

Co-operative Incubators to Alleviate Poverty in Local Communities in Brazil

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This paper presents a model of the co-operative incubator created in Brazil in 1995, whose aim was the creation of co-operatives, and not firms, in the classical sense. It was an initiative of the universities, directed at creating jobs for the marginalised social sectors, increasing their income, bettering their living conditions and providing educational opportunities. The Brazilian universities have always been concerned about the country's social inequality. The consolidation of this process through collaboration amongst industry, government, universities and civil society has transformed this experiment into public policy.

Introduction

Incubators started to be organised in Brazil in the mid-1980s. Significant political and cultural changes were taking place in the country during that period: direct election of the state governors and the mayors of the state capitals, the campaign for direct election of the country's president, the end of the military regime, the appearance of new social agents and reorganisation of civil society.

In the Brazilian case, in a first move, academics, in alliance with officers from state and municipal governments, created technological incubators. The first two incubators came into operation in 1986. (Souza and Garcia, 1999, Cavagnari, 1987).

The incubators to support firms from traditional sectors (fashion, shoes, furniture and agricultural equipment) started to be created in 1990 by Industrial associations as a answer to employment crisis, due to the laying off of large numbers of workers in medium and low-tech industries, as the Brazilian economy opened up to international competition. (Fonseca and Kruglianskas, 2000).

New types of incubator emerged in the Brazilian incubator scenario in the decade of 1990s - the co-operative incubators, whose aim was the creation of co-operatives. It was an initiative of the universities, directed to create jobs. Initiatives like the incubators of co-operatives are the fruits of the reaction of the social movements to the unemployment problems of the early 1980s, which were aggravated by the opening up of the domestic market to imports after 1990 (Singer, 2002).

There are currently 464 incubators in Brazil, of which 180 are incubators in Brazil. From this total, 81 are co-operative incubators. In 2009 the co-operative incubators have generated more 9,000 jobs in 315 co-operatives (Varanda and Cunha, 2007). The number of another kind of incubators are divided in: 90 incubator to develop

technology based companies, 90 to support firms from traditional economic sectors, 44 mixed (for both technology based and traditional businesses), 13 for agribusiness and 46 non/defined. Additionally there were nearly 6,300 companies incubated in technology, traditional mixed and non defined incubators, directly employing around thirty 33,000 persons¹.

The regional distribution of the enterprises created by co-operative incubators by economic sectors presents a diverse profile. In the north and central-west regions agricultural, extractive activities and fishery enterprises predominate. Service activities are pervasive in the South, Southeast and Northeast. Handcrafts are important in all regions particularly the Northeast.

Invention of the Model

The precarious unofficial markets created in Rio de Janeiro – a mega-city within a developing country – have been losing their capacity to absorb all the workers seeking employment, from various different sectors, such as personal and domestic services and various types of odd jobs.

The first Technological Incubator of Popular Co-operatives was established at Coppe/UFRJ (Graduate Programme and Research Coordination in Engineering/ Federal University of Rio de Janeiro)², in 1995. This was a time when a number of civil entities had come together in order to organise a series of activities to combat poverty. This movement called itself "Citizens in Action against Hunger and Misery and in favour of Life". This movement started by a non-governmental organisation – Ibase – encouraged solidarity and was organised in a decentralised and autonomous manner, with approximately 3,000 groups set up through local initiatives.

It is within this context that the co-operative incubators attempting to fashion a new kind of

worker who will take on the guise of a collective entrepreneur, linked with other workers in co-operative networks, associations and/or co-operative micro-enterprises, requiring the mastery of new information tools in productive environments. (Cunha, 2000).

One of these groups, called “Committee of Public Bodies against Hunger and in favour of Life” (COEP - Comitê de Entidades Públicas no Combate à Fome e pela Vida), aimed to reflect on the social responsibility of public bodies and to mobilise these institutions to participate in this campaign. At this time, the idea of incubating co-operatives still hadn’t been clearly formulated. The view was that the Federal University of Rio de Janeiro - UFRJ would carry out work similar to that being done by the Oswaldo Cruz Foundation (Fiocruz). This public health institute, supported by the federal government, through a local co-operative, it hired cleaners from amongst people living in the Mangueiros slum, that is located not far from the Foundation.³

From this initial discussion, the group decided on a different proposal: to utilise the university’s potential as a funder of jobs rather than merely acting as an employer. The proposal was, in the manner that Coppe/UFRJ was already doing with technology based companies – to incubate projects based on the knowledge resources available at UFRJ, that would become tools for transforming the university’s outreach efforts, directed at popular sectors that find themselves socially, economically, culturally and spatially marginalised⁴.

How the model Works: Role of the University in Organisational Training

The ITCP/COPPE based at the engineering research center in Rio de Janeiro, is the pioneer in developing this kind of incubator and in the fourteen years that it has been functioning it has created 48 co-operatives, plus a further 13 that are in the process of incubation⁵, in response to the growing unemployment in Brazil. Its aim is to make a contribution towards the social integration of economically marginalised sectors.

The ITCP arose from an innovative concept. Although COPPE/UFRJ already had previous experience in technological incubation, it was necessary to develop new methodology, due to the unusual nature of the work.

The structure of this type of Incubator is

unusual, while its headquarters are in the University campus; the incubated co-operatives have their own space, located in the very neighborhood where their members live. The process of incubating the co-operatives takes place within the community itself.

Following the first step, of defining and formally legalising the venture’s economic activity, there is day to day monitoring of operations. Another important feature is the professional training of the workers, which aims to stimulate discussion of issues such as work and a caring economy; democracy, participation and citizenship; co-operatives, associations and supportive networks; planning and management.

This incubator also helps to insert the co-operatives within the market: in making contact with new customers; preparing work proposals/estimates/equipment certification/quality management/work safety norms; organising the work and controlling the quality of the services/products provided, in order to improve the co-operative’s methods/processes.

The work of the Technological Incubators of Popular Co-operatives has been extended to organising co-operatives among other marginalised social sectors. The first example occurred within the mental health system, with the creation, in 1996, of a co-operative at the Philippe Pinel Hospital in Rio de Janeiro – the Co-operativa Especial da Praia Vermelha. The concept involves combining the carrying out of manual work with productive insertion of the user, as part of their psychiatric treatment. And lastly, there has been the organising of special co-operatives, such as those involving the operators of the prison and garbage collection systems.

In 2004, ITCP/COPPE/UFRJ was chosen to receive resources from the Infodev programme, destined to extend the use of information technology among the co-operatives and to develop co-operatives in this field.

The link between social incubators and universities makes it easier to bring together different social segments in support of the incubators. In this kind of incubators the majority are sponsored by universities and few by the local governments. The universities help the incubators to maintain their independence from the government and also contribute to the participants’ education by awakening their political awareness, in the broadest sense. (Pereira, 1998).

The Expansion of Co-operative Incubator as a Public Policy

The expansion of co-operative incubators represents a dynamic process of institutionalisation. The Co-operatives Incubators have been recognised as an efficient model to diminish poverty and inequalities and was incorporated in various public policies from different levels: national, local and federal governmental institutions. Some municipalities and state government use the Co-operative Incubators in their strategies to develop poor urban areas.

One example is the Solidarity Opportunity Programme developed in the poorest districts of São Paulo City by the local government. The co-operative incubators and NGO's were contracted by the municipality to organise a course for ten months, with people in the lowest economic situation receiving a "scholarship". After this period they could organise an individual or collective enterprise. There was also a special credit line to finance the enterprise. Women over 40 years were the majority of the new entrepreneurs 59,1%. In the 50 areas with this activity, violence diminished 22% from 2001 to 2004.

Co-operative Incubator leader Gonçalo Guimarães said, "I have no doubt that after ten years one pioneer and spontaneous action, was transformed into a public policy."

After 2003, the co-operative incubators and

the universities have been used as a federal government public policy tool against poverty by National Programme called Fome Zero (Zero Hungry). It is a strategy to guarantee the human right of access to adequate food for those who lack it. One of those activities is solidarity economy and productive inclusion that supported the expansion of National Co-operative Incubator Programme (Proninc) and consequently co-operative incubators number'.

Conclusion: Implications for Other Developing Countries

The co-operative incubators provide targeted support to a small select group, often having only a marginal effect on the huge problem of unemployment. Nevertheless, if the co-operative incubators form part of a public policy to fight poverty that includes other support programmes, addressing credit and education, the combined results will help to expand the local economy.

The establishment of co-operatives was intended to strengthen the existing social capital, in order to encounter solutions for the marginalised social sectors. Consequently, the incubator has collaborated in breaking the cycle of social fragmentation and labour market precariousness, with its cultural components of marginalisation and criminalisation of this element of the population.

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Notes

- 1 <http://www.anprotec.org.br/publicacaoconheca.php?idpublicacao=1>, accessed on September, 21, 2009.
- 2 COPPE/UFRJ is a major graduate engineering school and research center. Besides ITCP, it shelters also a Technological Incubator and a Science Park.
- 3 This first contract involved providing cleaning services on the premises of Fiocruz, which was able to cut its cleaning bill, while at the same time increasing each worker's wages by 250%. Statement from Paulo Buss, Director of the National College of Public Health, in the book *Ossos do Ofício*.
- 4 Statement from Prof Luiz Pinguelli Rosa, Vice-Director at Coppe/UFRJ, in the book *Ossos do Ofício: cooperativas populares em cena aberta* Rio de Janeiro, May 1998.
- 5 FINEP 2005. Folha Inovação, nº 21, May, p7.