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FINAL REPORT:
NATIONAL AND STATE POLICIES FOR
MICRO, SMALL AND MEDIUM ENTERPRISES IN BRAZIL

Carlo A. Ferraro

Opinions expressed are those of the author and do not necessarily represent the views of the Organization. This study was support by the International Development Center of Japan under a Project “Strategies and Industrial Policy Tools Aimed at SMEs”
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Introduction

This research aims at analyzing the policies and institutional network supporting micro, small and medium enterprises (MSMEs) in Brazil.

It consists of three sections. The first one addresses Brazilian MSMEs support policies, individualizing programs, tools and lines related to: i) competitiveness, quality and technological innovation development; and ii) the access to financial support.

The second section briefly describes the major SMEs support institutions at the national level. It pays particular attention to those institutions that play an important role in the articulation of programs and instruments. The third section analyzes institutions providing support to SMEs at State and regional levels. In the first part of this section there is a brief description of State supporting policies throughout the country. In the second part there is a more detailed description of State policies and some of the institutions offering support to SMEs in the five Southern states: Parana, Santa Catarina, Sao Paulo, Rio de Janeiro and Rio Grande do Sul.

The annexes contain additional information on Brazil's industrialization efforts in the last decades; SMEs definitions and special treatment of micro enterprises; and the distribution of enterprises by size and activity sectors in the Brazilian economy.
1. Support Policies for Micro, Small and Medium Enterprises (MSMEs) in Brazil

A. Industrial Policies for Micro, Small and Medium Enterprises in Brazil before the nineties

It is generally agreed that, historically, industrial policies in Brazil did not place much emphasis on MSMEs (see Suzigan and Souza, 1990; Brito Garcia, 1992; Kagami, 1993). Basically, the country's development strategies rested on three main classes of actors which did not always complement each other. They were foreign capital, state owned enterprises and national oligopolic groups.

However, there were some MSMEs support policies which are worth mentioning, since they generated important precedents in the area of instruments, programs and institutions. Concern for small and medium enterprises dates back to the sixties, when ideas were being discussed about the importance of the study on MSMEs, the promotion of modern management methods and training of experts to identify specific problems of this type of enterprise. In general terms, this concern for MSMEs was not always consistent with the effectiveness of the relevant policy instruments. Most MSMEs-oriented measures were of a financial nature and in many cases they lacked completion and had a short life. (Brito Garcia, 1992)

Some pioneer programs are worth mentioning, such as the creation of the PIPEME (Program for Small and Medium Enterprise Financing)2 by the BNDE (National Economic Development Bank); and the creation in the early sixties of the CEBRAE (Brazilian Center for Management Assistance to Small and Medium Enterprises) which gave rise to the present SEBRAE (Brazilian Support Service to Micro, Small and Medium Enterprises). These programs incorporated the subject of support services in management and consulting for MSMEs (Refer to the Annex I on Industrialization Efforts and MSMEs Policies in Brazil)

1 Later on, with the creation of the Micro Enterprise Statute in 1984, the treatment of this type of enterprise was formalized. Refer to the annex on SMEs definition and differentiated treatment for micro enterprises in Brazil.

2 The abbreviation used for policy and institution names are the official Brazilian ones; however, the full names were translated into English for the purpose of these report.
B. Industrial Policy in the nineties

Brazilian industrial policy at the beginning of the decade follows the guidelines set forth through the so-called Industrial and Foreign Trade Policy (PICE). The PICE’s objectives are the increase in goods and services production and marketing through industry modernization and restructuring.

In order to meet these objectives, the PICE intends to be active in two directions simultaneously. The first is fostering commercial and industrial modernization consistent with an increase in productivity. These improvements should follow international quality patterns to be met through growing technological training. The second direction consists in implementing modern structures for the production of goods with the spreading of new technologies.

Within this strategy, market forces and their dynamics play a central role as drivers of technological modernization in industry, to better production and work management organization methods. Government action through the PICE seeks to combine competitiveness development policies with competitiveness encouragement policies. (Erber, 1991)

Measures aimed at developing competitiveness address two fronts. In the first case, they pursue the reduction of State interference in economic life, seeking a greater role of the market forces. In this perspective, they eliminate controls and barriers which obstruct firms entry into and exit from markets, as well as mechanisms which affect competitiveness, such as price controls. Another important element in developing competitiveness is the role of State-owned enterprise privatization programs which aim at reducing the State’s role as a direct producer.

In the external front, policies tend to lower barriers to foreign trade, reducing protection and tariff dispersion levels. Legislation was modified to attract foreign investments and the modification of industrial property rights was sought.

Promotion of technological innovation, productivity and quality standards was pursued as competitiveness policy. With this purpose, three programs were created according to the industrial modernization and restructuring advocated by the PICE:

i) the Industrial Competitiveness Program (PCI);

ii) the Brazilian Quality and Productivity Program (PBQP); and

iii) The Support Program to Technological Training in Industry (FACTI).

These programs, which are briefly described below, are important for MSMEs because the PICE guidelines place special
emphasis on the support to technological and quality development in small and medium enterprises.

The PCI aims at extending competitiveness in industry, particularly with regard to sectors which generate and spread technological progress. With this aim, it proposes a set of measures at structural, sectoral and entrepreneurial levels oriented towards encouraging modernization and growth in industrial activities by reducing the costs of private investment.

The PBQP supports actions oriented towards the adoption of new management methods in production and the use of technologies in enterprises. It articulates and provides a framework for a large number of projects, implemented in a decentralized manner by different public and private institutions involved in technological development and quality and productivity management.

Lacking budget resources of its own, the PBQP has voluntary sponsors among the different financing agents and institutions linked to the program in diverse ways.

The goals of the PACTI are supporting, guiding and articulating actions concerning technological training and endogenous technological innovation capabilities. The PACTI defines goals for: i) resource application in Science and Technology (C&T), including the volume and allocation of public investment; ii) encouraging private enterprises to carry out technological activities through fiscal and credit incentives; and iii) giving the State a driving role in the modernization process through the use of purchasing power.
C. The PICE and the MSMEs

The PICE’s proposals generically acknowledge the need to support MSMEs\(^3\). These firms account for over 30% of the GNP, which would rise to 38% if micro enterprises are included (Souza, 1992). According to SEBRAE data, micro and small enterprises absorb almost 70% of labour employed.\(^4\)

However, it is hard to determine whether MSMEs are specifically recognized within policy design or receive a supplementary treatment at the PICE. In any case, the PICE makes some direct references to MSMEs in policy instrument treatment. The PICE mentions financing of investments in fixed capital (machinery and equipment), establishing specific ways for supporting MSMEs.

Also, the PICE seeks to strengthen the creation and consolidation of specialized, technologically dynamic small and medium enterprises dedicated to the supply of parts and industrial components. In this manner it aims at setting up a network model based on the connection of large, medium and small enterprises through subcontracting practices. For this purpose, the PICE assigns great importance to competitiveness, quality, training and technological innovation programs and defines the scope for SEBRAE, which becomes an important actor as a MSMEs support agency.

The PICE does not define exactly the types of enterprises on which it focuses. Sometimes, it states a priority for small and medium enterprises; while others, it refers to micro and small enterprises. Some research papers (Souza 1992, Brito Garcia 1992) point out the absence of more explicit references and a certain degree of ambiguity in the allocation of the PICE responsibilities as regards MSMEs. The agencies responsible for the implementation of specific programs, the SEBRAE and the development banks use different definitions for micro, small and medium enterprises. These entities, in fact, determine if the instruments are applied to micro, small and medium enterprises (according to their definition) or have a wider coverage.

Even though evaluating policies and programs is not the purpose of this report, it might be appropriate to present some comments from analysts of Brazil about their scope. Bercovich

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\(^3\) Throughout this report, the term “SMEs” is used in a generic form. For further information on SMEs and micro enterprises definition, refer to the annex on SMEs definition and differentiated treatment of micro enterprises in Brazil.

\(^4\) For further information on MSMEs participation in the Brazilian economy, refer to the appendix on quantitative data of Brazil’s MSMEs and micro enterprises.
(1993) points out that President Collor's administration backed off when some of the proposals were beginning to be executed or were depending from the approval of legislation, while others simply were not implemented. Suzigan (1991) indicates that, in general, there was progress with PICE instruments which did not depend upon public resources. However, those policies which required resource allocation had a very partial impact. Foreign trade policy reform, the privatization process and the deregulation of the economy are examples of the first case. In the second case, the most important instruments to provide financing or fiscal incentives to modernization and technological training and private investment promotion remained undefined and pending specific regulation or resource allocation.

The use of the State purchase policy to stimulate technical development and quality improvement also had little application, given the budget restrictions, the cuts in the public sector and the privatization program itself.

The following operative features of PICE are worth mentioning:

1. Several public and private institutions, both at national and state level, take part in the programs, thus generating a very rich network of institutions (multi-agency system).

2. This is the reason why there is more than one institution involved in the programs, which provides several entryways to them.

3. When the agreements among institutions reach State or local levels, the program implementation becomes more decentralized. This is highly important in a country of the size of Brazil, with strong regional diversity, which requires a modality of policy delivery that takes this feature into account.

4. The rich interweaving of national and state public and private institutions gives great permeability and flexibility to the system as a whole, which will become effective as the intervening institutions become active and respected at the local level.

5. The role of SEBRAE as coordinator of SMEs-related issues at the national level, should be emphasized, together with its activity in the different States encouraging and strengthening local institutions such as entrepreneurial associations, universities, research centers and governmental agencies.

6. The Government performs its promoting role through the design of programs. It does not participate directly in the supply of services or actions but provides the outlines for their implementation through its agencies, banks and technical institutions.
D. Programs for competitiveness, quality and technological innovation development (PQIP)

i) Industrial Competitiveness Program (PCI)

The PCI was launched in February, 1991 with the aim of giving financial support to industry, by fostering modernization and trying to reduce private investment costs. The PCI's objective is to stimulate competitiveness through measures at three levels: structural, sectoral and entrepreneurial.

As regards structural competitiveness, it was proposed to:

i) give financial support to private investment, in order to facilitate the acquisition of capital goods,

ii) promote exports of capital goods incorporating technology;

iii) improve teaching and human resource training;

iv) foster infrastructure modernization; and

v) support technical development.

Among the measures contemplated in the PCI were the following:

i. Tax cuts on investment and ending at promotional forms, especially by the BNDES, was suggested to provide financial support to private investment. Financial support is also given to the imports of capital assets through the elimination of the previous external financing requirements for those imports, through tax exemptions, and through a 60% reduction of the domestic content required by official credit agencies and for official purchases. In general terms, the requirements for capital asset import, purchase and financing were made more flexible.

ii. To promote exports, fiscal and credit incentives as well as customs and port services deregulation were proposed. The financial support program for exports - particularly for capital goods - called PROEX joined the opening of a credit line from the BNDES to finance capital asset exports.

iii. To improve training and the rise of the qualification level of human resources - a problem seen as one of the structural disadvantages of the Brazilian economy - an inter-ministry committee was created and placed in charge of proposing a plan for educational reform.

iv. As regards infrastructure modernization, the development of a public investment program and an energy price policy based on a review and projection of the Brazilian energy matrix were recommended.

\[\text{In 1991, this line had 400 million dollars. (Bercovich, 1993)}\]
As regards technical development, apart from mentioning specific programs (PACTI and PBQC), the PCI presented a Software Law reformulation proposal, eliminating some barriers to imports, distribution and marketing and facilitating imports and the entry of foreign enterprises. It proposed the simplification of technological transference process by redesigning the role of the National Industrial Property Institute (INPI).

As regards sector competitiveness, the PCI identified a certain number of sectors with comparative advantages defined by the exporting position and by technical progress already achieved, with the purpose of establishing priorities in the application of the industrial and technological policy. In the first group there were sectors such as: agricultural industry, leather and footwear, cellulose and paper, iron and steel and metallurgy, petrochemistry, textiles, automobile complex, naval construction and capital assets. The second group included the electronic complex, fine chemistry, new materials and the biological industry.

PCI also points out the role SEBRAE must fulfill in sectoral strategies. For example, in the textile and leather and footwear sector, SEBRAE must formulate and coordinate a support program for the division of vertically integrated enterprises, keeping in mind the formation of networks of suppliers and sub suppliers specialized in this sector; in the biotechnology sector, SEBRAE must support the creation of technological parks and enterprises incubators.

As regards entrepreneurial competitiveness and in order to achieve the restructuring of the Brazilian entrepreneurial model, enterprise mergers were encouraged in scattered sectors as well as promoting deverticalization supplier development processes, privatization, etc. through the activities of credit agencies such as the BNDES and institutions such as SEBRAE.

ii) Brazilian Quality and Competitiveness Program (PBQC)

The PBQC was launched in the last years to establish a set of actions that would induce industrial and technological modernization. The goal of the PBQC is improving the competitive position of Brazilian enterprises through the induction and support of quality and productivity initiatives, particularly seeking to

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1 The SEBRAE of Sao Paulo has a Subcontracting and Business Service (refer to SEBRAE-SP in page 60) which aims at offering business opportunities to enterprises. It has a list of approximately 20,000 enterprises, chambers and entrepreneurial associations which receive the offers of the firms. These business opportunities are spread through a) SEBRAE's State network; b) the Jornal de Negocios (Business Journal) newspaper, which is freely distributed among the 20,000 recorded firms; c) a weekly advertisement on the Folha de Sao Paulo (Sao Paulo newspaper); d) a weekly advertisement on a newspaper in Buenos Aires (El Cronista Comercial).
achieve the diffusion of new methods of production, management and organization.

The PBQC is defined as a dynamic program which takes up the task of articulating a large number of general and sectoral projects which are conducted in a decentralized manner, gathering multiple initiatives that existed before the launching of the program and trying to coordinate them, so as to magnify their impact on the economy.

According to Bercovich (1993), the decentralized nature and lack of program-owned resources of the PBQC have contributed positively to its efficiency and to its survival in the midst of the political and institutional turbulence it had to go through.

The PBQC is made up of:

a) General subprograms aimed at eliminating institutional and infrastructure obstacles that hinder the achievement of modern productivity and competitiveness standards. There are seven general programs covering the following subjects: i) creation of awareness and motivation for quality and productivity; ii) development and circulation of management methods; iii) human resource education, industrial training; iv) technological service adaptation for quality improvement; v) procurement vi) state initiatives; vii) micro and small enterprises.

b) Sectoral subprograms aimed at overcoming modernization and development restrictions existing in several sectors of the Brazilian economy. There are over 40 sectoral programs grouped into: i) industrial complexes; ii) agriculture; iii) trade; iv) services; v) public administration.

The PBQC is governed by a national committee (National Quality and Productivity Committee - CNPQ) whose members represent the public and private sectors⁷. The Industry and Commerce Ministry is in charge of the executive coordination of the program. The

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⁷ The National Quality and Productivity Committee has the following members: a) Government: Industry, Trade and Tourism Ministry, Science and Technology Ministry, Education and Sports Ministry, Agriculture Ministry, Department of Planning, Federal Administration Department, Strategic Affairs Department, Civil House, INMETRO and the Industry and Commerce State Secretary Forum. b) Private Sector and Civil Society: National Industry Confederation and National Agrarian Confederation, National Commerce Confederation, National Quality Award Foundation, SEBRAE, five worker representatives, three entrepreneurs appointed by the President and a representative of consumers. General Subcommittees include five government agencies representatives and five private initiative representatives. Sector Subcommittees have up to a maximum of ten agencies representative of the sector, including enterprises, entrepreneurial associations, technological institutes, technical-scientific agencies and government agencies.
executive coordination of the PBQC is done through: a) General Subprograms Coordinator; b) Sectoral Subprograms Coordinator; c) Subject (or specific) Commission Coordinator; d) National Committee Representative.

The treatment of specific issues of interest to the program is passed onto the Subject Commissions which, in principle, are of a temporary nature. The following commissions have been created: i) work and employment appreciation; ii) consumers; iii) against waste iv) for quality and productivity indicators.

Some examples can suggest how general and sectoral subprograms are structured, (see Bercovich (1993). The "Marketing and Motivation for Quality and Productivity" a general subprogram aims at promoting awareness of the need to improve quality and productivity standards (Q&P). A Sub Committee made up of public and private institutions' guides and manages the set of actions and projects jointly with the other PBQP efforts.

The subprogram has a Reference Document which includes basic strategies and actions grouped into Projects. The projects are: i) promoting extension campaigns aimed at creating awareness as regards Q&P; ii) promoting events aimed at mobilizing enterprise officials for acting on Q&P; iii) supporting congresses, meetings, seminars and other events aimed at stimulating Q&P development; iv) creating awards as recognition to contributions to Q&P; v) supporting studies and research on the formulation and diffusion of Q&P indicators in the Brazilian economy.

As regards Sectoral Subprograms, each one designs its own activity plan, following a common methodology suggested by the PBQP. Sectoral Subprograms projects are aimed at overcoming the obstacles and deficiencies which make it difficult for the firms to meet international Q&P standards in their sector, on the basis of the subject areas defined in the general subprograms. In this way, the Sector Subprograms must develop Q&P Projects for their sector, related to awareness, management method development, technological training, and the use of the State’s purchasing power.

Each subprogram follows the guidelines of a Reference Document drawn by the Subcommittee, which stresses the following aspects:

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1 The general and sector subprograms coordinators, the Subject Commission coordinators (which will be explained in detail further on) and representatives of the National Committee members participate so as to provide a strategic orientation for general and sectoral subprograms.

2 Included in this subcommittee are: for the public sector, INMETRO, Roguete Pinto Foundation - Education Ministry, Infrastructure Ministry, Health Ministry, and Labour Ministry; for the private sector, Brazilian Advertising Association, Brazilian Radio and TV Broadcasting Association, Brazilian Press Association and National Trade Confederation.
i) Q&P diagnosis: it is aimed at identifying sector strengths and weaknesses throughout the industry;

ii) Q&P national and international trends: it is aimed at identifying opportunities and obstacles to the achievement of Q&P standards on the basis of a prospective focus;

iii) Goals: meeting international Q&P standards and strategies to achieve them.

iv) Strategies and actions: they are defined on the basis of a sectoral strategic analysis, comparing diagnosis and trends.

v) Projects: they are drawn within the framework of the sector subprograms strategies and they must preferably be linked to some PBQP general subprogram.

vi) Management: since the PBQP’s efficiency is assessed by sector, each subprogram must define a small number of sectoral Q&P indicators as well as goals to be met, so that it may be periodically evaluated not only by the PBQP but also by consumers.

Even though the PBQP’s financing instruments will be discussed later, it might be interesting to make a general comment on the program’s operative delivery. The PBQP has no budget resources of its own either at state or federal level. Even though the program manages no specific financial instruments, it does enjoy the voluntary adherence of different sponsors and institutions linked to the program. Among them, the FINEP has a financing line with CNPQ through the PACDT (Competitiveness and Technological Extension Support Program)\(^\text{10}\). In this manner, the government keeps the articulating and catalytic role, while private initiative must contribute with its enterprising initiative and most of the necessary financial resources.

With this mode of operation, the PBQP has no possibility of assigning funds directly. However, its implementation implied explicit instructions to federal agencies to adapt and extend their credit lines according to the program’s purposes. Also through the PBQP there was a great diffusion among SMEs of information about the access conditions to credit lines granted by the banks. In addition, the PBQP has the possibility of directing certain resources from the Science and Technology area to the strengthening of program-related projects.

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\(^{10}\) The PACDT offers scholarships and donations for technical development and human resource training in the area of quality and productivity. For further information, refer to Financing Lines for Productivity and Quality Management and Industrial Technological Training and the work of FINEP chart in the Section on MSMEs Support Institutions.
Many of the actions undertaken within the framework of the PBQP are not conducted directly by the program but are initiatives carried out at different levels and in an independent manner by economic agents and institutions not necessarily related among themselves.

In a study conducted by Bercovich (1993) about two years after the launching of the PBQP, he points out the difficulties in evaluating its results. First, because the elapsed time was not enough to measure the impact of the program on the increase in Q&P standards in Brazilian production. Also, elements from macroeconomics must be added, such as those connected with the recessive economic situation in the early nineties and the deregulation and privatization policies, which affect microeconomics dynamics and productivity performances.

Different studies\footnote{Bercovich (1993), IPEA (1992), IEI-UFRJ (1992), CNI (1992), PBQP (1992).} suggest that after a relative technological standstill during the eighties, an industrial modernization process of moderate strength has been taking place, specially among the different sectors leading enterprises. This process may be explained by the incidence of a set of factors among which the PBQP may be considered.

It seems that Q&P awareness has increased in Brazil since the implementation of the PBQP, not only in industry but also in services, commerce and the agricultural sector. Commitment to Q&P is visibly stronger in large exporting industrial enterprises which had already started their own programs in the seventies. The PBQP impact may be measured from the incipient involvement of non exporting enterprises in Q&P. For these enterprises, the PBQP is particularly functional while for large exporting firms, it is a supplement to their modernizing efforts.

The impact of the PBQP on the enterprises appears to be positive as it seems to have influenced a significant number of enterprises to consider quality and productivity improvement practices.

It is obvious that some of the subjects defined in the general subprograms have evolved in different manners. For example in the field of human resource training, no great progress seems apparent in the restructuring of the educational system, while great importance is assigned to technical training and personnel instruction efforts in enterprises, though little resources are devoted for this purposes.

No important steps have been taken either in the area of the State's purchasing power, which could be a powerful tool but which did not gain strength due to the lack of resources.
According to Bercovich (1993), little progress has been made as regards technological service adaptation. There is a definite increase in the creation of standards and certification requests\(^{12}\). In addition, sector certification agencies have appeared, which enjoy a favorable acceptance within their fields of activity. The PBQP is clearly encouraging this movement. However, the actions pointing to overcoming the well known deficit in basic technical infrastructure (metrology, material, testing labs) hinder the progress of the standardization and certification process. This would require strong investments outside the PBQP's possibilities.

Actually, the PBQP’s greater success seems to be in fostering the implementation of Q&P standard improvement initiatives in many productive areas (Bercovich, 1993). The existence of over 40 sectoral programs which group more than 300 entrepreneurial association together in the PBQP, the thousands of technical courses given in the most diverse levels and institutions, the rise of standardization and certification in industry, the multiplication of Q&P surveys and research from academic and entrepreneurial associations and the fast activity increase in the activity of consulting firms show that modernization is indeed taking place.

iii) The Support Program to Technical Training in Industry (PACTI)

The PACTI was created in September 1990 with the aim of supporting technological innovation. This program defines resource allocation goals in science and technology and establishes fiscal and credit incentives to promote technological innovation in enterprises.

The objective of the PACTI is to support, guide and articulate technological training activities, technological initiative development and modernizing technology extension in industry. For this purpose the PACTI defines goals for:

i. increasing spending on Science and Technology and reorienting it to the application of industrial technology\(^{13}\);  
ii. encouraging private enterprises to carry out technological activities by granting fiscal and credit incentives; and  
iii. inducing modernization through State procurement.

\(^{12}\) Bercovich (1993) points out a fast acceleration in a few months, going from 36 enterprises with ISO 9000 certification in 1992 to 74 enterprises in April 1993. That number was largely surpassed lately and currently, the mentioned figure is more than 500 certified enterprises.

\(^{13}\) The PACTI defined ambitious goals for raising public spending on S & T from 0.5% of GNP in 1989 to 1.3% in 1984; at the same time it sought to reorient that spending giving priority to industrial technology applications, from 30% in 1990 to 47% in 1994. (Chudnovsky, 1995).
The government’s diagnosis leads to the conclusion that there is a need to induce industry to generate its own technological innovations. For this purpose, the PACTI seeks to implement actions that give priority to the development of innovative products and processes, counting on the energy of smaller size enterprises. This is how the program becomes a specific action line to increase the development of technological innovations in micro and small enterprises.

The mode of action of the PACTI is based on the need to enhance articulation among the different actors involved in the generation and diffusion of technological innovation in micro and small enterprises. Thus, the program seeks to bring together the efforts of universities, research and development centers, public agencies related to technology and industry areas, financial support and development agencies, micro and small enterprise support organisms and entrepreneurial agencies.

For this purpose, the Government seeks to act at the federal level together with several agencies - at the national and state level - to promote awareness and motivation initiatives directed to develop and consolidate entrepreneurial favorable attitudes towards technological innovation in micro and small enterprises.

The PACTI defines a set of basic actions addressed to:

i) inducing technological research and development and technological transference programs on the basis of cooperative and associative projects ("parcerias") that ensure training in the smaller enterprises through special support conditions. These actions include participation in fairs and similar events.

ii) giving incentives to the creation of invention support services, activation of guarantee patent and right obtention processes, invention analysis and technical feasibility certification for inventions and prototypes;

iii) granting support for technical and financial development of prototypes to start up in the market;

iv) training human resources in areas related to technological innovation.

In a more detailed view, the first two sets of objective were addressed through the following actions:

i) To induce the creation of joint cooperation projects in technology transfer, the program integrates different lines of activity, such as:

- Participation in business shows, fairs and other similar events which allow enterprises to discuss and spread their
innovative ideas, with the aim of creating joint projects with other entrepreneurs. For this purpose, the program rests on SEBRAE and its wide regional and local network.

SEBRAE makes up a National Fair and Exposition Calendar which covers all industrial sectors and in some events facilitates the participation of micro and small enterprises. SEBRAE also has online or printed consultation services with newsletters on quality and productivity issues as well as stock markets and events of entrepreneurial interest.

The Program is also associated with other regional and State institutions; e.g., in the State of Sao Paulo, the SEDAI (State Service of Assistance to Inventors)\(^{14}\) provides support for the presentation of prototypes, inventions or products incorporating technological innovations, in fairs in Brazil or abroad.

- Diffusion of innovative technology-related projects through information networks.

The Brazilian Science and Technology Information Institute (IBICT) coordinates technological project Diffusion jointly with the Medium and Small Enterprise Assistance Department (DAMPI)\(^{15}\), CNI, SEBRAE and FINEP.

For entrepreneurial cooperation initiatives at the international level, there exists SIPRI, the Investment Promotion and Technological Transfer System of the Commercial Promotion Department of the Foreign Affairs Ministry. The SIPRI has a focal point network made up of agencies from the states of Brazil. In places where there is no SIPRI focal point, the contact information is provided by SEBRAE.

- Articulation among enterprises and technological Institutions. Apart from the PATME\(^{16}\) programs resulting from FINEP-SEBRAE agreements, enterprises may request technological support services

\(^{14}\) An agency of the Science, Technology and Economic Development Department of the State of Sao Paulo.

\(^{15}\) DAMPI: CNI’s Department for Medium and Small Enterprise Assistance. There is a paragraph on page 42 describing this agency. For further information, you may contact DAMPI. DAMPI, Av. Nilo Pecanha 50 -gr 2601, Rio de Janeiro, Brazil. Tel: (21) 534-8154, Fax: (21) 2621495.

\(^{16}\) For a description of PATME, refer to the section on support institutions relative to FINEP and SEBRAE. A brief overview appears in the chart on Financing Lines for Productivity and Quality Management and Industrial Technological Training.
through the PETI\textsuperscript{17}, Industrial Technological Extension Program. This Program is the result of a FINEP-CNI agreement to support technologically innovative product development, industrialization and marketing. Services are provided by technological centers, universities, research centers, technical schools and accredited agencies, which can provide assistance through the mentioned programs by means of non-reimbursable financing for up to 70\% of the project value. There are about 180 institutions throughout the country that meet the different needs.

ii) There are different courses of action, as regards technical support to technological innovations.

- Information on patents, trademarks and technology transfer agreements.

The National Industrial Property Institute (INPI) offers to all interested people the information on patents ranging from safeguard actions, research time and cost, to technology selection. Micro and small enterprises have a 50\% reduction on industrial property rates. INPI has agreements with different institutions to develop programs for patent and technological information development. Micro and small enterprises can also resort to SEBRAE, which supplies information about the different programs through its branches.

As regards trademarks and information on technology transfer agreements, the reference institution is INPI, through its regional branches or state centers. It also has an agreement with SEBRAE, which provides information through its network.

- Information on technical standards

The Brazilian Technical Standards Association (ABNT), which is a non profit private organization, offers standard and product certification services. ABNT issues different publications and has agreements with SEBRAE so that it provides information and guidance on this subject through its network.

- State Service of Assistance to Inventors

SEDAI coordinates activities to foster and aid inventive capabilities and the incorporation of inventions and innovations to national technology. SEDAI provides support to inventors and micro and small enterprises in the area of industrial property and technological innovation.

\textsuperscript{17} PETI: Industrial Technological Extension Program. There is a brief description on page 16 and more information on page 38 where the FINEP’s programs are described. For further information, you may contact FINEP. FINEP- Financiadora de Estudos e Projetos, Praia do Flamengo, 200, Rio de Janeiro, RJ Brasil, Tel: (21) 2760330, Fax: (21) 2760402.