the State, and businesses and organizations within society. The success of this strategy depends on the agents’ ability to lead a collaborative development process.

In situations tainted by a history of inequality, the strategy of local development needs to promote fair work for all, not just through increasing employment, but also by encouraging popular enterprise in its various forms – self-employment, individual micro-enterprises, production groups, produce associations, popular cooperatives.

In Brazil, as in other Latin American countries, small enterprises account for around 90% of the population. Strengthening this section of the economy means strengthening the internal market and could contribute dramatically in integrating the country into the global economy.

The PNUD has just published a study about development and inequality in Latin America, which highlights this situation. ³

According to this study, Latin America is still the part of the world with most inequality. The two basic reasons for this are, according to the PNUD, generational inheritance and the poor performance of public policies. Generational inheritance – the repetition of circumstances from one generation to the next – is a situation which the traditional policies of social mobility have not yet

² IPEA, 1996, p.23. O conceito de Desenvolvimento Local Integrado e Sustentável vem inspirando experiências em localidades diversas do país, com foco em cinco objetivos básicos: 1) superar a pobreza; 2) articular o desenvolvimento econômico ao desenvolvimento humano e social; 3) constituir-se em estratégia de fortalecimento dos espaços locais em face do processo de globalização; 4) ser uma estratégia para a sustentabilidade; 5) transformar a sociedade rumo à democracia, cidadania e sustentabilidade.

³ PNUD (2010).

managed to break. This is one of the focuses of the Catalisar Project, given that almost all the people behind the project are from the most vulnerable sections of the population.

The PNUD study also points to the fact that economic and social development policies in Latin America do not prioritize critical factors for reducing inequality, such as linking activities of transferring income with professional qualifications, and improving the inclusion of popular enterprises in product chains. The Catalisar Project aims to close this gap, creating partnerships between local agents who could promote development through productive inclusion and support to help develop local micro-enterprises.

In Brazil, the main reason for which people from low incomes set up micro-enterprises, is the lack of salaried jobs on offer and their need to survive. When they set up the enterprise, most of these people are not prepared for the structuring, planning, managing and sustaining of their own small business. Furthermore, local enterprises who manage the initial set up stage are faced with a hostile environment in which to survive and grow. The result of this is well known: despite the initiative and courage shown by local enterprises, almost half of micro-enterprises shut within two years of opening.

The main difficulties local enterprises have in growing in countries such as Brazil are the following⁴:

- a) Institutions, which should support the activities of enterprises, are not sufficiently organized and prepared to work with this section of the population.
- b) There is a lack of efficient public policies for encouraging local enterprise, either on an individual or collective level.
- c) Small enterprises suffer from excessive work taxes and costs.
- d) There is limited access to capital.
- e) Access to appropriate technologies and new markets is difficult.
- f) Employers need to refine their managerial skills and their access to consultancy services.

⁴ Global Entrepreneurship Monitor - <http://www.gemconsortium.org>.

In contrast, recent democratic achievements have paved the way for structural changes that give priority to small enterprises in local economic development. Gradually the municipal governments have been obliged to assume a new role in creating and aiming for conditions that favour local economic development. The largest and most well structured businesses in the private sector will also be able to help stimulate local development through spreading awareness and encouragement and by adopting cooperative practices within its production lines.

The Catalisar Project acts on the points mentioned above. It offers opportunities and support for productive inclusion in local enterprises; it looks to bring about partnerships between local agents (public and private) to create political, institutional and financial conditions that make local micro-enterprises viable.

Local development processes promote “development from the bottom”: that is, they must include actions which are not limited to promoting development amongst the traditionally better structured sections, or favour mere marginal productive inclusion amongst the poor. To create effective conditions in which to reduce inequality, it is necessary that local development takes place at the bottom and is worked on cooperatively by social organizations, businesses and governments.

The Catalisar Project’s strategy of action is based on the idea - “local product line” – a way of joining businesses and organizations which act within an established productive activity and maintain a link of cooperation and understanding between themselves and other local businesses, such as governmental bodies, associations, credit institutions, educational and research institutions etc.

The idea behind local product line is the same as the idea behind local development. Local product lines work in the interest of economic development, encouraging local enterprises to come together, strengthening partnerships amongst businesses in the same sector, allowing self-employed people and local enterprises to join local product lines, or helping to incorporate micro-enterprises in new markets.

It is worth noting that this is a field undergoing change. Initial studies which cover local development show that many of these experiences are marked by a certain experimentalism and low level of integration when they occur within the local area or region. The majority is unveiled by a specific organization (government, private initiative, civil service organization) and it is not uncommon that they end up reflecting above all the interests and characteristics of the segment that leads the organization. In this way, a great challenge which these experiences face is the simultaneous need for local enterprises to adapt to a competitive logic in the market, to construct

collaborative relations which favour social inclusion and reduce inequalities.⁵ The way in which it faced these problems intelligently made the Catalisar Project a relevant example for advancing conceptually and practically local economic development strategies.

To summarize, the Catalisar Project can contribute decisively in confronting the problem of development in the modern world, as expressed by Muahammad Yunus: “How is the poorer half of the world’s population going to become involved in the dominant economy and become capable of competing in a free market?” The principles and methods of the Catalisar Project are aligned with Yunus’s suggestions for dealing with this issue. According to him, it is necessary: “to recognize the enormous potential of the poor, mainly women and their children. It is necessary to see them as independent operators who can act on their own behalf, including setting up autonomous businesses or creating positions of work for others.”⁶

2.3. Strategies

2.3.1. Understanding the reality and identifying opportunities to fill gaps in the local economy.

The first stage of the Catalisar Project involves carrying out meetings and workshops about local employment, with the help of various community representatives, aimed at identifying the economic, social and environmental positive aspects and the current needs of the area (Eldorado and surrounding areas). The issues raised in the meetings could be of a commercial or socio-cultural nature, and can support opportunities for commercial enterprise or a leading social role.

The project also uses a technique called “Local Multiplier” to evaluate expenses and costs within a community, and to calculate which of these spends are made locally and which spread to other areas.

The results should lead to the identification of economic and social enterprises which could be led by local businesses; respond to the needs of the local community; avoid resources being lost to other regions and have a positive impact on the local community.

⁵ França, Caldas e Vaz (2002 e 2004).

⁶ Yunus (2008).

The technique, 'Local Multiplier' proposes that businesses and organizations already established in the community evaluate their annual budget, their spending on contracted suppliers, and also their spending on their own suppliers and staff, keeping in mind the map of products consumed by the community and outside of it. From this map the business or organization in question is able to purchase effectively in the local area. At the same time, this provides opportunities and aspirations for the creation of new enterprises within the local area, which could offer quality products or services at prices that fit the needs of the clients.

2.3.2. Developing local enterprise

The Catalisar Project uses a coaching method to support individuals and institutions in developing their commercial or socio-cultural enterprises.

The coaching is different from traditional training methods because it is based on establishing links that promote the interests and abilities of individuals and groups in developing their projects. This is an approach which uses horizontal cooperation, based on communication which gives direction, and stimulates efforts, determination and actions within the enterprise, and strengthens their sense of responsibility and pro-activity rather than depending on external organizations.

Alongside the coaching, the project provides access to micro-credit (from the Banco do Povo Crédito Solidário) and professional advice (from organizations such as SEBRAE, SENAI etc.) so that enterprises have the adequate conditions and skills to manage and operate their business, and to allow people within the community to improve their employability.

The project does not just support commercial enterprises, but also individuals who wish to create non-profit-making organizations in areas such as culture, education, sport or leisure. These enterprises strengthen social capital within the community and help to reduce problems (such as the spread of violence) that weaken the fabric of society. As their success depends on financial resources provided by public budgets (both state and federal) or on private finance agencies, they are equally as important economically in the local area.

One fundamental aspect of the Catalisar Project is its association with ACER and the work it does in overcoming social problems and defending rights. This is particularly important in the case of enterprises which depend on social assistance policies to survive or to overcome difficult conditions, and which seek emancipation through enterprise.

2.3.3. Forming partnerships and local production chains.

Based on the experience and credibility ACER has gained since its opening in Eldorado, the Catalisar Project plays a mediatory and communicative role in forming partnerships which promote sustainable social inclusion among local micro-enterprises.

Forming partnerships is essential for ensuring:

- Credit for profit-generating or financial initiatives launched by socio-cultural non-profit-making organizations.

- . Product chains that could link local enterprises with product and consumer lines of large businesses.

- Strengthening of public policies and government actions within the municipality, which increase sustainability of local enterprises.

2.4. The public affected by the project: identity and diversity

The Catalisar Project not only promotes commercial enterprise, but also socio-cultural enterprise; it welcomes local individuals and solidarity productions groups; it supports young people who dream of carrying out personal projects or people who have already made steps towards employment, either formally or informally; it guides local enterprises which have past experience and which want to improve their work, as well as people in difficult situations who need special support to overcome problems and improve their living conditions.

Researchers at IPEA have just shared a study⁷ that showed characteristics of possible beneficiaries of an intervention strategy aimed at promoting productive inclusion in the poorest sections of society. The study used the section of society included in the 'Cadastro Único⁸' – a total of 72.9 million people (both economically active and inactive). Within this contingent, the economically active population represented around 29 million people. With the exception of a sub-group, (family agricultural workers and unlicensed agricultural workers, which make up 25%) the majority of this section of the IPEA included in the 'Cadastro Único' is represented at some level by beneficiaries of the Catalisar Project, (domestic or foreign employees, licensed or unlicensed, unlicensed urban workers, self-employed, unemployed and poorly integrated workers). Of the 29 million workers economically active in the Cadastro Único, around 11.9 millions are young people between 16 and 29 years – also represented among the beneficiaries of the Catalisar Project.

⁷ Castro, Sátyro, Ribeiro and Soares, 2010

⁸ O Cadastro Único embodies the section of society most problematic economically

Through welcoming such diverse profiles within the local economic world, everyday the Catalisar Project faces the challenge of acquiring and personalizing its methodology in dealing with different levels of capability and degrees of vulnerability among the people who are seeking more sustainable economic inclusion. At the same time, it has become highly knowledgeable about specific aspects of each sub-group; about the challenges faced in strengthening local enterprise and about inclusive processes of local development.

3. RESULTS ACHIEVED BY THE PROJECT

3.1. Results in figures

In order to promote activity among residents in Eldorado and the identification of local economic development opportunities, the Catalisar Project carried out the following in their pilot stage:

- . 20 workshops mapping the positive aspects of the community.
- . 20 workshops about sustainable economic development.
- . 20 workshops about caring for the environment.

- . 660 people took part in the workshops mentioned above.

Between August 2008 and February 2010 the project took on:

- . 90 entrepreneurs through coaching.
- . The average time dedicated was 39 hours a month (averaging approximately 740 hours a year).

Assisting people did not just happen through coaching, but also includes a wide range of activities such as accompanying entrepreneurs to meetings and events, guiding them in business projects, creating links and contacts which could help them increase their skills and relationships with other businesses etc.

Between April 2009 and February 2010 credit loans aimed at entrepreneurs (through the Banco do Povo) achieved the following:

- . 38 credit loans approved for 31 clients.
- . A total of R\$41,600 loaned during this period.

Aim of the loans:

- Returned capital: 31 clients (81.6%).
- Fixed investment: 7 clients (18.4%).

Restrictions based on credit history:

- Clients with good credit history: 22 (71%).
- Clients with poor credit history: 9 (29%).
- Clients who rectified their credit history: 2.

Encouraging new businesses:

- Businesses already in existence: 26 (83.9%).
- New businesses: 5 (16.1%).

It was only possible to supply loans to those with poor credit history and/ or those who wanted to open new businesses because ACER provided its own source of micro-credit and, with the help of the Banco do Povo, it created a new policy to be used by the organization.

In this pilot phase, the project carried out, along with SEBRAE, 14 management and enterprise courses, which reached 273 people. 30 trained businessmen took part in the SEBRAE 'Good Business' Programme.

"ACER Incubator for Social Businesses" and the "ACER Training Centre" were created as a result of this pilot phase.

The numbers and facts mentioned above significantly indicate the strength of the strategies of action implemented by the Catalisar Project. The impacts of these strategies and the expected results – development of local enterprise, creation of collaborative relations between sectors, opening routes to promote local development – will be expanded upon in the following chapters, which focus on aspects such as the life stories, activities and visions of the beneficiaries and partners of the projects.

3.2. Local enterprise: The journey and challenges faced

3.2.1. Development of commercial enterprise

3.2.1.1. Cleusa e Manoel – Sewing and repairs

About the entrepreneurs

The couple, Cleusa and Manoel owns a clothes shop. Cleusa sews, repairs and makes adjustments to items of clothing. Manoel takes care of the administration. Before opening the shop, neither of them had professional experience in this area. She was a waitress, he was a mechanic.

How the enterprise started

Cleusa always enjoyed sewing and one day she decided to take part in a free course offered by a community organization. Around three years ago she began sewing outside of the course, and decided to take another course, this time for a small fee, which she described as “an investment”.

Manoel describes how the enterprise worked before contact with the Catalisar Project: “First we set ourselves up in our garage. We had already registered this with the local government. Only after this did we decide to open a shop on the street where ACER is located”.

Before contact with the Catalisar Project the shop did not used to sell items of clothing sewn by Cleusa. They needed to improve sales and decided to contract an assistant, so that Manoel could help his wife with the sewing. This did not work. Sales did not improve. As they had two shops, they were paying two rents and it became very difficult for them financially.

In order to try and improve their situation, they started selling on credit. They began to lose a lot of money through this and almost had to close the business.

Contact with the Catalisar Project

As their second shop was situated almost opposite ACER, they soon heard about the Catalisar Project. Coaching helped the couple to change their look, organization and way of managing the shop.

First it was painted. On the wall next to the door, they painted the shop name and number and the types of repair services customers would find there. Because of this, a neighbouring hairdresser decided to paint their shop-front.

The workshop with sewing machine was moved to the back of the shop and items sewn by Cleusa were displayed at the front, so that they would be easily seen by passers-by.

Shop-front and items displayed in the shop



Although Manoel took care of the more administrative jobs while his wife was in charge of sewing items, he also learnt from her how to cut fabric (although he still does not do outlines). He says that in the future he will try and take a course to improve his skills in fabric cutting.

Today the shop does not have a sales assistant, but Manoel feels it is not necessary at the moment. According to Cleusa, "when the cold sets in maybe we will need one, because there is more demand during this period".

The couple decided to keep just one shop (the one on the street where ACER is, which was busier). By unifying the business in just one location, they now pay just one rent.

Guided by coaching, they decided to take a credit loan of R\$1000 from the Banco do Povo in order to invest in clothes, fabric, and to paint the shop. Cleusa is also thinking about taking out another credit loan in order to buy an embroidery machine.

This resulted in an increase in the number of customers. Therefore, they are now considering taking on a shop assistant again and maybe opening another shop.

Currently, the shop no longer sells on credit. On one of the walls, visible to all who come in, a poster reads: "Selling on credit is just like magic, it makes customers vanish into thin air".

Instead they have started a system of payment in installments. Customers can pay in up to four installments without interest, and there is a discount for those paying in cash. The customer can also pay 50% and then pay the rest on their chosen date, when they are financially able. Credit cards are also accepted.

The shop is authorized by the local government to provide customers with a receipt for any product or service sold.

There is a better understanding of customers' attitudes to products, and the desire of the local people to buy clothes, even in difficult times. "People prefer to buy things when they have money, but they don't stop buying if they don't", says Manoel. Some example prices in the shop: t-shirts - R\$8,00; school tracksuit top and bottoms - R\$35,00; childrens' shorts - R\$10,00.

Specially ordered items are only sewn with an advance payment. When necessary, the couple negotiates a way of paying by installments for customers who have difficulty paying all at once. "The customer should not feel excluded. The other day, a lady who receives family benefit put down a payment of R\$20,00 for a R\$40,00 sale and came back to pick up the item when she had the remaining money", says Manoel. They are considering introducing some sort of register so as to avoid losing such customers.

Through the coaching process, the couple has a better knowledge of the relation between initial costs and sales, and they have achieved a greater control over their surplus. "This month alone has already been enough to ensure we can guarantee the money to pay back the Banco do Povo loan", says Manoel.

With a more organized and better-administrated workshop, they have gained more control over their production capacity. "We are listening to changes which customers request. We try not to turn our noses up at anything; even a price of R\$1. That price is good for customers who don't have much money."

The other day a pair of trousers was damaged during repair. The couple did not hesitate in paying the full cost (R\$ 44,00). "The client must be respected, because the mistake was ours."

The success experienced in the shop made Manoel and Cleusa recommend the Catalisar Project to other small sewing shops which were overlooked by potential customers. However, they had never considered making alliances with other small enterprises, such as those selling clothes at the market. “Our main competitors are those who sell home-made products”, comments Cleusa.

Of the help they received from the Catalisar Project, Manoel says: “We felt that we could improve. We discussed our ideas in meetings here at the shop (with the coach); that was a great help. Although we had some limitations in the organization and management of the shop, we managed to improve.”

Perspectives

The shop is still not a nationally registered business. Cleusa is starting to worry about paying taxes. She believes this to be important: “Who wouldn’t want their business to be open and running properly?” She hopes that the coach will help them with taxes and the running of the business.

Today the shop pays more attention to the customers’ needs: “People want variety” says Cleusa.

Currently the most popular items are school uniforms and embroidered children’s clothes. Cleusa decided to prioritize the production of children’s clothes, as she noticed that these items were selling more. She had the support of coaching in taking this decision. She started focusing on children’s clothes, but with a variety of items for ages 2-16: “Adult’s tracksuits are only made on request,” she says.

During the interview (which was carried out in the shop), a customer came in and asked Cleusa to make an adjustment in her trousers, saying she needed them immediately. Cleusa excused herself from the interview and said to the customer: “It’s not always possible, but I should manage to do it now”. The customer thanked her: “I feel like a VIP customer”.

During the repair, Cleusa chatted to the customer about this and that. When leaving the shop with her adjusted trousers, the customer said she was happy with the adjustment and listens to Cleusa’s advice about trousers which are in fashion: “Be careful with those trousers – they are all the same and don’t flatter the figure”. The adjustment cost R\$ 5,00.

When the interviewer asked how she would sum up the changes made with the help of the Catalisar Project, Cleusa replied: “Stopping working from home and setting up a shop was great. The results are already a lot better”.

3.2.1.2. Eliana – Snack bar

About the entrepreneur

Since last year, Eliana, mother of three children, has owned a snack bar, which offers sandwiches, savoury snacks, juices and cakes to the public of Eldorado. Born into a family of micro-businessmen, she soon developed a passion for business: “I always loved selling”, she says.

Despite having her studies interrupted at times, Eliana managed to complete her secondary school qualification at 35. When she found out about the Catalisar Project she already had ideas about improving her snack bar, but she still had a few doubts. Through the project she found the support to put her ideas into practice and take her business forward.

How the enterprise started

Eliana had many relatives who were informal businessmen: “my grandmother had a bar, my grandfather sold things at market, one of my aunts sold gold and another clothes”.

Before opening her snack bar she had had other formal and informal jobs.

During one time she started working as a cleaner in a house. After a while, she began to work as carer for the mother of the homeowner, who was an elderly lady. “I earned \$550 a month for looking after her.” During this time, she combined paid work with her own business: “I was at her house three times a week, but during this time I still sold savoury snacks.” One day (three years later), the elderly lady stopped needing a nurse. When she lost this job as carer, Eliana came to focus solely on her informal savoury snack business.

During this time she also came to sell jewelry. “One of my aunts used to do that,” she remembers. Another time she began to make cakes and truffles, which she sold door to door. One day she set up a stall in front of her own house to sell cakes and savoury snacks. It was a kind of practice-run for the shop she owns today: “I never liked working with industrialized products.” Eight years ago she set up a society with her mother, which however was not straightforward.

Her period of formal employment was in a large supermarket chain, where she worked for five years stocking shelves and on the till. After this she worked for a while as a security guard in the same chain.

But her desire to own her business continued to grow. Before opening her snack bar, she had an informal shop, in another neighbourhood, in the room and garage space of a house. There she sold various things: underwear, beauty products, savoury snacks and even 'feijoada' on Saturdays.

During this time, she was always faced with problems. Despite her willingness and energy to work for herself, the sums never quite worked out. "I ended up selling on credit a lot, and this was always a problem. I would sell everything, but getting the money back was hard. It was hard to replace products". Because of this, even today her name appears on the debt register.

One day her friend suggested that she came to Eldorado. After many problems, she managed to rent a shop on the market street. The shop had a table and a stove. The snack bar had been open for a month before Eliana heard about the Catalisar Project.

Contact with the Catalisar Project

The bonds of trust that ACER has established with families in the area have resulted in the project being embraced by those interested in business.

Eliana got to know about the project because her children took part in the activities offered by ACER for children and young people in Eldorado: "Talking to a social educator, I learnt that ACER had a new project to help those with businesses who needed guidance".

She wanted to improve her business and really stuck to the coaching offered by the project. To start with she met with the coach once a week. Gradually the meetings became fortnightly, and now they meet once a month.

One of the main things she learnt in the coaching was controlling spend and income. She admits that she never knew how to manage money or control when to sell or when to save. "I like being able to do this, but my strength has always been selling and communicating."

Today she has a notebook in which she registers all the expenditure in the snack bar, separate from her spends at home. Although she is still unsure about her exact current intake, she estimates that before she was taking around R\$1,200 a month in sales, and now she is taking R\$1,500. The important thing, as she says, is that she works in a “less disorganized way”.

She came to have monthly financial control and to monitor the evolution of the snack bar year on year. At the start of 2010 she marked an important result: an improvement of 40% in sales compared to January 2009. “Carrying on as I was, was just not worth it”, she adds.

With the help of the coach she decided to do a course at SEBRAE, where she made a Discovery: “I noticed that I had still not left the basic survival stage of setting up a business, but I am starting to change”.

The snack bar still has its “ups and downs”. Eliana eventually contracted an assistant, but ended up sending them away. She feels that she can’t do everything herself but she still hasn’t managed to find someone for the snack bar: “I am a lot happier on my own; everything is cleaner and done how I want”. She believes it is better to work more than to have problems with her staff: “Few of them actually want to work; they generally just want to earn money”. This is one of the issues she raised during coaching. She is currently in talks with a girl, but she is still unsure. If she were to hire her, she will have to be self-employed, but the snack bar is still not licensed. In fact, this is one of the changes she would like to make: “form the business and legalize the snack bar”.

Although her mother also has snack bar in a neighbourhood near Eldorado, Eliana does not have any type of formal partnership or collaboration with her. The most they do is refer suppliers to one another, but this only happens in a very sporadic way. They have never considered doing their orders together, or any other way of integrating their work.

As her name is listed on the debt register, Eliana was helped by her coach to organize herself financially and resolve the situation.

When the snack bar opened a year ago, she had R\$1,000 available and she spent R\$800 on transforming the space. R\$200 were left over to buy the initial products. At this time she felt it necessary to keep stock. So with the help of her coach, she decided to ask for a loan of R\$1,000 from the Banco do Povo in order to stock soft drinks and ingredients for cakes and savoury snacks, and to buy a hotplate to make snacks and tapioca. After assessment, she received a loan of R\$700, which was paid off in six monthly payments. After this she applied for a second loan to buy snack containers. “Both loans were well invested”, she assesses.

The coaching helped Eliana reflect upon what she could do in order to improve sales at the beginning of the year, when business is usually slower. One idea put into practice was to improve advertising the snack bar through posters inside the shop and pamphlets and business cards handed out in the nearby area. She ordered 1000 pamphlets to be produced.

The inside of the snack bar



According to Eliana, the current state of the snack bar is good. “I sell between 100 and 130 savoury snacks a day. I have already had one weekend where I sold 300”.

At certain times of the year she makes different products, for example: Easter eggs, sweets, decorated chocolate baskets. She goes to a nearby city to buy decorations and fillings to make the nests. To solidify the idea she thought about taking out another loan from the Banco do Povo. However, evaluating this idea with the coach, she concluded that it was better to use her credit card, as the time in between spending and selling was small.

During the coaching sessions they also discussed alternative products for the snack bar. For example, Eliana thought about taking out another loan to buy a juice machine. After discussing with her coach she concluded that the investment and the cost of keeping the machine would be too high. So she decided to carry on serving fruit juice made in her mixer and açaí in dishes, which are very popular.

Perspectives

Looking back over her journey, Eliana concludes that little by little her efforts could be noticed in the snack bar. She stopped trying to do so many things and focused her attention on just one area:

“When I worked in re-selling, I worked very hard, but did not earn enough. Now I have learnt to just focus on my own business”.

She now feels more confident. She remembers when, in a discussion with her coach, she worked out that she needed to sell R\$150 a day in order to cover all expenditure and her own salary. “I am now getting close to this average; at the end of the year there was a dip, but afterwards I returned to this average”, she remarks.

She also feels more secure in terms of her commercial strategy: “I don’t sell on credit anymore. I have already made investments. First they have to take seed, and then I will reap the rewards.”

Snack bar business cards



Her coaching experience made Eliana recommend the Catalisar Project to others. The lack of interest from some and the failures of others made her think: “Some people do not have drive, initiative. Therefore they don’t move forward. They want a loan, but they don’t realize that they have to have a job. They need stimulation in order to come up with ideas. But most people only have the immediate need, they don’t have an end-goal”.

Although she has made progress, Eliana would like to maintain contact with the Catalisar Project: “I don’t want to cut myself off from the project. If a new problem comes along, I may need help”.

She has plans for the future: “To improve my life financially, and to be able to attend to my customers well. One day, to find a good assistant”.

She adds: “I think I am managing to achieve stability. If I carry on like this, it will be great, but I want to go further, not stop there. This year I would like to do a course on preparing buffets. My dream is to own my own house and not have to pay rent”.

3.2.1.3. Jane – Hairdressing salon and accessories store

About the entrepreneur

Two years ago Jane opened a hairdressing salon joined to a small accessories store, in the garage of her house. There she worked with her daughter. After one year she encountered problems which just kept coming and she was even about to close the salon, when she learnt about the Catalisar Project.

Now the salon is organized as an individual company, licensed by the local government. It is well equipped and opens daily from 8.30am to 6.00pm. It has around 50 fixed clients. Jane looks after administration and her daughter does haircuts and manicures. Prices are as follows: haircut – R\$ 50, manicure and pedicure – R\$15. They also have two partnerships: one woman who does depilation and another girl who does studio make-up. In the accessories store one can buy jewelry, purses, hair products, tops and trousers.

How the enterprise started

Jane worked for many years in her ex-husband's company. When they separated, she was out of work and had to look for a new way to organize her personal and professional life.

It wasn't long before an opportunity presented itself. Someone she knew was closing their beauty salon and offered to sell all the equipment to Jane for just R\$500. The years spent in her ex-husband's company had given Jane experience in sales and customer relations. Her daughter had already done, as a hobby, courses in manicures and make-up. So she decided to accept the offer and open her own salon.

For two months the salon was almost empty. However, because they knew a considerable amount of people in the neighbourhood, little by little clients began to appear.

As many of her clients were people she knew, and as the average wage of residents is not high, Jane began to sell on credit often. She tells us: "That's when the problems started. It started becoming difficult to manage cash flow and we didn't manage to pay our debts".

In order to try and improve the situation, she began to sell on beauty products to other small salons, door to door, while her daughter remained dealing with clients in her own salon. "It didn't help, mainly because in many cases I still ended up selling products on credit".

She tells us how she began to enjoy selling: “I first started enjoying it through necessity, when I had to start selling products in the street. And afterwards (when the salon began to prosper), because sales helped me overcome my financial difficulties.”

The salon was already having difficulties about a year ago, when a client who knew ACER, realizing the situation, suggested to Jane that she approach the Catalisar Project.

Contact with the Catalisar Project

When this interview took place, Jane had already been receiving coaching for a year with the Catalisar Project. During the first seven months, her meetings with the coach were almost weekly.

The first issue worked on was the salon’s financial difficulties. In the coaching sessions Jane learnt that she could no longer sell on credit. This was not an easy decision: “After I stopped selling on credit, many clients left the salon. But in business one must act logically.” Two posters visible in the salon have slogans that support this change: “We no longer sell on credit! Please don’t try!” “We accept Mastercard and Visa”.

Another important change was in planning her spend. “I learnt how to judge the right time to buy and not to buy just on a whim”.

The improvement in her control of finances gave confidence so that Jane and her daughter invested in renovating the salon interior and looked to improve the quality of services there: “Our coach helped us even as far as finding a builder to renovate the salon. We began to control our finances in a more logical way and we were able to realize our ideas about pleasing our customers.”

The salon interior



Dividing work between Jane and her daughter was also something to discuss in the coaching sessions. Now, the pair has managed to separate more clearly their working roles. “At home is one thing, at work we have a more professional relationship”, says Jane.

She is attempting to interest her daughter in the more financial side. Her daughter is considering going back to doing a more advanced course in beauty; however this is put on hold given financial difficulties. Jane is also considering doing a short hairdressing course.

The coaching stage was developed based on the abilities Jane picked up in her working life – pro-activity, a positive disposition for working (“some days I work early in the morning until 2am at night”, “we attend to our clients whenever they need”), being able to value quality products, skills in communication and creating links. It was these abilities which, strengthened through the coaching process, made the changes in the salon possible.

As well as developing her skills, the coaching helped Jane have more courage in taking risks and believing in her own ability. Her comment reveals how coaching was useful for other processes undertaken by businessmen: “They made me recognize my own abilities. A lot of this is dealt with in courses, but the majority of salons don’t apply”.

For her, the support of the Catalisar Project did not only “avoid the failure of the salon”, but it also helped with financial reorganization and the growth of her business. Jane now buys large quantities of hair products from a well-known and trusted brand, negotiating prices with suppliers and securing good prices. Through this she has managed to offer a good deal and competitive prices for her customers in relation to other nearby salons.

The improvements in financial control and in the quality of service have brought benefits: “We have really increased our intake. Now I can start to consider paying myself a decent salary. I already separate my personal spends from the salon spends.” And, the most important thing, the quality of service has improved: “Some clients I lost when I stopped selling on credit have come back again.”

Salon business cards



Perspectives

With the improvements in the salon, Jane had an important opportunity in her journey as an entrepreneur: she thought about buying a gift shop that was for sale on a much busier street than hers. She thought that, with this purchase, she would be able to separate her accessories store from the beauty salon.

The business seemed viable. The owner said the intake of the shop could reach R\$6000 a month. As a precaution, and with the help of her coach, Jane decided to do a trial: she took control of the shop on a trial basis and postponed signing a definitive contract of purchase. She took control of the new shop and left her daughter in control of the salon.

This was proved to be a sensible decision, because the new business was not viable. In six months the monthly intake never exceeded R\$3000. During this period, she sold so little she did not even have to restock her merchandise.

Although Jane worked hard in her new shop (she was there Monday-Saturday, 12 hours a day) the expected return never arrived. The spot was good, she made various improvements to the layout and façade of the shop, but sales did not increase. The public noticed the changes in the shop, but did not start spending. The final outcome was a lesson learnt, supported by the coach: despite Jane's efforts that shop did not have the identity she had managed to achieve in the salon. The new business remained "a general gift shop", the same as any other, while the salon had become a business that stood out.

The Catalisar Project Coach helped her in her decision to give up the gift shop. "It was definitely worth it for the experience. I concluded that I wanted to buy a shop which didn't hinder the business". During the period in which Jane ran that shop, the salon suffered in her absence. Her daughter was left on her own, activity dropped and she went into debt. But when Jane came back the salon returned to its normal activities and the debts are currently being paid off.

After her lessons from the failed experiment ("I concluded that my future is here in the salon"), Jane began to think about a more sophisticated plan for improving the salon, which could include opening a new branch, or even creating a beauty centre. She is trying to hire an advertising car to spread word of the salon in nearby neighbourhoods, with the aim of increasing her clientele. She plans to employ manicurists and to have their own girl who does depilation (at the moment she rents space for a girl who does depilation in the salon on a contractual basis).

Little by little Jane is starting to run the salon in a more modern way, where it is not just important to offer services, but to have the ability to carry them out with the customer's interests as a priority. "The salon should not just be a place where someone comes to get their hair done, and that's it. I have clients who just want to talk or have some physical contact".

At the same time, the salon is improving its different services: breakfast for customers who come in early, a small space where children can play while they wait for their mothers, discounts on products etc.

The salon only uses disposable products. Jane's daughter uses gloves and a mask to do pedicures and eyebrows. She sterilizes her instruments and her sets of towels, not just using alcohol. This is uncommon in salons of this size. Their clients notice these differences and are surprised by the competitive prices. "Here semi-permanent straightening costs R\$125 when it can cost up to R\$300 in other salons," says Jane. Because of this, many clients recommend the salon to friends.

For Jane, the most important result is that her clients return to the salon: "I don't want to just gain in the short term, but to gain my clients' trust. I treat each one as I would like to be treated."

3.2.1.4. Vilma – Pizzeria / Lunchbox cooperative

About the entrepreneur

Vilma has worked for ACER for 12 years. She started helping take in vulnerable children that the organization worked with. She left for a while then returned to work as the cook. Everyone in ACER knows her, not only for the quality of her food which is served everyday in the kitchen, but because it is impossible to go long without a smile or friendly greeting from Vilma.

She describes herself: "I am a different sort of cook, I am a cook that really adores people. Someone once said to me: 'you feed people's bodies but you also feed their souls'." Vilma takes pleasure in chatting and spending time with people: "I love encouraging and stimulating people. Everything is based around people and around their inner ability".

She recently decided to open a pizzeria and she is currently leading a group of women in creating a lunchbox cooperative.

How the enterprise started

Vilma was born when her mother was barely 12 years old. Two years later her parents separated. Her mother later re-married.

Her mother worked her entire life. At 13 she was already helping at the market, at Vilma's grandmother's stall on the outskirts of Recife. The grandmother picked pineapples, bananas, sweet potatoes and other fruit and vegetables, which she sold in the market with the help of her daughter.

Mirroring her mother's story, Vilma, at 8 years old was already helping her mother kill chickens and picking and washing fruit and vegetables to sell at market. She also helped around the house, but her mother made her carry on going to school. Whenever she could, her mother made it up to her: every month she would buy her some tights, a little toy, a little treat. Vilma had a hard life, but she doesn't remember it as a time of suffering: "I thought everything was fine. I was happy."

Time passed. One day, aged 15, she left Pernambuco for São Paulo with a neighbour to work in the house of a family her mother knew. Vilma wanted to help her mother, who still works on the market today. She remembers how she felt when she left: "Up there, people dreamt about going to São Paulo".

As she had hardly any expenses, she sent part of the money she earned to her mother (which she still does today). With the rest she started to do business on her own: she bought clothes and sold them to the neighbours.

Later she began to make coconut, orange and cornmeal cakes etc, which she sold in schools for R\$1 a slice. She tells us: "I learnt how to cook from the lady who cooked in the house". Even after coming to work at ACER as a cook, she still made up her income by making and selling cakes on credit: "I would note down in a little notebook and take the money at the end of the month".

Her personal sales were making her dream of having her own business. The idea of opening a pizzeria came when she was already working for ACER.

Contact with the Catalisar Project

As she was an ACER employee, Vilma soon learnt about the Catalisar Project. Although she was employed at ACER, she still dreamt about opening her own business. One day she met a pizza-

maker who could make very special pizza dough: puff-pastry dough. So she had the idea of opening a puff-pastry pizzeria in Eldorado. She went to speak with the coach about this idea and from then on she set about establishing her business supported by the Catalisar Project.

The first step was to talk to the pizza maker and ask him permission to open a business. The pizza maker was wary and indecisive. So she then took a risky step: "I offered R\$3,000 to buy his recipe. He accepted and taught me how to make the dough".

With the help of the coach Vilma worked on the business plan, which predicted an initial investment to rent the space and buy equipment to set up the pizzeria. It wasn't possible to get a loan from the Banco do Povo due to her credit history, so she managed to borrow the necessary amount (R\$10,000) from a friend, who did not charge interest.

With this money she bought equipment and rented an old car wash, which she refurbished and transformed into a pizzeria. With the help of her husband, Vilma revamped the space with old building materials: "We used glass and other materials which we bought cheaply. We painted everything, put in a counter, a workspace and much more".

In the reorganization she had one main concern: that the oven was located somewhere visible. "Therefore the customer can see the pizzas being made, and can see the care that we take", she says. Hygiene was also a priority for the pizzeria. "We use gloves and take care when handling our ingredients".

At the time the interview was conducted, the pizzeria (called "Rainha da Massa Folheada") had already been open for two months, with a great turnover: "We are making between R\$800 and R\$1,200 every Saturday. On our opening day we made R\$2,000. Sundays we take between R\$350 and R\$400. In two months we have taken around R\$8,000 a month." The pizzeria also runs a delivery service in the local area. In the restaurant, Vilma puts on live music, "specially chosen, it gives a nice ambience".

The prices of the pizzas (set after a study conducted with the help of the coach) varies between R\$13 and R\$28. Vilma has already started promotions such as: "Buy two pizzas and get a free bottle of Guaraná". She has also come up with different ways of interacting with people: "I ring customers to see if they were happy with their pizza, to hear their thoughts and to ask for any suggestions. I note down the preferences of each customer and make a menu under their name". The first leaflet was made and sent out with the help of the Catalisar Project.

As well as the difference in the dough, the other secret to a good pizza is, according to Vilma, taking care over the ingredients. She personally chooses all of the combinations. The result is: “My customers tell me: ‘you can increase the price, just please don’t change the quality’”.

The business relied on help from Vilma’s whole family. Her two children helped and were rewarded for the tasks they did. She uses this involvement as a kind of financial training for her children: the amount of pocket money they would receive could vary depending on what was made and what was spent that month.

What was the main reason for the business’s success in such a short time? Vilma’s response: “doing things well and with love. Doing things properly. Doing things with conscience and all your heart”.

Perspectives

The pizzeria was still not formally registered. Therefore, it was still not possible to get a credit card machine. Vilma is being helped by the coach to achieve this aim.

After setting up the pizzeria, she already had new ideas: to create a personalized pizza buffet, served in customer’s houses. The buffet would work in the following way: “People would order pizzas, chosen from our menu. An employee would go to the house and serve them fresh. It is something unusual and better than just delivering them”. Another idea was to give more variety to the restaurant, serving soft drinks during the day and feijoada on Saturdays, returning to a pizzeria at night.

However, the most popular idea at the moment emerged from the pizzeria, but relates to another type of business: creating a lunchbox cooperative. She tells us how the idea came about: “When the pizzeria started running, I took four women from the neighbourhood who worked as volunteers in ACER. This was important for them, it gave them the chance to earn around R\$15 a day and R\$20 on a Saturday. These women had difficulty in arranging work, they didn’t believe they could improve their own lives, they were depressed and had low self-esteem. I knew they were not being recognised for their abilities. They would only be judged by their appearance or by their attitude. So I proposed to them the idea: “let’s join together and make a lunchbox cooperative”.

And so Vilma began a new project: a collective enterprise. We have the ability to do this, we have to be focused, we cannot be put off, and we have to have high self-esteem". This was more than just a job: "The women in the cooperative needed everything: money, affection, respect, dignity".

With the help of the Catalisar Project, the group of women contacted HSBC looking for help in setting up the cooperative. The work plan was created in meetings with their coach. The enterprise was named by the group, "Mulheres Esperança" (Hope for Women). The Economic Development Secretary of the Diadema local government was informed about the project. This contact was important, because the Secretary is obliged to help local joint enterprises, and it is likely that he will be able to help the cooperative get set up. "It is already easy to see that with the idea of the cooperative the women are more motivated", tells Vilma.

Vilma currently works as a cook at ACER from 8.30am to 2.30pm. The rest of the time she dedicates to her pizzeria. But she already predicts that she will be able to leave ACER soon (as long as they support her in this decision): "Therefore I will have more time for the pizzeria and also to dedicate to the cooperative".

3.2.2. Development of collective commercial enterprise

3.2.2.1. MLB – Sewing cooperative

The movement

MLB stands for "Movimento de Luta nos Bairros, Vilas e Favelas" (Movement against violence in neighbourhoods and favelas), which focuses on fighting to improve the conditions for low income populations. Through seminars, meetings and plans of action, the movement organizes pressure campaigns and makes demands to governments about various issues: housing, sanitation, health, public transport, culture etc.

The MLB was set up in 1999, in the state of Pernambuco, in order to deal with violence amongst favela populations and to improve the living conditions of homeless families. It is currently working in 14 Brazilian states, including São Paulo. The movement has a centre in Diadema, São Paulo, with 300 families in its organization.

According to Roberto Luciano de Melo, member and ambassador for MLB in Diadema, “the movement is autonomous and without patronage”. That is, it tries to be “combative against and free from the opportunism present in various Brazilian organizations” (MLB Editorial N°6, November/December 2009). The motto of the movement: “Urban reform- a fair city – a democratic city for everyone”.

The MLB acts in partnerships with other organizations, dealing with issues such as housing, and other critical issues in improving the quality of life of the poor. In this way, for example the construction of the Dom Helder Câmara Collective, in Recife, was a result of the partnership between the MLB and the Associação de Habitação Popular do Nordeste (Popular Housing Association in the North-East). This housing collective was chosen as one of the five best enterprises in Brazil by the programme, “Melhores Práticas” (Best businesses), run by the Caixa Econômico Federal. Another example: with the support of the Ministry of Health, the movement has already carried out a project for the prevention of STDs-AIDs.

Because of its interest in creating conditions to effectively improve the lives of the most vulnerable groups in society, two years ago the MLB decided to focus on the issue of generating jobs and income and looking for alternatives in the area to collective enterprises.

The logo of the movement



Throughout the ages of violence in the population, social movements have looked to promote improvements for the working classes, with the ultimate goal of transforming the capitalist society. This is the vision which inspires the MLB: “on the way, it became clear that our fight could not just succeed through urban reform, as the capitalist system makes it impossible to build fair and democratic cities for the poor. Therefore we also fight for a new society, a socialist society” (MLB Editorial N° 6, November/December 2009). For a long time, actions aimed at achieving this aim involved putting pressure and demands on workers’ organizations and businesses to improve salaries and working conditions. As a consequence of the global transformations initiated in the last quarter of the 20th century, which have subsequently deeply altered processes of production and work, outdated ways of manifesting the conflict of capital versus employment are also being

modified. Ideas such as associations and cooperations are being reviewed, now within the context of the so-called “joint local economy”.

In reaction to this change, the MLB has started supporting various cooperative initiatives which could encourage the social inclusion of the low-income population: in Recife the movement is supporting the creation of a soap cooperative; in Fortaleza it is supporting a sewing cooperative along with the local municipal government. This last project is already in operation: it produces local school uniforms, which are bought by the local government.

One of these initiatives – the creation of the sewing cooperative – also took place in Diadema and sought the help of the MLB, the local municipal government and ACER.

The journey towards collective enterprise and the challenges faced

According to Roberto Luciano, the families linked to the MLB in Diadema have an income of between two or three minimum wages (in 80% of cases their income doesn't exceed two minimum wages). In more than half of the families, they work informally, live in poor areas or are unemployed.

This situation is what encourages the MLB to promote cooperatives, but it also makes it difficult to keep families organized in collective enterprises: “The real problem we have is the immediate need the families are in. It is difficult for people to enroll on courses, when they need to fight to survive every single day”.

Another important point is linking markets with collective enterprises. The groups of collective entrepreneurs don't just need to make a quality product, but also to understand the market in which they are working and when possible, to influence the mechanisms which regulate these markets. Roberto Luciano says: “The associated members in the local cooperatives need to have buyers which understand demand. We have noticed that this is vital. To this end, the first year in a local cooperative is key. With the sewing cooperative we are supporting in Diadema, we are going to propose to the local government that they act as buyer”.

The issue of linking buyers to local cooperatives gives the possibility of forming cooperation models (such as local product chains) within the market economy: “An important factor in improving cooperatives is forming networks which strengthen the collective local economy”, argues Roberto Luciano.

Another challenge is maintaining the link between the cooperatives and their own workers. Roberto Luciano says that the movement looks to promote this basic attitude in order for collective enterprises to succeed: "The majority of the thirty members of the sewing cooperative in Diadema have been connected to the MLB for around a year. We try to encourage everyone to take an active role in the process. We put procedures in place to ensure this. For example, if someone does not take part or is absent from three meetings, they could be excluded from the group".

Possibilities for a partnership with the Catalisar Project

The sewing cooperative group supported by the MLB does not take part in the coaching service offered by the Catalisar Project. The MLB coordinator and ACER directors are discussing a reciprocal agreement with regards a possible partnership. An initial joint initiative was for members of the sewing cooperative to take part in business courses provided by ACER and overseen by SEBRAE teachers.

Similar discussions are taking place between the MLB and the Economic Development Secretary of Diadema. A seminar recently took place in Diadema about employment and income as a result of positive action, which was attended by the Municipal Secretary and other organizations interested in the topic. During the event, some commercial areas were highlighted in which local enterprises could be a possibility, among which was the textile trade.

Based on information and guidelines of the Director of Employment and Income within the Ministry of Economic Development in Diadema, as well as those from ACER, the MLB concluded that there was demand in the local area for sewing and that the cooperative would have a good chance of success.

From then on, ACER and the local government linked design and sewing courses that were offered within the community (in which 80 people took part) and those, which were offered to members of the cooperative, supported by the MLB (in which 30 members took part). ACER declared that it would help set up new courses for members of the collective dealing with business concepts and practices and the local economy.

The next step, after the skill-learning stage, will be to monitor the sewing cooperative in its operational phase. In this phase the Catalisar Project will be able to join forces with the MLB in order to gain financial resources for the cooperative.

For its part, the local government will also be able to offer important support to the movement in the cooperative's operational phase. Roberto Luciano mentioned one example: helping the group rent sewing machines until they are able to buy their own equipment.

In this way, they are developing a gradual cooperation process in order to strengthen the sewing cooperative. Given the complexity of strengthening the collective enterprise, it will be vital for the potential partners – the MLB, the local government, and ACER – to further discuss the challenges involved and the roles which each of them must fulfill.

According to Roberto Luciano, the MLB acts as an incubator. The Secretary of Economic Development (as can be seen in the earlier interview) is creating an incubator for local collective enterprises. ACER is also implementing a similar project. The challenge that remains is to integrate the separate visions so that the joint venture can develop effectively.

As Roberto Luciano says: "Bringing together our efforts will allow us to work more coherently within the local economy, giving the possibility for creating solidarity in a competitive economy".

3.2.3. Development of socio-cultural enterprises

3.2.3.1. Reginaldo – Sports association

About the entrepreneur

Reginaldo is a physical education teacher who had the idea to promote sport as a way of improving citizenship in Eldorado. Living in the neighbourhood and having experienced its problems, he had the idea to create a sports NGO which would take a different approach. In his words: "I wanted to create a sports school where children, young people and adults would be able to play without competing".

How the enterprise began

One of the characteristics of neighbourhoods on the outskirts of the large Brazilian cities is the lack (or insufficient provision) of public spaces, which give people the chance to practice sports or other cultural or leisure activities.

Living in the community, Reginaldo noticed that the neighbourhood had leisure spaces yet at the same time there was a large number of children, young people, adults and elderly people who had no sport and leisure options. This reality is particularly critical in the outskirts of Diadema – a municipality with 390,000 inhabitants, and which has the second highest population density in Brazil (Eldorado being the third most populated neighbourhood, with around 40,000 people).

Having heard about successful experiments making over leisure spaces (squares and parks) in other cities, this made Reginaldo believe that it would be possible and worthwhile to create a sports NGO in Eldorado that would spread this idea.

Another issue, which concerned the region, was the growing level of violence affecting children and young people. Eldorado is full of far-flung districts and precarious settlements. It has relatively high levels of violence, which is a problem for the neighbourhood's population. For Reginaldo, sport is a way of confronting this situation as it has the potential to resolve conflicts and promote a culture that opposes violence.

This is how the “Associação Desportiva Bola Pesada” (Heavy Ball Sports Association) was born. Although the association name brings to mind indoor football, it offers much more than this: “My idea was to link sport with education, and I wasn't looking for a large income. Through sport it is possible to develop the potential of people in the neighbourhood,” says Reginaldo.

Logo of the Association (Source: www.dbolapesada.blogspot.com)



In order to put the idea into practice, he had to make a decision: “Launching the business was not an easy decision, but it was worth it”.

Contact with the Catalisar Project

Reginaldo found the Catalisar Project through being recommended by a friend in the neighbourhood.

He remembers that he went along, unsure as to what he would find: “I didn't know what the Catalisar Project was. I thought it was just to help in setting up businesses, not NGOs”.

After talking with the coach for the first time he realised that he could find help there to set up and guide the project he had in mind: “He suggested that I wrote down on paper what I wanted to do in an ideal world”. In the first sessions the priority was to reflect on the main concept of Reginaldo’s conceived enterprise: “In one of the conversations, we discussed a text about an NGO in Africa which used basketball sessions as a way of reducing conflicts involving young people”

This stage was important for consolidating the idea that sport can be a way of helping people who live alongside violence and crime to build on their self-esteem and their ability to live peacefully, respecting others. Reginaldo believes that the Associação Desportiva is helping to break the cycle of violence, which is customary in the region, and also to promote peaceful co-existence.

The coaching scheme began a year ago and is being continually developed through periodical meetings. Since then Reginaldo has already built three working centres for the project:

- 1) Indoor football school in the Eldorado Public Centre: takes place Tuesdays and Thursdays, from 8am until 6pm.
- 2) Indoor football school in the EMEI Florestan Fernandes: takes place Saturdays, from 8am until 4pm (both girls and boys take part at this session).
- 3) Football field: takes place Wednesdays and Fridays, from 2pm until 6pm.

The Associação Desportiva Bola Pesada wants to takeover spaces in the neighbourhood, such as the Eldorado Public Centre, and to bring them back to life through attracting children, young people and adults to them through sports activities. When it was left unused, the sports court owned by the Eldorado Public Centre ended up being used as a place to take and sell drugs. By taking over the court the “Bola Pesada” has helped change this.

Sports activities in the Eldorado Public Centre



The result Reginaldo hopes for is the formation of a network of people that will help to build a better neighbourhood: “For children and young people it is important to have a space other than the family home. Through games, through sport, it is possible to meet and find new people”.

The association’s activities are led by a teaching method that is gradually being introduced by Reginaldo. If you visit the association’s blog (www.dbolapesada.blogspot.com) you will be able to see pictures and photos which try to convey this teaching method: the pictures show the attempts to link football and citizenship; the photos show people fighting over games under the heading “confrontation only in football” and them enjoying themselves living alongside others full of positive energy.

In the association’s blog you can find the following text: “Sport is a fundamental part of education; it helps makes citizens more aware and helps the more unfortunate achieve more in society; sport is an efficient exercise in democracy which gives opportunities to everyone”.

In discussing the project’s teaching method, Reginaldo highlights two important steps: 1) winning over the public with the idea; 2) making people aware of the importance of looking after a public space. One example of the latter is the project “Graffiti Attack”, in which young graffiti artists in the neighbourhood work alongside the sports association to paint sports courts. Reginaldo is also trying to bring Hip Hop groups into discussions with the association: “This is important as culture, sport and citizenship must be linked”, he argues.

One of the activities Reginaldo thought of, which fitted in well with the teaching methods of the sports association, is “Ginga Moleke” (“show me your skills!”), which are indoor football games which last five minutes, in which lots of boys take it in turns to play and where every good move or trick earns points. At the time of the interview, the last event of this type had taken place on the Black Awareness Day, and various boys from Eldorado and Heliópolis took part. “The challenge with Ginga Moleke is to show that “winning isn’t al; that friendship is more important”, says Reginaldo.

Boys shaking hands after taking part in Ginga Moleke



NGOs such as the Heavy Ball Sports Association are non-profit making and do generate income through their activities. Therefore, the Catalisar Project has helped Reginaldo plan a strategy of sustainability for the association.

This help has been vital in preserving the project. The first step was giving the association legal status: the Social Statute and the CNPJ are currently being approached. The second step was to send letters to businesses and other foundations who may give financial support to the association based on the Incentivizing Sport Law. At the same time, the Catalisar Project helped put Reginaldo into contact with local managers involved in sports and culture, with the idea of linking the association's activities with the public policies Diadema wants to implement in these areas.

Forming partnerships which generate income is an essential part if an organization such as the Associação Desportiva Bola Pesada is to survive. Therefore, qualifying for funding from the Ministry of Sports was of great importance. The Catalisar Project coach supported Reginaldo in sending off his proposal to the Ministry.

The project, called "Football and citizenship", asked for financing for building work on the four courts located in vulnerable areas within Eldorado, where sports and citizenship activities are being developed with children and young people who live there. "One of the courts is located in an area which was famous for drug trafficking", Reginaldo tells us. The project also includes a programme called - "Jovem Aprendiz do Esporte" ("Young people learning through Sport" – aimed at encouraging many young people to take part in sports activities in the community. It is important to highlight that activities put on by the association are not just for children and young people: their parents are also encouraged to take part in sports activities or take an interest in their child's development, and the development of the community itself.

Another way of gaining funds, supported by the coach, was the project "Sócio Colaborador 10" (Social Collaborator 10): tax-paying citizens and legal bodies are invited to learn more about the association and to help finance its activities. Furthermore, the coach is helping them to identify other financing programmes with which the association could establish partnerships.

In Reginaldo's words: "ACER has been a great partnership. It is helping me to get set up". The current aim is to reach a target of R\$40,000 a year to cover the activities. "The outlook for our finances is good", he evaluates.

While he is sorting out partnerships and obtaining financial resources, Reginaldo continues to use ACER's office space and facilities (computer, telephone, etc.) to develop his plans. He tells us how it works: "It is an incubation stage at ACER, which is playing an important role in terms of support and teaching. We made an agreement for two years. ACER's structure has helped me and made me realise what I need from my association structurally." During this period the coaching is still going on: "I have learnt through the coaching to be realistic. The relationship is a truthful one. Any criticism is seen as a good thing because it helps me to organize my ideas".

Perspectives

Reginaldo hopes that, within five years time, the Associação Desportiva Bola Pesada will have its own gym, with four or five members of staff, and will be able to have contact with more than 1000 people every day in different spaces around Eldorado.

His intention is to try and reach everyone within the neighbourhood, including elderly people, and to extend the association's activities to preventing alcohol and drug abuse. He wants to be able to show his partners and supporters what the association can achieve.

Diadema officials visit an event put on by the Associação Desportiva Bola Pesada



The presence of a local official at the event shows that these results are already being noticed: "It is great to come to the Eldorado Public Centre and to see these kids playing, enjoying themselves, making history at such an early stage (...). In the near future they will remember that they helped to create a better, closer community."

3.2.4. Development of youth enterprise

3.2.4.1. Lucas – Marketing Agency

About the young entrepreneur

Lucas is 18 and has the idea of creating a digital marketing agency. At the time of the interview he was finishing his third year of High School. However, even before finishing High School he had already started a Saturday course in IT, which lasted two years, offered by the ETEC at the Paula Souza centre. He tells us how he always enjoyed drawing, computer games and photography. At 16 he took a short photography course and put this into practise: “I am a voluntary photographer”, he says.

Lucas’s search for new skills continues. He has started an administration course which will last two and half years; he is also doing an online course in business intelligence, offered by Intel; he complements his IT studies reading books such as “The Digital Marketing Bible”; he has started to learn English in a course he downloaded from the internet. His choice in courses was not random: each one will help him in some way to realize his marketing agency project.

However, in order to have a sound structure, besides knowledge he must also have a desire for business: “It is important to have passion, desire to create something. I want to take new photos, make new websites. I am thinking about making a website for ACER to do with credit loans”.

His family support him in this path: “My father told me it is not good to be just an employee your whole life. My grandmother always said that I was going to be a businessman”.

Developing the idea

Lucas tells us that his plan is to set up an agency that “gives businesses in Diadema a facelift”.

He has already begun his studies, which will lay the foundations for his business plans: “I am doing initial research, working out the demand for businesses in the region”, he tells us.

Lucas has two business partners – both young people like himself. One of them is also doing the IT course at ETEC Paula Souza, especially interested in learning about Java programming. At the

moment, the two partners are working in sales and are on the look out for anything to do with marketing. The three are creating a blog that puts into practice everything they are learning and which anticipates the work they hope to do in the future.

As part of his research for his business plan, Lucas and his two partners have already made contact with local businesses to see if they may need the services that they plan to offer. He gives us some examples: “We spoke with a well-established shop here in the city to see if they would like a new website, which would advertise the shop and display customer promotions. We also visited a logistics firm and enquired as to whether they had a database of suppliers and customers. We are thinking about products like this for such businesses.”

They also have contact with small businesses in Eldorado. Some were interested in the idea of having a website. “The other day a lady we know who runs a student hall of residence near the University campus, told me that she would like to be able to find it on Google. I agreed to make a site which would be easily found on Google.”

Lucas’s original idea was to create a generic advertising agency. Gradually, he evolved the idea to create a digital marketing agency, with a special emphasis on IT, able to do online advertising. He explains: “I am studying digital marketing in order to learn how to serve the digital consumer. I oversaw a website marketing campaign for a bookshop and saw how promotions online increased numbers of visitors and buyers”.

Contact with the Catalisar Project

Lucas learnt about the Catalisar Project when he attended a lecture given by one of ACER’s coaches. He believed that the project would be able to help him.

He had weekly meetings with the coach, where he was helped to make his business plan. “He asks me lots of questions and makes me reflect on certain aspects of the business. Making a good business plan takes time. And the plan has to be revised from time to time”.

Different from the coaching sessions for enterprises who are already in business and who bring problems they need to overcome to the coach, Lucas’s coaching sessions deal with possible problems and solutions: “Dreaming is easy; the coach wants to help me think about problems I may face in advance”.

After a few months of coaching, the initial business structure began to take shape: “We will be ready to start when we have our logo, a small office, computers, Internet. We already have a name for our company”. The marketing of the agency has already been discussed: “We are talking about marketing and sales, because the agency will have to do its own marketing. One idea is to make a blog about our business, spreading news about it to other companies”. But the help from the Catalisar Project does not stop at the planning stage: “The coach is also helping me to find possible future clients”.

At first they considered the idea that ACER could act as an incubator (as it is for the Associação Desportiva Bola Pesada). However, Lucas and his partners thought that this would not be the best way to start off. “Our market changes quickly. If ACER incubated us we would have to move a bit slower. A digital marketing agency is different from an NGO for example.”

According to Lucas, the Catalisar Project should be spread to all people who want to open their own business. He is encouraging people with ideas to seek assistance from the project in order to start up their own businesses.

Between now and the future

Lucas continues to advance his planning with his team. However, he still has not managed to predict when the idea will come into being and he needs to find ways of sustaining the business in the short time. Therefore, he decided to take the public service exam allowing him to become a station attendant in the Metro. He thinks this work will help him survive while he is still planning forming the business. His work for the metro will be part of his personal journey in making his dreams become a reality.

However, if he does achieve his business, he imagines that he will not stay with it for a long time. If everything goes to plan, he hopes to start the business in a year or so: “My partners and I are already working out the installation costs and planning where our business will be. If necessary, we will take out a loan”. At the moment, they are all planning to leave their jobs to focus on the business.

Lucas is also trying to continue with his courses which are helping him learn even more about starting up his project: “PUC has a course about digital technologies and media which would help me a lot. I am thinking about doing that in the future. Television advertising is being increasingly left behind by the internet, which is where the future of this field lies”. Asked how he will continue

with his studies, he replies: “I won’t just stop studying. I will be able to carry on with my courses at night”.

Lucas is also already forming an idea of the market into which he will enter. He speaks as if he were already part of it: “Digital marketing agencies are dominated by foreign companies. A large Brazilian agency was bought by an international group. I do not want to grow in order to be snapped up. Who knows, one day I may grow and do the buying?”

About one thing he is certain: “The plan to create the agency will only move forward, not backwards.”

3.2.4.2. Eriberto – Non-Governmental Organization

About the young entrepreneur

Eriberto is 23 and has taken part in ACER activities for about 12 years. Married with two children (his wife works in the neighbourhood as a hairdresser and beautician), he works as a Social Educator at ACER and is creating an NGO, which will offer young people in Eldorado and the southern region of Eldorado opportunities in music and culture.

Eriberto’s story is linked to ACER’s own story. Created in 1993, ACER began by looking to offer a path of recovery to children who lived on the streets in the centre of Sao Paulo.

In 1998, in its previous site located in a country building in the southern region of Diadema, ACER organized social and educative activities for children and families in the region. Eriberto was one of these children: “I remember this time, back at the country building; it had the “Social Sunday”, in which many people took part”.

From 2001 ACER started implementing preventive actions strategies such as the “Espaço Cultural Beija-Flor” (“Hummingbird Cultural Space”) project. Eriberto, still a teenager, was often at the centre and he remembers this period: “When Beija-Flor started I took part with other young people in the educative and cultural workshops it offered. Even then I was already interested in hip-hop. Afterwards I took part in other workshops at other cultural centres”.

Eriberto stayed with ACER during its transition phase, firstly as a participant in its activities, and later as a social educator for the organization: “In 2007 I started taking part in the ‘Dia de Brincar’,

which takes place every year on 12 October. In 2008 I was employed as a social educator and I started dealing not just with children, but also making social visits to families, going where was needed and helping families take positive steps forward both mentally and physically”.

In fact, searching for ways to prevent child abuse, from 2003 ACER extended its focus to the educational and socio-cultural development within families. From 2008 the Catalisar Project further widened this strategy, coming to offer local people support in creating employment and income.

And one of the people that ended up benefitting from the Catalisar Project was Eriberto. He summarises this: “I took part in a lot of workshops here, I really like hip hop and rap. I learnt to take an interest in social work and in social politics through coming to ACER. And now I have this project of creating an NGO”.

Developing the idea

Eriberto had the idea to create a cultural NGO for young people in 2003, when he and some friends started to organize events called “Hip Hop e Cidadania” (“Hip hop and citizenship”) with ACER’s support: “We did the first event to commemorate the fourth anniversary of us being friends”, he remembers.

The group of friends went about putting on activities related to hip hop, bringing in rap, dj-ing and graffiti. Between 2003 and 2005 they managed to put on two annual events. “In these events we had a lot of music, but there were also discussions on topics such as the abolition of slavery. The idea of black awareness was always present.”

However, from 2005 onwards they began to suffer from a lack of funds. In the following years Eriberto was basically on his own: “I managed to keep the “Hip Hop e Cidadania” event going with donations from the region”, he tells us.

During this time he found out about an NGO in Diadema, which encouraged him to create his own organization. That NGO worked in the northern region of Diadema, offering cultural activities in partnership with the Municipal Secretary of Culture. As a resident in the southern part of the city, Eldorado, Eriberto had the idea of creating the “Cúpula Sul” (the Southern Dome) – an NGO capable of offering access to music and culture to young people within the southern region of Diadema.

Contact with the Catalisar Project

Working as a social educator at ACER, Eriberto easily found out about the Catalisar Project. He soon applied and started planning building his NGO with his coach's support.

The first challenge discussed in the coaching was how to keep "Hip hop and citizenship" going: "The coach helped me to organize the support and equipment needed for the events" he tells us.

However, in order to make the NGO possible they needed resources that would guarantee their survival long term. With the help of the coach, Eriberto obtained support of a voluntary lawyer who is helping with "Cúpula Sul's" legal status. He and another four colleagues will form the board of directors of the NGO, all with connections in the world of culture, music and hip-hop. At the same time, Eriberto has started discussing his financial strategy with the coach. A first attempt to gain sponsorship from the State Government was not successful. "However we have now managed to approve a project with the Ministry of Culture", he tells us. The project is called "Experimentando Música" (Experiencing music) and will last for four years. As the process of gaining legal status for the NGO is still not complete, the project proposal was sent to the Ministry of Culture under ACER's name, which will help with generating funds.

The budget approved by the Ministry of Culture is R\$180,000. With this funding the project will be able to offer cultural workshops for children aged 7 onwards, and young people aged 24 or above. The workshops will take place at ACER and other spaces in the community. They will be overseen by "Cúpula Sul" leaders and will approach various cultural aspects, hoping to go back to their ethnic roots. It is predicted that activities will begin in the second half of 2010.

The coaching has also helped Eriberto gain support from the Diadema Secretary of Culture in continuing its musical events: "Before, the events took place whenever possible; now they take place monthly, offering many musical opportunities. The Secretary of Culture is donating R\$500 a month. "Our contact with the Municipal Secretary of Culture has been very important, because the project sent to the Ministry of Culture relies on the participation of the Secretary, which certainly helped in its approval.

The "Cúpula Sul" is currently part of the "Incubadora de Projetos Sociais" (Incubator for Social Projects), which ACER has just launched. "I hope to guarantee the survival of the NGO through public financing and contributions from people and businesses within the community who understand its importance", says Eriberto.

Between now and the future

According to Eriberto, “Cúpula Sul’s” mission is to create alternatives for young people, helping to widen their cultural horizons. Aware of the growing violence, which, in the last few years, has mainly affected young people, he evaluates: “The recent popularity of funk music has contributed in attracting many young people to the glamour of violence”.

Eriberto is currently taking a social service course in São Paulo. He chose this subject as it is directly linked to creating the “Cúpula Sul” project. “My idea is to bring social services and culture together”, he says.

He is currently dividing his time between working for ACER and building his NGO: “I am thinking about staying at ACER as a social educator, while I watch over the initial phase of the Project approved by the Ministry of Culture”. This will be an important point in his life: “This project is very important to my personal life. But the idea is that it will be a springboard for future projects”.

3.2.4.3. Tamires – Study Project

A young person and her dream

Tamires is a young resident in Eldorado. When she finished high school in 2007, she already knew that she wanted to continue to study social sciences. In that same year, at great personal sacrifice, she took a short course and attempted the entrance exam for the University of Sao Paulo, but she did not get in.

The following year (2008), she started coming to ACER. Her original intention was to use the library, where she would be able to study more to help her enter university. She found out that ACER was recruiting new literature mediators. She applied, took part in the selection process and got the job.

Hearing about the Catalisar Project, which ACER was launching, Tamires enquired whether she would be able to gain assistance in realizing her dream of studying social sciences at university. And so a new experiment began for her and for the Catalisar Project: coaching sessions to achieve a personal study project.

The fight to put her project into action

She tells us that, since the beginning, her desire to study was combined with a future work goal: “My dream was to study at university in order to be able to teach history, geography and sociology in primary and high schools.

When she started working for ACER she soon found out about the Catalisar Project and started talking to the coach: “After three sessions, I knew that I would be able to find the help I needed in order to achieve my goal”.

Tamires is quite shy. She remembers that in her first few meetings with the coach she hardly spoke. Little by little she found talking came easier and she started to vocalize her feelings and reflect upon the difficulties and struggles in realizing her project: “I felt a bit hopeless and had low self-esteem. He gave me incentive and helped me to have more confidence and come up with a plan to get to university”.

The first decision was to take the entrance exam for the social sciences course at the Fundação Santo André (a private university), with the option of studying at night (from 7.30 pm until 11pm). This university is located relatively near Eldorado, which helps her organize her time between studying and working. Taking the entrance exam for the University of Sao Paulo again, besides being very difficult, would make it very hard, if she were accepted, to manage her working and studying hours, given the university’s location.

Starting to work at ACER was an important part in making the plan possible, as the social sciences course at the Fundação Santo André costs around R\$400 a month. After working as a literature mediator Tamires, who had already enrolled on the course, started working as an intern in ACER’s research department, from 9am until 4pm, which gave her enough time to get to university. She started earning R\$615, which she thought would be enough to cover her university costs, however she still needed financial help from her family.

At university, she was fearful of not having enough money to carry on studying. The money from ACER all went on paying her course fees and other expenses such as transport and materials. As she tells us: “Everything was spent. Sometimes my father had to help me with money”.

Although she had a good timetable with ACER, Tamires started to find it hard to balance her course, work and further studies necessary to do well on her course. She tells us about her doubt:

“I thought about leaving ACER to have more time to study; but then how would I pay for university? I remembered how, when I was working as a mediator at ACER, I had sold chocolate lollies to make some money. But this would not be enough in this case”. At times even her family expressed doubts about what would be better for her: to carry on with university, or give up her studies and look for a job.

When her internship contract at ACER finished, she increased her contact with the coach. The conversations were always linked to her university studies, and the best ways of finding a job involving social sciences. But the main issue was finding Tamires a job that would allow her to carry on studying.

At this stage, with the help of her coach, she approached the Employment Centre – an organization linked to the Secretary of Economic Development in the municipality, which helps people in search of work find available positions in companies. After some contact, she found a job as a checkout assistant in a supermarket just outside Eldorado, earning minimum wage. However, the working conditions were very hard: “I worked from 8am until 6pm. I had just one day off a week, I had no overtime, and I even had some shifts on Saturdays and Sundays. I couldn’t go on like this”.

So she decided to start looking for other work possibilities which would be more related to her studies and would carry on from her experiences as working as an intern in the research department at ACER.

She applied at the IBGE for a position as researcher, but did not take the test. She took part in the selection process for interns at the Local Government in Sao Paulo, but was not called for interview. She applied for a competition for interns in the IDORT/SP (an educational and advisory organization dealing with employment and professional training), she took part in the selection process and was finally chosen. She tells us about this, calculating what it meant for her circumstances: “I was called last week. I need to do the training and sign the internship contract in the field of social planning. I can work there for two years as an intern. The salary is R\$720. Out of this the R\$400 will go to pay my university fees and the rest will be for other expenses. I may still need some help, but the situation has already improved a lot”.

Between now and the future

Tamires is now confident that her dream to be a social sciences teacher will be realized. However, she knows that she will still have to fight a lot for it. “I have a lot of friends at university who are having trouble. They try to find a job but never manage to do so”.

She has finished her second year at university and still has two more years to go. In her second year she passed all her subjects with good grades. How she feels at the moment: “I am on the right track; I still want to be a teacher one day. I can see that many friends on my course are training and then not finding a job in this area. But I don’t regret it; this is what I wanted to do. Sometimes my mother tells me that I chose the wrong course and that I will end up unemployed. I reply: ‘I will suffer a little, but in the end I will succeed’”.

About the Catalisar Project she concludes: “During my sessions I became more independent and developed my own abilities. When a person doesn’t know what they want, that’s when it is hard for the project to help”.

3.2.5. Support for “almost entrepreneurs”

3.2.5.1. Marli – halfway between assistance and emancipation

One woman, her problems and her project

Marli has two children and receives family benefit. Separated from her family, until recently she worked as a cleaner in a firm contracted in hospitals. She worked there for five years. Experiencing various family difficulties, she thought about setting up a cake shop, but she has still not managed to bring about this plan.

She tells us a little of her story. Born into a poor family with difficult living conditions, she decided to leave home when she was just a teenager: “My mother was very strict. One day I resolved to run away from home. I was 15. I went to live in Bairro da Liberdade, in São Paulo, sharing a room with a friend. She introduced me to the owner of a Chinese restaurant and I went to work as a waitress there”.

At that time she was in a relationship and had two children. “I became pregnant for the first time when I was 16. Twelve months later I was pregnant with my second child”.

In order to improve her family’s living conditions, Marli also worked as a cooking assistant in a catering firm. She tells us how she didn’t enjoy this work: “I hated cooking. I only took this job because I needed to”.

At that moment something happened which had a great impact on her life: her partner began to take drugs. That was a difficult time, which lasted a few years: “Everything he earned, he spent on drugs. Once he got a decent job in a supermarket, but he spent everything he earned buying drugs. He was manipulated by drug-dealers. Life became very hard. He stopped working and I had to basically beg for money. He took everything”.

During this time one thing particularly worried her: the fact that her son was witnessing his father’s situation and suffering greatly because of it.

Months later her partner left her, after having a relationship with another woman. She had already been taking medication for depression for a while; when this happened she became increasingly depressed. She even thought about attacking her partner. This was when she found support in ACER. The family educators at the organization helped her face up to her problems. With their help, and that of her daughter, she stopped thinking about revenge and got on with her own life.

Her son, who despite everything, had still used to respect his father, suddenly started to deny his very existence. Marli speaks about the problems she had with her son: “He changed a lot. He began having problems. One day he attacked a teacher because people were making fun of him and he believed it was the teacher’s fault. He was expelled from school. He was also given a trial and put on probation”.

Probation refers to a socio-educative sentence given by the Court Judge for Children and Young Offenders. Marli became depressed about the state of affairs with her son. She tells us how the educators at ACER were important in helping her confront this situation.

But she remained worried about her son: “He did not want to study more and he did not comply with his probation even for a month. He was already behind at school, he was doing fifth grade but he could not read or write correctly. He did not want to go back to school. For a while he was only interested in going out with girls”.

Contact with the Catalisar Project

Some time later, Marli discussed the idea of opening a cake shop with an ACER educator who dealt with her son. On hearing this, the educator suggested that she get in touch with the Catalisar

Project. She was interested in this and went to discuss the idea with a coach. She tells us: “My intention was to set up a cake shop in my garage. So I went to talk to him”.

The coach went with Marli to her house to see the space and think about the possibility of setting up a cake shop. They thought she would need to raise the wall and fix the door. She tells us the conclusions they reached: “We saw that to do this we would need to invest in materials and a builder. One way would be to apply for a credit loan. It would mean investing before making any gains, but I could make it back”.

In her contact with the coach she improved her vision of the project: “I would sell ready-made cakes, because I don’t like cooking. I would not sell alcohol. The location is good; my garage is near a bus stop. I think it would be easy for the cake shop to do well there”.

However, there is one thing delaying the project: Mali’s brother-in-law still lives in the house and uses the garage. She has not yet managed to agree the situation with him.

Between now and the future

Marli has still not managed to put her project into practice and had to give up her cleaning job because of her depression. She applied for benefits.

She was receiving family benefits but this was cancelled because her son left school. A worker at CRAS (a social assistance centre near Eldorado), who knows Marli’s situation, is trying to help retrieve the family benefit, arguing that the family is looking for a place in a school.

This situation is hard for Marli not just because of her financial difficulties, but mainly because of her son: “He needs to go back to school. The problems he had were in a state school so therefore he will only return if it is to a municipal school. There they will understand his situation and be able to deal with him better”.

At the moment, Marli has stopped her sessions with the Catalisar Project coaches. She says that if her situation improves she will have the courage to think about it again: “Then we can discuss the loan and other ideas”.

3.3. Creating partnerships to promote local development

3.3.1. Banco do Povo: credit loans for micro-enterprises

About the partnership institution

One of the critical factors in a project's success is creating ways for small businesses to access credit loans.

Therefore, the Catalisar Project joint with the Banco do Povo Crédito Solidário – a financial institution which has been working for 11 years providing funds for investment or capital for micro-enterprises which generally find it hard to finance their work.

A credit loan is a way of generating funds for micro-enterprises which helps to improve the financial situation of small businesses. Indicators at the Banco do Povo show that debt amongst informal micro-enterprises is a lot lower than the average (which means there is a smaller risk of the business being swallowed up by creditors). They also point to the fact that the majority of local micro-enterprises significantly increase their profit margin after taking out a loan.

The Banco do Povo Crédito Solidário is qualified as part of the Programa Nacional de Microcrédito Produtivo Orientado (National Programme for Productive Credit Loans) launched by the Ministry of Employment. This programme has the following objectives: 1) to encourage the creation of jobs and income among local micro-enterprises; 2) to make resources available for credit loans; 3) to offer technical support to credit loan institutions, aimed at strengthening these organizations to be able to provide services to local enterprises.

In order to develop its activities, the Banco do Povo obtains resources from various sources: Caixa Econômica Federal, BNDES and other private finance agencies. For example, it recently obtained R\$1.5 million from the BNDES to create a credit loan system for individual customers and groups. These resources makes it possible to carry out around 2,000 new operations which will make around R\$5 million for the Banco do Povo in credit loan operations in the year 2010.

Silvana Croos, credit agent at the Banco do Povo who works in Diadema and accompanies entrepreneurs supported by the Catalisar Project, speaks about the criteria normally used in giving loans: "The bank has loans available for fixed capital, working capital and purchasing equipment. The most requested loan is for working capital. We assess the client's credit history and the length

of time the business has been up and running. Clients should fulfil two prerequisites: having a clear credit history and being able to come up with at least 30% of the value of the loan.”

The process of acquiring a loan involves two stages: an initial interview with the client, a detailed analysis of their economic situation, credit approval, and a follow up. As Silvana tells us: “I periodically visit clients in order to follow up the spends they made with the loan. The Banco do Povo is different from other institutions that offer credit loans. Many make the payments but do not follow up with the business as we do”.

The loans from the Banco do Povo can be given to individual or collective enterprises. Collective enterprises are made up of groups of people who work together. As they do not have insurance, credit or guarantors, the members of these groups come to share among themselves the responsibility for making the payments on time. In collective enterprises the challenge is to establish common goals and relationships of trust and solidarity within the group, for as well as honouring credit payments and confronting possible difficult situations, each enterprise has to be able to count on its partners. According to data from the Banco do Povo, loans for collective enterprises are on the increase, reaching around 40% of their total loans. This is a promising figure, as these groups are generally made up of the poorest local enterprises.

Logo of the Banco do Povo



Partnership with the Catalisar Project

ACER took the initiative to form a partnership with the Banco do Povo, which was formalized through the Terms of Cooperation. Besides having the structure and teaching method of the Catalisar Project at its disposal, ACER now also had financial resources as well as an international finance organization to help create a source of productive credit loans. Therefore it was possible to come up with the resources with the Banco do Povo. The bank took responsibility of administrating finances to the enterprises supported by the Catalisar Project.

Spreading the idea to the community was done through a series of events organized by ACER, called “Café com Microcrédito” (Coffee with micro-credit”). Invitations were sent to all the entrepreneurs involved in the coaching process. This proved extremely popular. At the second event they exchanged experiences and showed some of their business products.

Various micro-enterprises supported by the Catalisar Project have already received financial administration from the Banco do Povo. They all have a below-average monthly income (taking into consideration the usual beneficiaries of credit loans from the Banco do Povo).

The credit agent, Silvana Croos speaks about the enterprises which are supported: “Our total spend here at ACER has already reached R\$16,000. These are initiatives such as a sweet shop, a grocery store, a snack bar... We have also already financed people who represent make up brands and need to do their stock, and people who produce artisan pieces at home. Some credit loans were given to entrepreneurs who also receive family benefit. On average, finances provided by the Banco do Povo are around R\$1,000. Here at ACER the average amount has been around R\$800 per person. Based on the scale of businesses supported by the Catalisar Project, we established a maximum limit of R\$2,000 per business”.

The Catalisar Project and the Banco do Povo work cooperatively to support people who need credit loans. “We work together to deal with our clients: either one of us can consult the client and then inform the other”, Silvana tells us. The partnership also helps the bank to follow up with its entrepreneurs: “Sometimes meetings take place here at ACER. They often ask questions or express any doubts, and I also give free guidance”.

The strategy to support product inclusion and local development run by the Catalisar Project is based not just on the coaching method, but also on taking root in the local community, over a period of three years. This last aspect is important because it gives the Catalisar Project credibility among people and the ability to interact with micro-enterprises and to accompany invisibly and effectively, the development processes and the decisions, which will define the future of each enterprise.

The confidence in the project’s ability encouraged the Banco do Povo and ACER to take the decision to loosen its rules on credit loans for local enterprises: “We decided that someone’s poor credit history should not necessarily impede them acquiring a loan. We also agreed that the guarantor could be more informal. A letter of recommendation from the project could act as a moral bank guarantee.”

The result of this flexibility has been recognised as a positive move by partners. Besides debt being practically inexistent, the experience has also taught businesses a lot. Silvana evaluates: “Our clients are always advised that their credit situation is special. We manage to make a distinction, even though it is not always easy, between personal failings and problems that are sometimes beyond a person’s control and hold up their development. The result has been positive: they faithfully stick to their agreement and also learn that paying on time can help to increase the value of a loan they may wish to make in the future.”

In the case of the Catalisar Project, until now loans have only been aimed at individual enterprises. However, they are discussing the possibility of supporting joint ventures: “One idea would be to support groups which have at least two people with good credit history, which also involve those with poor credit history,” Silvana tells us.

Balancing the achievements

Confirming what has been recorded for years in international experiments, businesses supported by the partnership between the Catalisar Project and the Banco do Povo present a very small rate of debt. In Silvana’s words: “We have more than 20 active clients with the Catalisar Project. Barely one has problems paying bills. And we have to consider that this is among a special group of people: 80% of which have some sort of bad credit history.”

The benefits that credit loans bring to small enterprises are clear. The Catalisar Project vouches that the credit loan can contribute to transform the structure and running of businesses, with a consequent increase in their visibility within the community and in sales. Furthermore, the results can transcend to the commercial sphere and bring personal benefits to the entrepreneurs, such as improving their self-esteem and strengthening their family relations.

Silvana speaks about the ability of the micro-credit to promote the growth of local enterprise: “Micro-credit is a sort of personalized economy, because it involves a more complete relationship with the client. They are supported and also learn to deal with their own customers in a different way”.

Silvana’s previous statement is coherent with the principles which guide the Catalisar Project’s methods: the success of coaching depends on establishing a support network which is both technical and ethical, based on listening and talking. In the same way, the experience of receiving micro-credit loan could help to develop the technical and ethical maturity of local enterprise: “They

discover that they can have access to credit, they understand how a lack of credit can be a problem, they learn that credit is crucial for expanding a business. They also understand that it is not about “getting free money” but that receiving credit can be dignified in both personal and economic aspects. Giving their word, making a promise, these are ethical questions”.

For Silvana, the partnership between the Banco do Povo and the Catalisar Project is very positive: “everyone wins. The Catalisar Project was fundamental in giving micro-enterprises in Eldorado access to the Banco do Povo. The client is helped think through their project, the loan and then given follow up sessions. The main difference has been this follow up process. Credit always involves risk. Therefore follow up is essential”. He highlights that collaboration with other partners is also important: “Courses such as those at SEBRAE (supported by ACER) are helping, educating businesses. And the participation of local people will always be vital”.

3.3.2. Local traders: A new outlook for the development of Eldorado

Transformations in the local economy

One of the main obstacles for promoting economic development in Eldorado is the demand of consumers and businesses, which is not fulfilled locally and ends up being satisfied in other regions of Diadema or neighbouring municipalities.

Until the 50s and 60s, Eldorado was a tourist destination for people looking for leisure opportunities near to Represa Billings. The majority of residences were summerhouses, and only a very small part was made up of fixed residencies.

By half way through the century, economic development and rapid residential growth were gradually turning Eldorado into a poor neighbourhood with favelas, high levels of violence and little appeal for economic investments. Now, alongside its few closed residential compounds, Eldorado is still dominated by poverty.

A corner of Eldorado



However, the pick up in economic activity in the last few years has started to revive the neighbourhood. The main street, which was always a place of basic business, has gradually seen the opening of large, better-organized shops. However, there is still a lack of diverse, quality services in the region.

A glimpse of Eldorado (A section of Avenida Nossa Senhora dos Navegantes, near to the neighbourhood shopping centre)



Therefore, one of the current challenges Eldorado faces is looking to fill this hole in resources that is weakening the local economy. The success of this will depend as much on the neighbourhood's ability to attract new investments, as on making the most of opportunities presented to create new local services and products that will increase the circulation of resources.

The challenges and local potential

Jadir Riato Silva owns well-structured butchers, which has been open on the main shopping street in Eldorado for the last two years. He leads a group of around 30 local businesses, which is working to promote and bring new life to the neighbourhood's economy.

Jadir has a comprehensive view of the challenges and possibilities of local development. He discusses indicators, which show the tendency of local economic development: "I estimate that lately private investors have invested around R\$8 million in Eldorado. We need to incentivize such growth. The cycle of stagnation is being broken. Until recently, everything people needed had to be bought in the city centre. Now we have a large bank and lottery. PAC is going to start working here. UNIFESP has also arrived. We need to draw more shops and restaurants to Eldorado. There was already demand here in the neighbourhood, but it is only now that people are realizing this".

However, he understands that advancing this process will depend on improving public services: “The neighbourhood has little structure and this may put businesses off from coming. Public security is one of the problems. The police service needs to improve. For example, in the park, they could have a police patrol”.

Eldorado is situated near Represa Billings, which provides a large part of Greater São Paulo with water. Despite being protected since the 70s by the Water Protection Law, the region of Billings has suffered for many years with the consequences of illegal land seizure. This process will start to change with the regulation of a new Billings Law by the State Government, passed in 2010. With this law, around 100,000 house owners in the region (which incorporates six municipalities, including Diadema) will be able to regularize the possession of their houses and have access to credit loans (which before the law were refused because of irregularities in their properties), as well as other benefits. The initiative of regulation will be the responsibility of local governments in the region, who must also define their respective water zones as “Zonas Especiais de Interesse Social” (Protected Areas of Social Interest).

Carefully following this process, Jadir evaluates the implications for development in Eldorado: “The new Billings water law is being regulated. The lack of regulation has brought various problems, because those that wanted to invest were not sure about the rules with which they had to comply. A large chain of furniture stores bought a plot near the shopping street, but it still hasn’t started building work due to a lack of clear guidelines”.

Jadir and his group are also worried about the organization and appearance of the neighbourhood: “Eldorado lacks an urban and landscaped plan. The main street can’t take any more. There should be car parks provided. There are no traffic controllers”.

Recognising the importance of this question, Jadir’s group went to visit other areas looking for ideas on how to go about the project for Eldorado: “We visited Embu das Artes and Rio Pequeno, where we found well-organized shopping centres with pedestrianized streets. We could do something similar in Eldorado: a pedestrian street would give better access to shops and services, and would give artisans a better space. We looked to discuss the reorganization of the neighbourhood with the local government.”

The role of the local government in the process of local development is emphasised by Jadir: “The local government needs to have a clear and structured project for the neighbourhood. It needs to invest and look for resources from other places if necessary. The main street and traffic also needs to improve. The neighbourhood Health Service needs to be modernized. The local government

could help encourage new businesses come to the region. We are discussing the arrival of a Banco do Brasil branch in Eldorado”.

Jadir and his group have already been invited to join the municipal Commercial Association. However the group will focus on the neighbourhood: “We are part of the ‘Eldorado Football Club’. We have our targets; little by little we are moving forward and using everything we have to make these changes happen”.

The role of the Catalisar Project in this vision

The economic transformations that are starting to take place in Eldorado will, according to Jadir, bring new opportunities to generate employment, income and professional training in the local population.

This should increase public potential of the Catalisar Project. Jadir gives examples related to different branches of activities, including his own branch (selling meat): “There is a lack of butchers, pastry cooks and bakers in the neighbourhood and in the city in general. When PAC starts working, they will need builders”.

The first partnership with the Catalisar Project is already being formed: “We are discussing with ACER the possibility of starting a butcher’s course which could train up to 100 people. Many of the students would be able to find work in the region. ACER is speaking to SEBRAE, who could help with the course”.

Jadir understands that the Catalisar Project could act as consultant and adviser in the commercial development process in the region: “The project would help us to make our ideas more professional and look for resources to finance projects for the neighbourhood.” And, at the same time, local traders should be more and more aware of the social issues in Eldorado: “The social side could also be helped by trade. More qualified people with a higher income will be able to shop here and help the neighbourhood to develop”.

3.3.3. UNIFESP: an example of a link between large organizations and local micro-enterprises

About the institution

Set up at the beginning of the 90s, from 1995 the Federal University of São Paulo (UNIFESP) began to create graduate courses in different areas, such as physical education, physiotherapy, nutrition, psychology, social service, occupational therapy and others. In 2007 it installed a campus in the municipality of Diadema, with courses in pharmacy, biochemistry, biological sciences, chemical and pharmaceutical sciences, chemistry and chemical engineering.

According to UNIFESP, the current facilities at their Diadema campus are not definitive: “These will be built in an area of environmental preservation located outside Represa Billings. The environmental emphasis is a guideline of the courses at Diadema, as well as a way of interacting with the municipality where the campus is located” (source: www.unifesp.br).

The installation of the UNIFESP campus in Eldorado has already attracted traders interested in satisfying the demand for services and products, which, in the next few years, will grow in areas such as food, hospitality, graphic services etc.

Entrance to the UNIFESP campus in Diadema



The campus in Eldorado, houses the academic secretary, administration and graduate laboratories. Research laboratories are also being constructed in the neighbourhood.

Understanding the impact the campus could bring to the development of the region, ACER began talking to the University, with the idea of working cooperatively to help the process.

Local needs and opportunities

For Dr Virginia Berlanga Campos Junqueira, Director of the UNIFESP Diadema Campus, the economic potential of UNIFESP as a large organization makes the institution an important partner to strengthen the local economy: “We currently possess 1,300 students, 180 professors, 47 administrative staff and 60 contracted staff. But this number should increase: by 2015 we will have 3,000 students on our campus”. This community which daily passes through the University is aware of the precariousness of the services in the surrounding area: “You will find almost nothing in Eldorado. In terms of eating options, there is only one restaurant here and it is very expensive,” the director describes.

Interested in contributing to the generation of employment and income in the region, the administration of UNIFESP in Diadema determined that internal service staff on campus (around 60 people) would be contracted from Eldorado.

Dr Virginia remembers that, by law, the main services the University needs must only be given permission through bids. “Recently UNIFESP bid for a canteen space and no one turned up”. There is an opportunity for new business here. The director adds, “It is important that small local enterprises show that they could eventually qualify to provide services of this sort”. This would be a job for the Catalisar Project.

Businesses already supported by the Catalisar Project could fulfil some of the current demands of the University. “Professors and students need lab coats for class and laboratories”, the director shows as an example. This item could be made, for example, by the MLB Sewing Cooperative (discussed in chapter 3.2.2.1 of the present study). The first estimation demonstrates that, currently, the UNIFESP campus at Diadema gets through around 650 lab coats a year.

Dr Virginia gives examples of other basic services that could be bought locally if they were offered in the community. One of them would be glass: repairing pieces, which sometimes break in chemistry and pharmacy labs etc. Another would be a locksmith service. Others would be of interest to the whole community, such as bookshops, photocopy shops and a stationary shop.

Students on the UNIFESP Diadema campus also have needs that could be satisfied in the local community. Many come from other states and municipalities, and came to live in Diadema when they started University. Some of them have very low incomes and depend on a financial support

programme provided by the University (currently at the value of R\$350 a month, as well as travel expenses).

For example, they need reasonably priced food, accommodation in student residences, and cultural activities at nighttime. About providing student accommodation, the campus director comments: “People who own student residences and pensions could take in students more effectively and provide better food. At the moment we only have a link between estate agents and pensions in the region, who help students choose where to live”.

Perspectives for the Catalisar Project

Identifying opportunities such as those mentioned above can be helped by the “local multiplier” technique (which uses the Catalisar Project tools). This technique guides businesses interested in supporting local development processes to evaluate their costs and reflect upon possibilities of buying locally, or supporting local enterprises which could offer them services. From their experience of planning alongside UNIFESP, the Catalisar Project is trying to develop similar experiences with other businesses in the region.

The UNIFESP Diadema campus is an example of the role, which could be played by large businesses in the process of local development. “We have seen the creation of a discussion space between the University and the community,” says Dr Virginia.

For example one of the professors on campus is organizing a project that will promote visits from the community to the University. ACER’s cooperation will allow the University to see how it interacts with the community: “We can help the Catalisar Project identify the needs of our people which could be fulfilled by local businesses,” says Dr Virginia. Aware of the Catalisar Project’s main focus, the director concludes, “ACER’s challenge will be to unite these ideas”.

3.3.4. Diadema Local Government: public policies for local development

Policies already effective in the municipality

Diadema figures among the municipalities, which, since the period of spreading democracy in the Brazilian society, are highlighted for their proposal and implementation of public policies, aimed at improving the quality of life for those on low income.

The current municipal administration has tried to continue this tradition. According to Romeu Baptisa Pereira Lemos – Coordinator of the Department for Work and Economy Policies launched by the local government Secretary for Economic Development – the two main strategies of the policy to create work and income for the municipality are the “Public Centre for Employment and Income” and the “Public Incubator for local popular enterprise”. Diadema also has a municipal Employment Commission, where they discuss the challenges of policies in this sector, and an Economic Development Council in which the local government and other local leaders take part.

The guiding idea of these policies is to strengthen local leadership and to promote democracy and productivity in neighbourhoods so they become central to sustainable development. According to Romeu, the main objective of the Department for Work and Economy is to overcome the precarious nature in which the poor are included in the job market. To achieve this, the department is looking to recognize and value productive vocations in the communities of Diadema.

The Public Centre for Employment and Income in Diadema was created in 2006 and functions according to the basic model established by the Ministry for Employment. According to Romeu: “The centre offers guidelines for workers about formal economy in terms of work and pension, it takes note of job opportunities and offers professional courses. The courses run for more than 200 hours and prepare people for the service, commerce or industry sectors. More than 2,000 workers (mainly young people) have already attended.”

The Public Incubator for local popular enterprises was created in 2009 with the mission to implement in the city a policy of local popular economy. Romeu explains that “the incubator is just starting and its objective will be to support collective enterprises and guarantee ample work opportunities for people in vulnerable socio-economic situations”.

The Public Incubator will support businesses that have at least three associated producers. According to Romeu: “The idea is that incubating collective enterprises will help to break this cycle of unstable working conditions”.

In order to do this, the department will depend on their partnership with the Banco do Povo: “The Banco do Povo this year has R\$500,000 set aside to support local popular enterprises in the municipality”.

Ten local economy groups were selected to take part in the Diadema Public Incubator Project. The groups will be supported for two years and it is hoped that this will create work and income for

more than 200 people in areas of food and refreshment, textiles, metals, waste recycling and artisan crafts.

Logo of the municipal local government



The challenges in promoting local development

According to Romeu, in order to reach the objective of multiplying work and income opportunities in neighbourhoods such as Eldorado, it is important to understand the nature of the problems that determine the way the economy works in the local area.

One such challenge: “In general workers in this area are less qualified and have fewer opportunities to gain Professional training. Therefore, they are more likely to enter into an economy of simply surviving. This can make it difficult to develop an entrepreneurial spirit in the neighbourhood.” The coordinator also adds that it is necessary to consider that in the outskirts the economy is less developed and creates fewer jobs.

So how to face these obstacles which exist in neighbourhoods on the outskirts of Sao Paulo? According to Romeu, the best way would be to look to overcome isolated work is through an economy of solidarity: “This would prevent people from getting involved in contract work which is given little appreciation”. The coordinator sees how large businesses tend to spread to neighbourhoods on the outskirts absorbing or eliminating small ones: “There is no protected land”. He gives an example: “When a large cold store arrives the tendency will be for small butchers to close down”.

Romeu highlights that possibilities for local development are determined by the dynamic of the macro-economy. However, he thinks that this won't bring discussions about development problems to an end: “Internal development is necessary. We have to think, for example, about the relationship between Eldorado and Diadema. On the one hand, working to strengthen small local enterprises; on the other, considering how large businesses could come to Eldorado without causing the neighbourhood's small businesses to collapse. We cannot be too economically

innovative. At the same time, we have to promote new local control, which values the energy and enthusiasm of young entrepreneurs.”

Implementing these public policies on productive inclusion should be done, according to Romeu, together with the community. “It is important to discuss this with private sector; constructing the policy with partnerships and decentralizing control for its execution”.

Perspectives for the Catalisar Project

Romeu recognises qualities in ACER that give the organization credibility to take part in the decentralized process of carrying out the productive inclusion policies: “The best thing about ACER is its ability to interact with the community. The Catalisar Project is looking to strengthen the local economy. The partnership with the Banco do Povo has been important in creating credit opportunities”.

The coordinator offers suggestions to ACER: “I think that the organization should go even deeper in discussing the project with partners, focusing especially on working alongside young people and elderly people. They could also go further in discussing ways to integrate the job market in the neighbourhood and the region’s economy”.

These observations open the door for closer links between the Catalisar Project and the municipal local economic development policy. Increasing discussion will help achieve this goal; “We must meet to discuss methodology, get in touch with other partners, present ideas, and contact the supported enterprises. ACER is working to provide equal opportunities. It can be help in the strategy to reduce inequality”, concludes the coordinator.

4. CONCLUSIONS

4.1. Development of popular enterprise: people transforming their circumstances

The public targeted by the Catalisar Project is made up of the most vulnerable sections of society who are economically active, yet less innovative or capable of running a business or being financially independent. The project shows that when they receive adequate and personal support, these people come up with ideas and businesses that could not only improve their personal and

professional development, but also contribute to the economic and social development of the communities in which they live.

An essential difference in the project method is their principles to not hold anything back from people (qualities or capacities which, through a traditional support approach and conventional professional ability they seek to transfer to people they see as lacking in connections and intelligence). The method goes further than this, valuing abilities and potential which people already have, although they may be hidden or repressed.

The Catalisar Project demonstrates that the most vital aspects in a changeover process are not just the objective factors which determine people's lives, but also, more importantly, the need people feel to change their circumstances, their ability to understand the objective reality and then to transform it through cooperative action.

In this respect, Marcelo Driusso – responsible for implementing the coaching methodology in the Catalisar Project pilot phase – says: “In coaching, the vital thing is to establish relationships. Moving forward with the person, being there, letting them know they can count on our support, offering help whenever they need, and not just when it is convenient for us. Coaching is more than a normal professional relationship; it is a relationship built on trust, and compromise, based on listening to and understanding the situation the person is going through”.

In this sense, the Catalisar Project belongs to a new generation of policies of support policies, but looks to go further than this. Support policies are necessary when it comes to the great social divide in Brazil, as discussed in Sachs⁹:

“Employment and financial independence are the best way of dealing with social needs for two reasons: a) entering into the productive system offers a definitive solution, whereas simply giving assistance requires constantly using public finances; b) at a psychological level, exercising their right to work promotes self-esteem, offers opportunities to show their own capabilities and to advance in the social scale, in contrast to the disincentive and lack of perspectives experienced by people on benefits.”

⁹ Sachs, 2008 (op. cit.)

4.2. Promoting local development: the challenge of cooperation

By focusing on productive inclusion among vulnerable sections of society, the Catalisar Project belongs to a category of projects described as “naturally intersectional”. A study carried out recently by IPEA researchers about sectors which should be prioritized in a strategy to include vulnerable populations¹⁰, reached the conclusion, worth mentioning here, given its proximity to the guiding principles of the Catalisar Project and to the indications put forward in the present evaluation:

“The challenge of improving productive inclusion amongst low income Brazilian families is a task which appears on many public policies. And not just for policies typically seen as social: it is also necessary for a series of policies – credit or investment etc – to make reaching this population one of its main objectives. Certainly, this is a challenge which cannot be overcome by just one programme – such is the importance of the family benefit programme or the one-off family benefit as parts of this wider strategy”.

Furthermore:

“The efforts to integrate various actions and programmes into a cohesive social policy through productive inclusion is just the beginning – it is vital that they become even greater. Getting to know these policies, evaluating them, adding depth to them, readjusting them if necessary is something which transcends the responsibility of just one federal body, as it necessary for the State as a whole to take on these tasks.”

With the Catalisar Project, ACER reaffirms its role as a mediatory organization which links existing resources and potential within the community. The project interprets one of the organization’s ideas about overcoming the limits mentioned by Yunnus¹¹ in running a civil society organization:

“...Non-profit-making organizations have proven to be an inadequate response to social problems when they act independently. The persistence and increase in global poverty, endemic diseases, homelessness, hunger and pollution are sufficient evidence that charities can not do all the work themselves”.

The current process of changing the State and economic market in Western societies has highlighted the importance of strengthening democracy. In this way, Yunnus’s earlier argument

¹⁰ Castro, Sátyro, Ribeiro e Soares, 2010 (op cit.)

¹¹ Yunnus, 2008 (op. cit.)

also extends to classic socio-economic agents. Sustainable development (which includes the enormous task of reducing social inequality by promoting productive inclusion) will depend more and more on adopting government models shared between public organizations, businesses and civil society organizations.

Finally, it is important to highlight that the results of strategies such as the Catalisar Project will be more impressive when the country manages to define a national integrated policy that involves informal economic activities and the strengthening of micro and small enterprises. Only then will popular enterprises have the appropriate conditions to stop being a mere “survival strategy” and become a “development strategy”. This is especially relevant in countries such as Brazil which have a largely informal economy, and who has a fairly ambiguous policy on illegal labour exploitation of adults, women, young people and children. In this way, Sachs¹² proposes methods that could encourage a gradual reduction in informal employment and promote the transformation of small enterprises into “architects of the future”:

- . Reduce bureaucratic obstacles and administrative costs linked to opening formal micro-enterprises.
- . Financial exemptions and reduced taxes
- . Simplified access to Social Security and lowering payments
- . Access to large amounts of credit with low interest rates.
- . Access to appropriate technologies, training and technical assistance.
- . Access to markets, especially by giving preferential treatment to micro and small enterprises in public sales.
- . Public support for collective enterprises.

Some of these methods have started to come into use in the last few years in Brazil. However, as many of the cases stated in the study suggest, there is still a lot to do in order to improve, and implement them further.

Based on policies of this nature which are secured by effective partnerships between sectors, initiatives such as the Catalisar Project will be able to complete the vital task of supporting the most vulnerable sections of society in popular enterprise, which will in turn help to overcome the vicious circle of conditions which have for centuries allowed social inequality to foster.

¹² Sachs, 2003; Sachs, 2008 (op. cit.).

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