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**GOVERNANCE CHALLENGES TO THE  
CONSOLIDATION OF POPULAR AND  
SOLIDARY ECONOMY: THE CASE OF THE  
CENTRE FOR THE TRADING OF  
RECYCLED MATERIALS IN PORTO  
ALEGRE**

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**« Governance challenges to the consolidation of popular and solidary economy: the case of the centre for the trading of recycled materials in porto alegre »**

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## ABSTRACT

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This article analyses, based on the theoretical reference of Local Development and Public Policies, the Governance of the process of implementation of a collective trading system for Recycled Materials in the city of Porto Alegre (Brazil). It was developed through a debate lasting over two years, which involved the Municipal Public Sector, the Federation of Recycling Associations of the State of Rio Grande do Sul, The National Movement of Recyclable Material Collectors, Non-Governmental Organisations, representatives of the State Forum of Popular and Solidary Economy, academics and financial institutions. In the final implementation stages, this process strayed from its original course, assuming a noticeably authoritarian character. The field research was developed in two stages – an initial exploratory research to get to know the characteristics of the Recycling System in Porto Alegre; and a second stage, when participatory observation was carried out alongside support and training activities of the Recycling Units of this system, in order to contribute to the consolidation of a cooperation network. The research revealed that centralised leaderships of the recycling sector; unequal access to public resources that are crucial for productive activity; and clientelist practices of agents of the Public Power not only made cooperation unfeasible, but also created the conditions for authoritarian exercise of power.

The fact that the Recycling Units, the potential beneficiaries of the aforementioned Collective Trading System, are object of public policies that support Popular and Solidary Economy also led to the assessment of their suitability to face the challenges of consolidating this social, political, and economic system.

The relevance of this article lies not only on its contribution for the understanding of the additional complexity within the consolidation of the processes of Democratic Governance in countries with a clientelist political tradition as in Latin America. It also lies in the methodological approach focusing not on separate enterprises, but on the network where they belong, alongside institutions of support and promotion of the Solidary Economy in the municipal sphere.

Equally, this article contemplates the Popular and Solidary Economy from the perspective of a Plural Economic System. In other words, not as a simple *alternative* to an hegemonic

system, but as a system that imposes itself before the social, political, and economic problems faced by a country with a high income concentration and over 50% of the economically active population outside the formal labour market.

## **I – Theoretical Considerations**

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### **Introduction**

Since the early 1980s, we have been observing the presence of three interconnected phenomena, relatively common to all Latin American countries: structural adjustments aimed at their insertion in the globalized economy; a return to democratic political processes, emphasizing the importance of direct elections and the role of local spheres, which come to be seen as the most appropriate instances for the construction of a democratic project for society. (SANTOS JUNIOR: 2001)

In Brazil, disillusionment with the economic thesis from the 1960s<sup>i</sup> and the recognition of the inadequacy of the health and education programs which took effect in the 1970s<sup>ii</sup>, in addition to the terms of the 1988 Constitution, which signaled to a new political culture based on the universalization of human and social rights and the expansion of spaces for popular participation, contributed for the postulation of an idea of development founded on local bases to be rapidly assimilated by the political discourse, particularly in municipalities where the local power was identified with the proposals of parties purported to be on the *left*.

### **1. 1. Outlining a Local Development concept**

In opposition to the principles of the neoliberal economic model – hegemonic at a worldwide level, and fiercely defended by the most significant sectors of the Brazilian productive classes – the paradigm of local development has social inclusion as its axis, active participation of the civil society as its basis and, and the strengthening of the economy and social development as its main objectives.

The emphasis placed on participation, as a way of ensuring that the promotion of economic growth is not achieved at the cost of human values, requires the establishment of multiple spaces for negotiation, or “public spheres”, understood as the “social space of interaction between the different groups and interests, based on the autonomous organizations and associations of the civil society that act as mediators between citizens with rights (agency)<sup>1</sup> and the Public Authorities” (SANTOS: 2002: 21).

In the scope of the reform of the State, it is important to highlight the significance of decentralization.

Decentralization understood “not only as the transference of competencies to local agents and agencies, but also as the formal recognition of their ability to make decisions and, mainly, as a real possibility of distribution of accumulated power” (JARA: 1997).

Faced with the need to formulate a concept capable of addressing the multiple dimensions of Local Development, BROSE (2002) proposes that it should be thought of as a pluri-dimensional process, which fundamental dimensions are social inclusion, democratic innovation in public administration, environmental management, rational use of natural resources, the strengthening of local economy and the mobilization of society.

Taking the debate further, LUSTOSA (2002) – who, like PUTNAM (1986), also attributes a fundamental role to the existence of a civic community, or social capital <sup>iii</sup>, for the promotion of local development – emphasizes the role of the State along with the importance of economic activity, to which he attributes the condition of “development axis”.

For the author, it is the responsibility of the State to:

“guide the process of selecting the priorities of the local development plan”, and support the “exploration of the enterprising capacity” of citizens, based on regional economic vocations.

Supporting Lustosa’s thesis, without forgetting the importance of investments in education – cited by ZAPATTA (2002) as the basis of a new *civilizing model* - MILANI (2002) states that, if it is true that the State has lost the monopoly on power, with the decentralization of the decision-making processes stipulated in the 1988 constitution, it still has not lost its centrality. On the contrary, it plays a fundamental role, not only as an agent of local development dynamics, but also as a regulating agent of a new and delicate balance of power, to be constructed by the market and the rights of citizens. In other words, in the construction of a new political regime.

Nevertheless, to install a political system founded on a democratic basis is no easy task, as it reflects the political-economic-social-institutional traditions of Latin American countries,



including Brazil, which are: the presence of centralizing States, patrimonialistic culture; assistentialist practices; a civil society without the tradition of political participation; clientelistic ties, corruption, extremely high concentration of wealth, social discrimination and a high rate of informality in the labor market, to name but a few factors.

It was not by mere chance that, in the 1990s, international organizations linked to the UN started to prioritize programs that had not only a more integrated understanding of urban processes, structural adjustment policies and technical training, but were also concerned with democratic participation (SANTOS JUNIOR: 2002 apud WERNA:1996).

When we analyze development, particularly in a society so deeply marked by contradictions such as ours, it is necessary to include an analysis of the exercise of governance in the discussion about “efficiency and the conditions to exercise good government” (SANTOS:2002:59).

## **1.2. Governance: A Pluri-dimensional Notion Fundamental to Study Local Development**

The debate on the issue of governance is recent in Brazil. It started during the elaboration of the 1988 constitution, which established the necessary institutional conditions to provide support to the idea of the development of local power. This debate will only consolidate as the patterns of cooperation and coordination of the actions of different categories of social actors (MELLO:1996) begin to be defined, and that involves combining the social and political dimensions emphasized in the constitution with the purely economic concerns of the actions of the State.

Although it is outside the scope of this article to analyze the differences between the notions of governance and governability (which, for some academics<sup>iv</sup>, does not actually constitute a real concept), the fact that they are often employed as synonyms requires a brief clarification of the distinction between them.

SANTOS (2002) identifies two approaches. The first one associates governance to the capacity to exercise government, privileging the responsibilities and the mechanisms of transparency and control of the State. The second one understands governance as the interaction between government and society, and the analysis is focused on the institutional

arrangements which coordinate and regulate the relationship between Local Government and the actors in interaction within a given political system.

From this perspective, as he points out, “the analysis shifts from the governing capacity of the administration, centered on the mode of operation of public policies and the relationship between input and output of governmental action, to the relationship of cooperation and conflict among several categories of actors in relation to the city’s administration” (SANTOS: 2002:55)v. That implies the inclusion of not only the market in the analysis of economic development, but also formal and informal social networks, associations and support institutions. The group of institutions that interact according to a given situation, where the Government plays the role of inducer of development.

The idea underlying this approach is that “good government” does not depend only on the formal institutional apparatus, but presupposes the forming of coalitions built according to multiple factors and permeated by multiple logics.

Thus, while governability refers to the conditions of exercise of political authority, such as form of government, the characteristics of the political system and the political party system (DINIZ: 1997), governance “qualifies the manner and the use of this authority” (MELO: 1995 apud SANTOS: 2002: 55), and refers us to the dynamics of interaction among the actors present in the political scene.

Governance is, according to SANTOS (2002), a theoretical concept that is necessary when we consider the administration of cities, since, from the perspective of the Technocratic State, it is up to government agents to devise policies and carry out the actions in an autonomous way, but from the perspective of local development, it is the broad participation of different sectors of society that constitutes the basic condition for the sustainability of projects<sup>vi</sup>.

Democratic governance<sup>vii</sup> establishes itself as a process as the dynamics responsible for representing the interests of different social groups present in the political scene. In such a way that the “central perspective from which to consider the reform of the state must be the capacity to combine efficiency with the improvement of democracy.” (MISOCZKY:2001).

In reality, governance and governability refer to two dimensions of the management process. The fundamental difference is in the fact that, while governability refers to the administrative apparatus and the set of structures that support action, governance<sup>viii</sup> refers to the actual dynamics of action, which, from the perspective of local development, implies forming cooperation networks and also recognizing and facilitating the participation of the group of actors implied in the action.

“Good” local governance, or democratic local governance, corresponds, therefore, to a regime of public action supported by the establishment of networks, and is founded on two fundamental dimensions of local democracy: social inclusion, in terms of the rights of citizens, and participation expressed in the existence of an autonomous civil society and of mobilized public spheres.

In order to ensure social participation – or else we risk falling back within the limits of a foiled representative democracy - SANTOS (2002) points to the importance of having mechanisms, tools and formal (the Municipal Management Councils), or informal (Participatory Budget, in Porto Alegre) channels to express the collective wishes of a community. Without these it would be impossible to talk about the existence of a new pattern of interaction between government and society.

However, despite the fact that channels that facilitate participation are crucial for the establishment of a democratic governance process, in order for the participation to be reflected in the shape of actions that can help meet the challenges of development it is fundamental to establish cooperation between the agents interacting in the political scene.

### **1.3. The Challenge of Cooperation**

Although setting up initiatives in networks is fundamental for the articulation between different sectors of the civil society and the State in public initiatives aimed at local development (MISOCZKY:2000 apud LOIOLA E MOURA:1997), and despite the fact that businesses are already familiar with the practice of cooperation, the concrete exercise of constructing a new public sphere based on the establishment of partnerships involving

the Public Sector, the Private Sector and other institutional actors has stumbled on serious difficulties in Brazil, as ZAPATTA (2002) pointed out.

Ensuring cooperation as a strategy of combining resources and skills in order to enhance the resources invested in social projects remains a considerable challenge in this sector. (IVO :1997; GAIGER L.I.; BESSON M.:1999 ; GEIGER: 2000 ; NAKANO: 2000; HOLZMANN:2000; CARRION:2002; CARRION & CARVALHO NETO: 2002).

The practice of clientelism, understood as “the network of personal loyalties that include both the personal use, by the political classes, of public resources, and also, in more immediate terms, the *appropriation of autonomous resources*” (FEDOZZI: 1997 apud MATROPA: 1994), governmental incompetence and corporatism are factors that, as LANIANO (2004) points out, compromise trust and make cooperation unfeasible.

Strategies of support to local development – as ZAPATTA (2002) points out – must also take into account the characteristics of the institutional framework. In other words, the historical relationships that institutions acting in a given territory have with the community, as well as the relationship between social actors.

For GOHN (2002), the social relationships in the Brazilian public sphere are characterized by conflict, which she attributes to the multiplicity of interests and ideologies in interaction.

Considering, on the one hand, that people “*do not behave, nor make decisions as atoms, isolated from their social context, neither do they follow a scenario written by themselves. On the contrary, the actions they undertake to achieve their goals are embedded in the concrete and continuous systems of social relations.*” (GRANOVETTER:2000:84); and, on the other hand, that cooperation depends both on the expectation of further future interaction (LANIANO: 2004), and on the characteristics of the political system, we perceive the additional difficulty that stands in the way of implementing democratic networks of cooperation in countries whose political culture is traditionally authoritarian.

The networks of democratic cooperation, Redes de Compromisso Social [Social Commitment Networks] (INOJOSA :1999) are the most adequate organizational structures to provide support to governance processes inspired in democratic ideals aimed at the social-professional inclusion (CASTELS: 1995) of individuals who, for structural reasons, are unable, if left to their own devices, to earn a decent income.

Considering what was related above, we can conclude that governance refers to the interaction between actors and groups of actors, driven by specific interests and structured in networks led by the need to deal with specific situations. In dynamics such as these, cooperation plays a crucial role.

## **II – The System of Integrated Management of Solid Waste in the City of Porto Alegre (GIRS): the role of DMLU [Municipal Department of Urban Cleaning]**

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The city of Porto Alegre, renowned throughout the world for its innovative public policies concerning the participation of the community in the City's Administration, generates approximately one thousand tons of residential waste. Approximately 300 tons out of that total could potentially be recycled.

In 1989, when the Partido dos Trabalhadores was led to power after having been elected for the City Council, which it would head for four consecutive terms (re-elected three times), for a period of 16 years, the System of Integrated Management of Solid Waste (GIRS) was established in Porto Alegre. The system is founded on the following pillars: on the one hand, the Selective Collection System (SCS) of domestic waste, and on the other, the Municipal Decree that defines waste as public property, whose exploration rights belong to the Municipality.

Accompanied by an intensive awareness raising campaign aimed at the population at large, the SCS is managed by the Municipal Department of Urban Cleaning (DMLU), a department of the public administration created in 1979, which earned the status of *autarquia* [independent state company] in 1989, in order to have the necessary autonomy to ensure administrative and managerial support to the GIRS.

That is how, in 1990, the DMLU implemented the first experience of Selective Collection of Solid Waste in Porto Alegre, in the middle-class neighborhood of Bom Fim. By 1996 this system had already reached practically every neighborhood in the city.

## **2.1. Management of Dry Waste<sup>xiii</sup> collected by the Selective Collection System in Porto Alegre**

The dry waste collected by DMLU's trucks is taken to the so-called "*Unidades de Triagem*" [Sorting Units] (UT)<sup>xiv</sup>.

Built as warehouses, usually in brick and mortar, with aluminum roofs and, generally, unpaved floors.

Between 1991 and 1997 the Local Government built 7 of these warehouses in Porto Alegre. In 2003, nine of the existing warehouses have signed agreements with the DMLU, which means that they are managed, in commodatum, by collectors<sup>xv</sup> organized in associations. The condition imposed by DMLU for these workers to receive the waste from the Selective Collection, as well as the water and electricity they need to carry out the sorting (separation) work is that they are organized in associations.

The main activities in the sorting work, or "recycling", as it is also denominated, are: the separation of materials, cutting, crushing and storing.

The most common products are paper, cardboard and plastic, the latter in much smaller quantities. In some cases they also separate glass and iron, although that is more unusual.

The equipment necessary for the production process is basically baskets, shredders, presses and scales. Usually, the City Council provides the equipment. However, it is quite common for equipment to be "loaned" by middlemen, the traders that buy the sorted material directly from the Associations.

Some warehouses have their own areas to store incoming waste and also to store the bales ready to be sold. In others, however, the waste is deposited right next to the "production" area. In this case the waste is deposited in the spaces reserved for sorting, according to production needs.

The work in the warehouses is carried out almost exclusively by women. The men, when there are any, work on the crushing process and transporting the bales, which are activities that demand more physical strength.

The working conditions are rather precarious. It is rare to find anyone wearing gloves, even when they are sorting hospital solid waste. In some cases, part of the warehouse area is also

used as housing. Illiteracy rates are high, with many of the collectors having also been homeless.

Although it is the responsibility of DMLU to provide waste to the Recycling Associations, collectors frequently complain of not getting enough “raw material” to carry out their work. Different strategies are adopted to deal with this problem. One of them is to purchase waste from independent collectors (*carrinheiros* and *carroceiros*), who, being familiar with the schedule of the DMLU collection trucks, try to do the collection before the trucks. In many cases, these workers also receive regular donations from private businesses and public institutions. What is curious is that this illegal practice, from the point of view of the law, and motivated by a spirit of solidarity, ends up compromising both the quantity and the quality of waste collected daily by a government company.

Another competitor of the Recycling Associations are the beverage companies, which, in the name of environmental conservation, promote selective collection campaigns in schools - usually private schools -, where the consumption of soft drinks is higher.

Currently, from the 300 tons of residential waste potentially recyclable produced daily by the population of Porto Alegre, only 60 tons are collected by the SCS and taken to the Sorting Units that have contracts with the DMLU.

Although this situation is also a reflection of the poor environmental awareness of the population, the DMLU itself recognizes that there is competition with the independent collectors. This happens particularly with “quality” raw materials like cans, metals and aluminum, which are collected almost exclusively by those workers.

Cornered by a multitude of “competitors”, the Recycling Associations adopt yet another strategy, which is to send the associated collectors to the streets daily.

On the other hand, some businesses, such as shopping centers, which generate a large amount of waste and are forced by the environmental licensing laws of Porto Alegre to separate their own waste, informally outsource this activity by having recycling associations send their members over to do the job, and in return the companies send the sorted material out to the associations.

Even though the DMLU claims that it is making efforts to raise environmental awareness among the general population, it is important to highlight the need to raise awareness also among “independent” suppliers of waste, such as businesses and public organizations.

## **2.2. The Current System of Trading of Solid Waste**

Currently, almost all the material sorted by the associations on contract with the DMLU - with the exception of iron, which has a specific buyer, the Gerdau Steelworks – is sold to *atravessadores* [middlemen]. This denomination, which carries a strong derogatory connotation, is due to the fact that the products bought by these traders are immediately resold to the industry of transformation of recyclable materials for much higher prices.

In order to prevent such devaluation of prices, the associations use an informal system to check the prices being charged by each other, seeking to achieve some equilibrium in the values of their products. However, due to the associations’ persistent lack of financial resources, the buyers always have the final say.

The frequency of sales depends on the production capacity of each association, which in turn, depends on the access to raw materials, and on the financial pressures it is under<sup>xvi</sup>.

Products such as scrap iron, glass and wood are sometimes stored for up to three months, until a volume large enough to interest potential buyers is reached. Other products, such as paper, are sold up to two times a week. However, the higher the frequency of sales the lower the price the middleman will be willing to pay.

Nevertheless, dependence on the middleman is virtually total. Besides retrieving the products in the associations’ warehouses, which, for lack of transport infrastructure have no direct access to the market, the middlemen not only meet the urgent financial needs of the associations, but also give them cash advances to acquire the resources needed for the maintenance of equipment that is crucial for production, and also, in many cases, they “loan” essential production equipment to the associations.

It is also not uncommon to find cases where the middleman gives cash advances to each worker in the associations he does business with. The amounts can correspond to as much as 25% of a collector’s monthly income.



The fact is that the middleman is the great “financier” of the system.

Considering that the recycling, or sorting, activity constitutes a fundamental stage of the Integrated Management of Solid Waste, and that the Government does not ensure the UT’s workers the necessary economic-financial conditions to carry out their work, we can say, without risk of making a precipitated judgment, that this is a particularly perverse process of outsourcing.

Considering also that the Municipality, by demanding that collectors be organized in associations, has been able to protect itself from employment suits, thus penalizing even further the already precarious Recycling Associations, it is important to ask the following question:

Do the actions undertaken by the Municipal Government, aimed at “strengthening the process of organization of waste collectors” (PMPA, DMLU, SMIC; SECR :2003:3), point towards Local Development, or do they simply translate the wish to have at its disposal an organizational structure capable of taking over one stage of the productive process efficiently and effectively, freeing the Municipality from the onus of social costs?

### **2.3. The frailty of the “sorting” link in the Recycling production chain: the dispute between UTs (Sorting Units)**

An aspect that stands out when we analyze the sorting link in the productive chain of the Recycling sector is the dispute between Sorting Units (UTs).

Although at first sight it is unclear whether, at the root of the dispute, there are political reasons– according to the allegations of the leaders of the Recycling Associations of Porto Alegre, identified with the National Movement of Recyclable Material Collectors (MNCMR) who accuse the Federation of Recycling Associations of Rio Grande do Sul (FARRGS) of being subservient to the Local Public Authorities, particularly to the DMLU - or economic reasons, as claimed by the NGOs that work in the field – the situation turns out to be much more complex.

Since, if it is true, as some say, that the DMLU “plays” with the economic dependence of the associations linked to it when it provides differentiated loads - both in terms of quantity and quality of “raw materials” – to UTs with equal numbers of workers, and with similar

operational capacities; it is also a fact that the inexistence of technical criteria compromises the benefited associations when they accept, without questioning – as alleged by others – the waste management system in the terms defined by the Public Authorities.

Considering the concept of clientelism, i.e.: “the network of personal loyalties that include the personal use of public resources by the political classes, and, in more immediate terms, the *appropriation of autonomous resources*” (FEDDOZI 1997 apud MATROPA: 1994), we have verified that underlying the dispute between associations is a system of social relationships underscored by clientelistic ties, where the State plays a central role.

Nevertheless, if it is true that the Associations affiliated to FARRGS do not stand up to the DMLU in the same way as the ones ideologically identified with the MNCMR, we also verified that they too have a network of personal loyalties. What changes, though, is the political actor offering the privileges. The privileges, in this case, are not due to the advantages of the Municipality but to the political articulations of the National Movement of Recyclable Material Collectors at the federal level. A clear example of this favoritism is the funds given to associations linked to the MCNMR to purchase a truck, which will ensure them a very significant degree of independence from the DMLU.

Thus, while the Associations that have political influence on a federal level question – not without reason – the fact that the Municipality has given, through a bidding process, the exploration of the plastic processing plant, which is the richest link in the productive chain, to a private enterprise, the associations affiliated to FARRGS keep quiet about it.

It is also the UTs identified with the MNCMR that demand most vocally, also not without reason, that the sorting activity, and consequently, the Recycling Associations, are recognized as organizations providing a public utility service, which would exempt them from paying State tax.

In the meantime, the members of the Associations linked to FARRGS, despite disagreeing with the intention of the Public Authorities to transfer the responsibility for the payment of social security taxes to the Associations, do not express their opposition openly.

Differences in the political basis of their institutional support and the existence of clientelistic ties are the reason why associations located in the same metropolitan region, in this case, Porto Alegre, present markedly different behavior in the face of the public

authorities' advances. Thus, while the associations linked to FARRGS, which are heavily dependent on the DMLU both operationally and economically, find themselves obliged to provide – even if against their will – any information they are required to give (such as members' admissions and terminations, volume of material recycled, etc.); the ones identified with the National Movement of Collectors – as they are more independent from local public authorities – usually omit this type of information, which protects them from being forced, as the others are, to absorb new contingents of workers, which usually compromises the income of those who are already working. In other words, the associations that have a local social capital not only have less autonomy, but also are sometimes forced, in order to satisfy the political and clientelistic interests of local public authorities, to adopt procedures which undermine their sustainability.

This problem is more keenly felt in election periods, as it is a means of canvassing votes, particularly in the midst of the unemployment crisis the country is currently undergoing, and that is even more acutely felt in the capital cities.

The inequality between the political capitals of the two major factions of the collectors' sector in Porto Alegre – considering the clientelistic ties that the DMLU maintains with the Sector – stimulates competition, promoting mistrust and making cooperation impossible.

#### **2.4. The DMLU's Program for the Integrated Trading of Solid Waste**

Although the original project of implementation of the Center for joint trading of the materials sorted in the UTs – which had been discussed with FARRGS during approximately two years – planned the joint sales of the “production” of nine Recycling Associations located in Porto Alegre, on a plant to be built with resources from the National Economic and Social Development Bank/BNDES on a 2,800 m<sup>2</sup> area next to the Dry Docks at the entrance of the city, this was actually not the document that the DMLU succeeded in making FARRGS sign – in the name of the Recycling Associations – a few months ago.

Informing that the Caixa Econômica Federal (CEF) had given the DMLU part of the area destined for the facilities of the NGO *Moradia e Cidadania* [Housing and Citizenship], the DMLU communicates to the Federation of Recycling Associations of Rio Grande do Sul – which it “recognizes as the representative of the organized collectors” (PMPA, DMLU,

SMIC; SECR :2003:7), the decision to destine the space mentioned above to two uses, as follows: (i) the installation of a “sorting unit” for 80 independent *carroceiros* [waste collectors who work riding horse carts] and *carrinheiros*<sup>xvii</sup>[on-foot collectors], who live in illegal settlements on one of the main avenues of access to the city, and (ii) the installation of a “Pilot Center” that will initially trade the bales of material sorted by 5 Recycling Associations<sup>xviii</sup> linked to the Municipality.

Presented in the form of a single document<sup>xix</sup>, combining, in one section, the result of this decision – which comes to be called “*Central da Voluntários*” - and, in another, the original proposal for the Trading Center, denominated “*Central do Porto Seco*”, this document would be signed by the DMLU, the Municipal Department of Trade and Industry (SMIC) and by FARRGS.

Concerning the *Central da Voluntários* - which total area is approximately 1,200 m<sup>2</sup> - the document stipulates that: (i) it will include: “a sorting area for the *carrinheiros* [on foot collectors] and *carroceiros* [horse cart collectors] referred to above; storage area for material and trading; space (room) for training workers; space (room) for workshop and handcrafts production; space (room) for workshop and dressmaking and, space for the NGO Housing and Citizenship” (DMLU:2004:2); (ii) and it will be managed by a “Managing Committee”, to be formed by representatives from the DMLU, SMIC, the Federation of Solid Waste Recyclers of Rio Grande do Sul – FARRGS, the NGO Housing and Citizenship, and representatives of the Associations directly involved. Adding also that the DMLU will be the proprietor of the equipment.

As for the *Central do Porto Seco*, the document is much more detailed and incisive, stipulating that the administration of this unit will be under the responsibility of the Collectors, but the management – among whose responsibilities it is to set out guidelines and policies, to evaluate, monitor, elaborate the rules and internal statute of the Central; to set selling and buying prices of products; i.e., full power – will be the responsibility of a “Managing Committee” formed by representatives from the DMLU, SMIC, the Recycling Associations and FARRGS.

It also stipulates that the all the equipment will be the property of the DMLU, and it establishes an undeclared amount as working capital to enable the Associations to make

their initial stocks, and also to allow the Sorting Units and the Trading Center to purchase recyclable material from informal collectors.

This measure is mentioned in the document produced by the Public Authorities as “one of the strategies aimed at integrating informal collectors in the Recycling System.”

It informs that plastic products will be processed by the Plastic Processing Plant<sup>xx</sup>, property of the Government of the City of Porto Alegre, and the rest of the materials will be traded collectively, sold directly to the industry of transformation of recycled material.

It also determines that the 8 Associations included in this project will be integrated through computer systems, and this equipment will also be the property of the DMLU. However, the document does not specify where the resources to purchase this equipment will be coming from.

Also, in the name of “the construction of autonomy...(and)...of a vision of responsibility”, it insists on the formalization of the relationship between the Government and the Associations; and although the document avoids being explicit, it makes it sufficiently clear that the EPI [individual protection equipment] and EPC [collective protection equipment] will be paid for by the Sorting Units, and that it will be the collectors’ responsibility to pay for social security costs too.

The document closes with a definition of *rights and duties*, establishing that “the direct jobs generated by the implementation of the Center will not have any employment ties with the public sector.” (DMLU: 2004:9)

In return, the Municipal Government will promote “integrated actions through different Departments/Bodies, providing operational support, technical and management training in the fields of health and environmental education, and it will promote the development of an educational project and provide support to projects aimed at the verticalization of the process” (DMLU: 2004:10).

## **2.5. The Demand to the University**

Undermined by the political use that its competitors had made of the fact that they had signed the agreement with the DMLU, the President of FARRGS appealed to the Center for Multi-professional Assistance (CAMP).

Widely respected in Rio Grande do Sul for its tradition of involvement in the struggles of the excluded, and for its commitment to social movements defending citizens' rights, including the Landless Peasants' Movement (MST), in the last few years, CAMP has been promoting training initiatives for leaders of the Popular and Solidary Economy Movement [*Movimento de Economia Popular e Solidária*] (MEPS). It set up a meeting and invited the DMLU, the Recycling Associations of Porto Alegre and other social actors, including the University.

It was at that first meeting, to which we were also invited because of the research project we have been developing in two sectors of the Popular and Solidary Economy, one of which is the Recycling Sector, that we first heard about the document "Center for Trading of Recyclable Materials – CCMR - DMLU, SMIC, FARRGS, Recyclers Associations", signed by the DMLU, the Municipal Department of Trade and Industry and FARRGS.

The first aspect that drew our attention was the fact that, although it is very precise about the duties of the Associations and about the preservation of public property, it so vague about other aspects that there was nothing to ensure its sustainability. And, in the terms it set out in, it might bring more damage than benefits to the collectors, as well as destroy the trading system then in place, which, despite all the problems described here, at least ensured a minimum income to the warehouse workers.

The addition of one more professor from the Federal University of Rio Grande do Sul (UFRGS) to the team that analyzed the project consolidates our argument: the project does not translate an effective concern with the social development of Recycling workers, and it is also extremely vague about questions that are crucial to ensure viability.

At the same time, the deepening of the division between the Recycling Associations linked to FARRGS and the ones identified with MNCMR, as well as within FARRGS itself became clearer. In other words, "the house was on fire".

In the meantime, the DMLU, calls for a meeting with the Recycling Associations, which it had determined should participate in the *Central da Voluntários*; FARRGS, CAMP and the Agency for Solidary Development, linked to CUT [*Central Única dos Trabalhadores*].

At the request of FARRGS and CAMP we were invited to participate in this meeting, which, we were told, was set up to discuss the project. However, the situation we were faced with was totally different. It was not a meeting to discuss the “project”, but to form the Working Groups that would support its implementation in the terms previously defined.

At the same time, through the development of the “Social Residency” Project with the Organizations of the Recycling Sector, under our coordination, we learned that an autonomous experience of implementation of a Center for Trading Solid Waste was in course at the Sorting Units linked to the DMLU and identified with the MNCMR.

In other words, in the Municipality of Porto Alegre, two Centers for Trading Waste were being implemented, one supported by the Municipality’s Government and another supported by the Federal Government, who had provided the funds to purchase the truck to the Associations linked to the MNCMR.

## **2.6 Research Methodology**

In order to understand how we gained access to all this information, it is necessary to present the Research Project “Innovations in Popular and Solidary Economy”<sup>xxi</sup>, which we have developed with the support from CNPq.

Conceived with the objective of investigating whether, in popular initiatives for income and job generation, organized in the manner of the Popular and Solidary Economy (EPS), any systemic innovations were being produced, which, if supported, could become the embryo of local “productive arrangements”. The first methodological cut we were forced to introduce was the sectorization of the economic reality, monolithically denominated “Popular and Solidary Economy”.

We then chose “sectors” that presented elements, even if they were incipient, of what SANTOS M.J. (2002) apud AYDALOT: 1990 calls “innovative means”<sup>xxii</sup>. The absence of other, more consistent, indicators led us to use the existence of a network of

supporters –one of the factors mentioned by SANTOS M.J. – as our criterion to choose the sectors to be investigated, a choice that led us to the Recycling and the Metallurgy sectors.

The research methodology we adopted included, alongside traditional semi-structured interview techniques and questionnaires, the “Social Residency” technique or method, which, according to FISCHER and MELO (2003), corresponds to the application of a theoretical model (constructed through extension courses, and post-graduate and undergraduate thematic discipline courses) with an emphasis on the involvement of students in practical activities in social organizations.

In our project, the practical activity had the characteristics of a research-action and was carried out by students from the undergraduate and graduate programs in Business Administration, and functioned similarly to a medical residency. In other words, the characteristics of dynamics where “the graduating student has the opportunity to improve and consolidate his/her knowledge through a practical, supervised activity. The social residency implies that part of the training or qualification of the resident professional takes place in the environment where the social project is being developed, allowing the student to immerse in the social-economic, cultural and ethical-political context around him/her, and also to get involved in the daily management of the social technologies implemented in it.” (ZUTTER:2002:6).

Although the first visits to the field had a more exploratory character that was also complementary to the data collected in the previous stages of the research project, on a second stage, a specific intervention project was elaborated for each Residency, devised jointly with the collectors and based on the needs they had experienced in their respective associations.

Two Residencies were made in the Recycling project, directly involving two undergraduate students, two master’s degree students and one PhD student. The author of this article coordinated the Research Project and supervised the Residencies.

The need to systematize the learning process, as the Social Residency is also a learning strategy, determined the production of reports for each visit to the field, as well as weekly meetings with the group of Residents to exchange experiences. Occasionally, whenever necessary, we resorted to texts to help us to interpret that reality. Thus, we built a



process of circulation of information, so that each Resident (there were 4 Residencies in the Metallurgy Sector) could have a comprehensive view of the economic, social and institutional dynamics of the two sectors of Popular and Solidary Economy we were investigating.

The students' actions were always carried out in pairs in each Residency. One of the residents was a PhD student who was invited by CAMP to act as a teacher in the training program for collectors, aimed at enhancing cooperation among the Recycling Associations.

The students involved in the process participated in all the stages of the research project, which had an intense preparatory phase to conceive the project and to disseminate the methodology of Social Residency and the establishment of partnerships with NGOs such as CAMP (in recycling) and ADS (in metallurgy)

The students also participated, in tandem, in the meetings promoted by FARRGS, and by the NGOs hired by the DMLU to provide training to the collectors, as well as in the meetings set up by the DMLU.

Internally, i.e., in the scope of the Research Project, we also held feedback meetings with the group of actors involved in the Residency activity to evaluate the process and to share information.



## **Final Considerations.**

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Going back to the Local Development concept presented initially, where we defined it as the process that has as its axis social inclusion, as its main support the active participation of the civil society, and as its aim to strengthen the economy and social development, it is clear that the logic underlying governmental actions related to the organization of the Recycling System in Porto Alegre did not fit within the principles of this paradigm.

Similarly, despite the fact that, under the coordination of the Municipal Department of Urban Cleaning, meetings were held with several different social actors, they failed to fulfill the spirit of the public sphere as *“the social space of interaction between different groups and social actors based on associations and independent organizations of the civil society that function as mediators between citizens who have rights”*, as here the participation had the function of legitimizing arbitrary decisions, characterizing what BECKER and BANDEIRA (2000) denominate “non participation”, or manipulation.

On the other hand, the existence of clientelistic ties in the relationship between the Public Authorities, both municipal and federal, and the institutions that represent the workers of the recycling sector in Porto Alegre, has contributed to the escalation of the dispute, to undermine trust and to prevent cooperation between Associations, which would be vitally important, fundamental and necessary in order to consolidate the sector and to ensure the survival of the workers who earn their living from this activity.

We have concluded that there is still a long way to go before we are able overcome the vices of our patrimonialistic culture, and also until the State actually acknowledges and supports popular initiatives in the generation of jobs and income, through public policies that focus on Economic and Social Development, replacing assistentialist practices, as in the example analyzed in this article.

Finally, it seems important to point out that we must be watchful for the effective representativeness of institutional “leaders” of the Recycling Associations. As, besides the fact that it is not uncommon for them to adopt Taylorist principles of work management, many of these persons concentrate excessive power in their hands, particularly institutional power – without devoting the necessary attention to the development of the internal social

capital – generating situations where the occasional departure of the leadership leaves the association directionless and in extreme difficulties to reorganize itself. This fact leads us to point out to the contradictory character of “Leadership Development” activities, so dear not only to the Government, but also to Support Institutions.

Developing institutional capacity, without contributing to worsen an already perverse situation, is an additional challenge to democratic governance in processes involving populations in situations of social risk. But this is, undoubtedly, a theme for another article.

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<sup>i</sup> Among the main pillars of the development thesis of the sixties, which had the aim of introducing the country in the world context, was the channeling of resources to infrastructure construction, and the strengthening of the national capital goods industry.

<sup>ii</sup> The so-called “Crisis of the Brazilian Miracle”, which was made more evident with the growing debt of the country, partly due to the increase in oil prices and the return of protest demonstrations, based on the workers’ union movement, particularly in the ABC region in São Paulo, and also the growing discontent of the population with increases in the cost of living, contributed decisively to highlight the fact that investments in physical capital were not enough to ensure development. The government then created a series of health and education programs aimed at lower income sectors, with the declared aim of promoting the integration of the poorer sectors of the population.

<sup>iii</sup> Putnam (1986) defines social capital as “a set of elements that are part of the social and cultural structure, as, for instance, the reciprocity norms, the patterns of association, loyalty and cooperation habits between people, and the relations that link different sectors of society. In a more limited sense, we can understand social capital as the capacity to create and sustain voluntary associations.

<sup>iv</sup> For Fiori, governability, rather than a concept, it refers to a strategic category with normative content and is linked to the contemporary neo-liberal agenda. Fiori, José Luis. (1995) *A Governabilidade Democrática na Nova ordem Econômica*. Novos Estudos CEBRAP, n. 43, Nov. p. 157-172

<sup>v</sup> Santos: 2002:60.

<sup>vi</sup> Santos (2002 apud Hamel:1999), identifies four expressions, or styles, of governance:

(i) the *managerial* one, which incorporates the participation of society in the management of the city and is centered on conflict management; (ii) the *corporativist* one, where the democratic management of cities incorporates only the most organized social groups, which those with greater power of political pressure; (iii) the *developmentalist* one, whose central objective is to promote economic development; and (iv) the *social welfare* one, whose central objective is to promote social integration, through a municipal social welfare system. These types, although they do not contemplate the complexity of the real, operate as the author himself points out, may operate as useful tools for analysis.

<sup>vii</sup> “Good” governance, local, or local democratic governance corresponds to a regime of public action characterized by different patterns of interaction between government and society. And it is founded on two bases, or fundamental dimensions of local democracy: social inclusion, in terms of the rights of citizens, and social participation expressed in the existence of an autonomous civil society and of mobilized public spheres. Concerning social participation, Santos Junior (2002) calls attention– in order to avoid falling back within the limits of a foiled representative democracy – to the need to materialize new patterns of interaction between government and society in the form of mechanisms, tools and formal (as the Municipal Management Councils) and informal (as the Participatory Budget, in Porto Alegre) channels that can give shape and a concrete existence to the governance process. This reference introduces as a condition for the exercise of *local democratic governance*, the presence of public instances, understood as “*the social space of interaction between different groups and social movements that are founded on*



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*associations and autonomous organizations of the civil society that act as mediators between citizens who have rights (agency)*<sup>vii</sup> *and the government* (SANTOS JUNIOR: 2002: 23). The aspect of inclusion refers to the questions of competence (or “ability”) of citizens to participate in democratic processes, and the existence of political-institutional structures capable of contributing to overcome the problems caused by inequality and to generate the conditions necessary for a decent life.

<sup>viii</sup> Among the countless ways of defining governance, there is Williamson’s (1985) for whom the term corresponds to a structure or system of coordination, mediated by a multitude of logics, and where the rules of the game are different from those practiced in mercantile exchanges. For Dallabrida (2004), the concept refers to the set of “intelligent territorial interventions”<sup>viii</sup> - interspersed with advances and retreats, through which actors from different fields of economic activities, from different professional categories, from different cultures, religions, etc., acting in networks of articulated actions, define new directions for the development of a territory.

<sup>ix</sup> PMPOA;DMLU;SMIC;SECR. Integrated Project of Qualification of the Selective Collection and Sorting of Solid Waste in the Municipality of Porto Alegre. Center for Trading of Recyclable Materials. Porto Alegre. Departamento Municipal de Limpeza Urbana. Julho de 2003. p. 1-17. Mimeo.

<sup>x</sup> This system is complemented by voluntary disposal points [*pontos de entrega voluntária* – PEV], to receive recyclable waste from the part of the population still not reached by the system. There are currently 28 of these points located in strategic spots in the city.

<sup>xi</sup> By force of this decree the generator of the waste is forbidden, even in residential condominiums, to dispose of the waste produced, including also the prohibition to make donations, subject to being fined for breaking the law.

<sup>xii</sup> DMLU: 1997:3

<sup>xiii</sup> Dry waste includes everything that can be recycled, made of paper, glass, metal and plastic (COSTA & SATTLER, 1997).

<sup>xiv</sup> The expressions Sorting Unit, warehouses and Recycling Associations will be used as synonyms as all of them refer to workers that earn a living out of waste.

<sup>xv</sup> Collectors are those workers whose income is originated from the work of collecting and sorting dry waste. This activity can be carried out independently or within an association.

<sup>xvi</sup> Among the Recycling Associations of Porto Alegre, the *Associação Centro Ambiental da Vila Pinto* stands out for its solidity. It sells its entire cardboard production directly to businesses in the transformation sector. It is, however, an organization managed by strong local leadership with consistent political articulations, both at the municipal level and at the level of the Federal Government.

<sup>xvii</sup> Although they are gathered in the legal form of an association, the work, as well as the earnings have an individual character.

<sup>xviii</sup> They are: Associação de Recicladores Ecológicos da Vila dos Papeleiros (AREVIPA), Associação dos Catadores de Materiais Recicláveis de Porto Alegre (Ilha Grande dos Marinheiros), Associação Profetas da Ecologia and Associação de Reciclagem Ecológica Rubem Berta, Associação da Catadores Novo Cidadão.

<sup>xix</sup> Integrated Project of qualification of the System of Selective Collection and Sorting of Solid Waste of Porto Alegre – DMLU, January 2003.

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<sup>xx</sup> Although the plant was concluded in 2002, its inauguration was delayed, initially, by mistakes in the project that did not foresee the need for a system to treat liquid waste, and later, by the need to replace equipment that was vandalized while the plant was inactive.

<sup>xxi</sup> *Innovations in Social Economy*. Inter-Institutional Research Project. UFRGS, UFPR, PUCMG. Sponsored by Edital Universal CNPq. 2003.

<sup>xxii</sup> The concept of *innovative means* refers to a more fluid dimension of space, not limited by geographical boundaries. The “territory” is conceived as a space without precise borders, resulting from the flexible, fluid and changing action that the networks of businesses establish with the space. It is a place where the actors get organized, use material and immaterial resources, where they produce and exchange goods, services, knowledge (SANTOS M.J. (2002) apud AYDALOT: 1990) thus creating an environment that is conducive to the establishment of local innovation systems.