THE INDIVIDUAL MICRO ENTREPRENEUR (MEI)

From informal to formal: the development of companies in the state of São Paulo - Brazil

Milton Dallari

October 2009
What does **SEBRAE** mean?

It means:

Brazilian Support Service to Small Business

Since 1972
BRAZIL - A continental country (2007)

BRAZIL

Size: 8.5 million km²
Population: 184 million
GDP: US$ 1,334 billion
GDP per capita: US$ 7,107
HDI: 0.775 (72º)

SÃO PAULO STATE

Size: 248,2 thousand km²
GDP per capita: US$ 9,000 (2006)
HDI: 0.833 (2005)
Micro and Small Businesses (SME’s) in Brazil are responsible for:

- Total of enterprises: 99%
- GDP: > 20%
- Small and formal business: 4.5 million
- Jobs: 28.7 million

- 99.23% of the number of businesses in the country;
- more than 20% of the GDP;
- 14.9 million ventures where: 10.3 million are informal and 4.5 million are formal;
SEBRAE-SP
The target in the state

1.3 million enterprises
2.6 million non-regular
600 thousand potential entrepreneurs

Recruitment increase
Invoicing increase
Reduction of mortality rate
SEBRAE in the State of São Paulo

Offices in 29 different regions of the state

105 Points for Entrepreneurship Assistance (partnership)

SEBRAE - Headquarters - SP

636 employees
200 thousand services
200 thousand trainings
9 million downloads in 2008
Case Study

- **Project:** The individual micro-entrepreneur (MEI)

- **From informal to formal:** the development of companies in the state of São Paulo, Brazil

- **Objective:** Spread an information in order to contribute by a formalization of business.
## Diagnosis

### The Self-made Entrepreneur

(data for 2007)

<table>
<thead>
<tr>
<th></th>
<th>Brazil</th>
<th>State of São Paulo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of self-made entrepreneurs</td>
<td>19,2 million</td>
<td>3,4 million</td>
</tr>
<tr>
<td>Number of the self-made entrepreneurs in the total of people employed</td>
<td>21%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Developed by SEBRAE-SP from data of PNAD/ IBGE, 2007.  
http://www.sebraesp.com.br/conhecendo_mpe/estudos_tematicos/caracteristicas_ei_sp
Most self made entrepreneurs work informally, without proper registration to perform the activity.

To encourage the formalization of the self made entrepreneurs, the Brazilian government created a capacity of the individual micro-entrepreneur - MEI (Law 123/06, amended by Law 128/08).

MEI is a legal figure with a different tax system and its registration and operation are simplified.
SEBRAE-SP structured a project to contribute to the process of formalization of self made entrepreneurs.

Location: The project covers all the 645 districts of the State of Sao Paulo.


The project is structured in two phases. The first phase covered the period from March to July of 2009. The second phase began in August 2009.
How to reach all objectives:

- **Articulate partnerships**, including with the government, to organize a statewide strategy for serving the MEIs;

- **Train the staff** of SEBRAE-SP on what regards the MEI program;

- **Inform the entrepreneurs**, in a massive effort, about the MEI program;

- Monitor the progress of implementation of MEI in the state of Sao Paulo.
Entrepreneurs working in the informal sector, in the State of São Paulo, e.g. hairdressers, dressmakers, manicures, tire repairmen, electricians, etc.

According to a study by SEBRAE-SP, the state of São Paulo has 3.4 million self made entrepreneurs.

The goal of the government of the state of Sao Paulo is the formalization of 250 thousand MEIs by December 2010.
Actions of the first phase

- **Studies** have scaled the number of potential candidates for MEI and its characteristics;

- Elaboration of *guidance material* to *employees* and *partners* of SEBRAE-SP;

- Elaboration of *guidance material* for *entrepreneurs*;

- **Support** to the MEI candidates and spread a information.
Exemple: HotSite with information about MEI

http://empreendedorindividual.sp.sebrae.com.br/
## Results

<table>
<thead>
<tr>
<th>Action</th>
<th>Results</th>
</tr>
</thead>
</table>
| **Training** of experts to SEBRAE-SP and partners (by 09/23/09) | 306 SEBRAE-SP experts  
145 agents and advisors to serve the entrepreneurs (*)  
1,467 collaborators of partner institutions |
| **Services** at SEBRAE-SP (July to September/09)   | 17,065 people attended                                                  |
| Monitoring of the **MEI enrolments** (July to 09/20/09) | 12,500 of MEI enrolments at Jucesp                                     |

Source: SEBRAE-SP and Jucesp.  
(*) SEBRAE-SP Partnerships with other institutions for public service.
The biggest challenge was to **mobilize the resources** to accomplish the **task in a short period of time**;

To achieve the goal, the project was considered a **priority** by the institution and the areas that have carried out the activities;

The **qualification of the technical staff** enabled the institution to structure the work and generate a solution in a short period of time;

**Partnerships**, involving civil society institutions and government agencies, contributed to the achievement of the task.
Objective of the second phase

- To help improve the competitiveness of the MEIs on the market;

- Events to mobilize leadership and opinion makers on the issue of the MEI.
Actions Planned for the second phase

- Training Actions in the areas of: management, innovation and improvement in the productive process;

- Insertion of the MEIs in the market of public purchase (through regulation of the General Law in the cities);

- Support in microcredit initiatives (partnerships with civil society institutions and local funds);

- Scheduling of 20 regional meetings with opinion makers and local leaders.
End of Presentation,
Thank you.
MILTON DALLARI
CFO

SEBRAE-SP
www.sebraesp.com.br
mdallari@sebraesp.com.br
Phone: (55) 11 3177-4740