

**FINEP**

**Financing Agency for Studies and Projects**  
**"The Brazilian Agency for Innovation"**

**Mauro Marcondes Rodrigues**  
**President**

**September 2002**

## **FINEP** *35 years*



**Agency of the Ministry of Science and Technology (MCT) - geared toward mobilizing and articulating reimbursed and non-reimbursed financial resources in order to support the activities of Science, Technology & Innovation.**




# Brazilian Market

- ✦ Brazil US \$1.0 trillion worth of purchasing power parity
- ✦ Consumer market of 110 million people - 35 million emerging middle class families
- ✦ **Market Size:**
  - ✓ 3 million refrigerators per year - 3<sup>rd</sup> market
  - ✓ 1.3 million washing machines per year - 4<sup>th</sup> market
  - ✓ 681.9 thousand tons of cookies per year - 2<sup>nd</sup> market
  - ✓ 8 trillion liters of soft drinks - 3<sup>rd</sup> market
  - ✓ 11 million Internet users - 40% of the Latin America

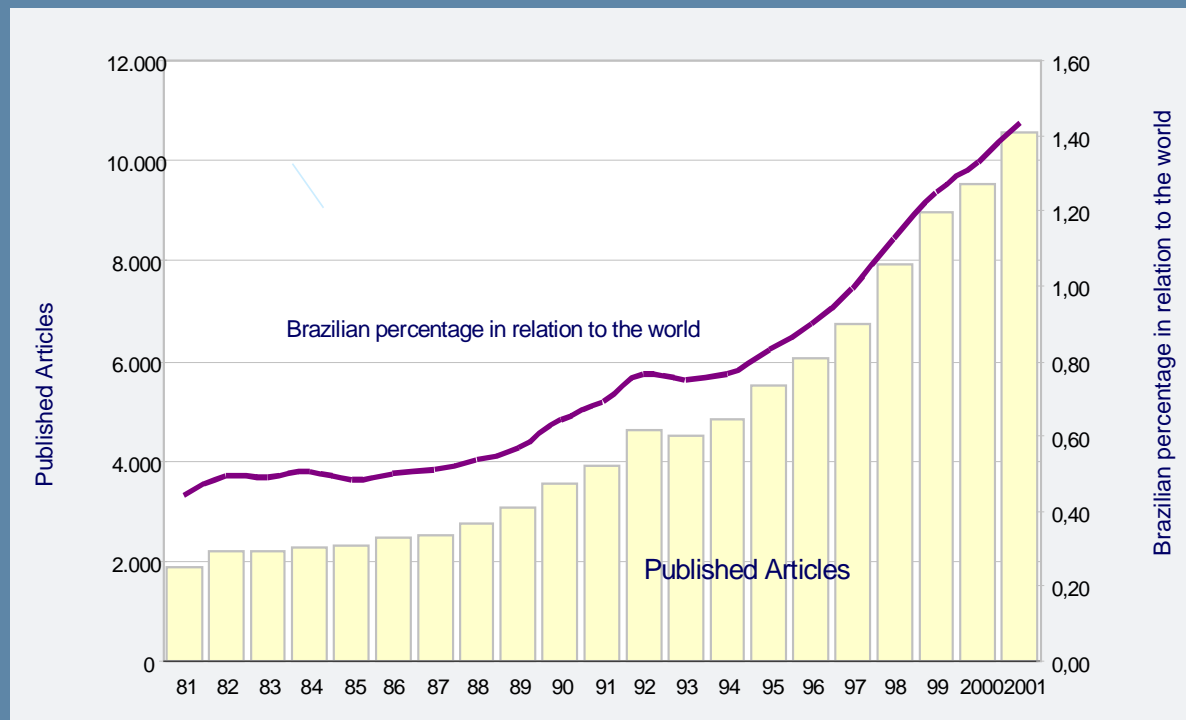
# BRASIL

## Scientific Production

-  Scientific production in Brazil has been showing great advances over the past few years:
- ✓ 1.4% of the world's scientific publications
  - ✓ 6,000 doctoral and 18,000 masters graduates per year
  - ✓ The granting of 70,000 scholarships per year
  - ✓ 30,000 doctorates out of a total of 52,000 researchers

# Articles Published in International Periodicals

(number and percentage in relation to the world)

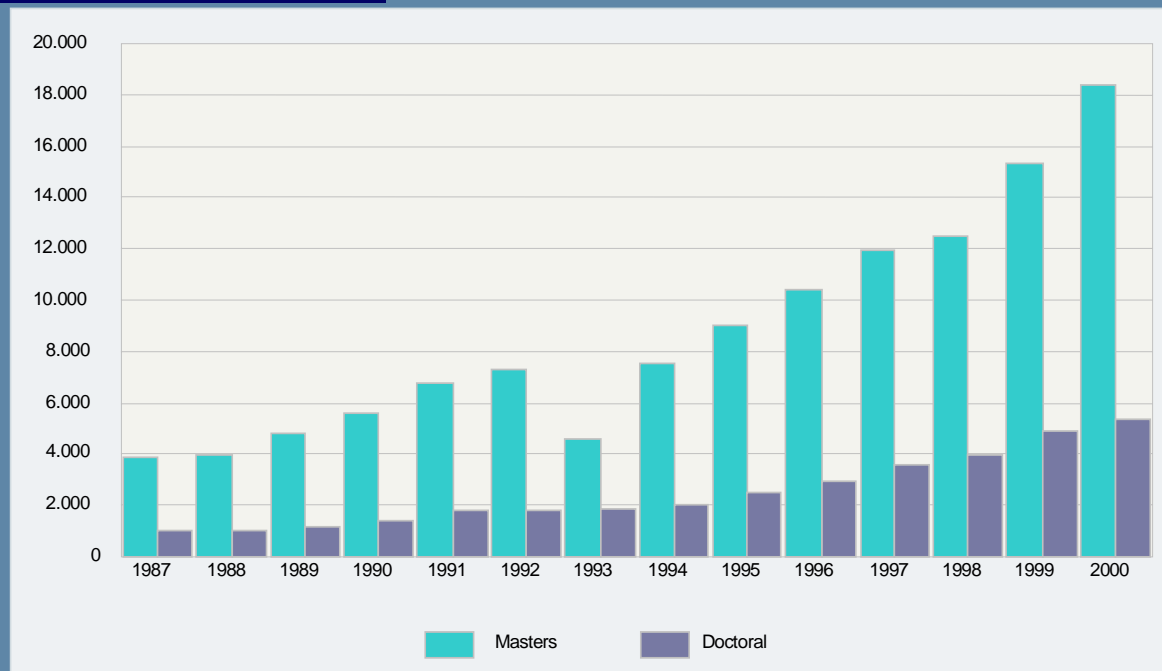


Source: Institute for Scientific Information (ISI) National Science Indicators



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# Number of Masters and Doctoral Graduates



Source: Center for the Upgrading of University Professionals (CAPES), Ministry of Education (MEC)



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## Positive Scenario for Innovation

- ❖ Economic stability and open economy
- ❖ Competition centered in the ability to innovate
- ❖ Organized system of scientific and technological research. The Country possesses a crucial group of people ("*massa crítica*") for its continued effort in scientific and technological research and in the formation of qualified professionals
- ❖ Brazil strengthens its support instruments for scientific and technological development

# Organized Support System for research in Brazil

## Institutions of support for S,T&I

- ✓ CNPq – 50 years
- ✓ CAPES – 50 years
- ✓ FINEP – 35 years
- ✓ FAPs (State Foundations to Aid Research)
  - FAPESP (US \$200 million disbursed 2001)
  - FAPERJ (US \$40 million disbursed 2001)

## Several instruments of support for S,T&I



# New Pattern of Financing and Support for S,T&I

- ✦ **Sector Funds of S,T&I - 14 new funds**  
Strengthening of the National Fund for Scientific and Technological Development (FNDCT)
- ✦ **Increase the offer of long-term credit** (with reduced interest rates)
- ✦ **Concession of economic subsidy for the R&D activity**
- ✦ **Information Technology Policy - New Law**
  - ✓ Fiscal incentives
- ✦ **MP 66/2002 – strengthen of fiscal incentives**

## Sector Funds of S,T&I (estimated collections for 2003)

	US\$ million
✓ Petroleum and Gas	78.5
✓ Information Technology	16.2
✓ Minerals	1.3
✓ Hydro-Resources	11.5
✓ Energy	28.9
✓ Space Technology	2.2
✓ Telecommunications	103.4
✓ Transportation	3.2
✓ University-Companies	86.7
✓ Research Infra-Structure	64.8
✓ Health	20.5
✓ Biotechnology	8.8
✓ Agri-business	20.5
✓ Aerospace Technology	8.8
□ TOTAL	455.3



# New Pattern of Financing and Support for S,T&I

## Pro-active Action in Venture Capital

## Proposed Law for Innovation

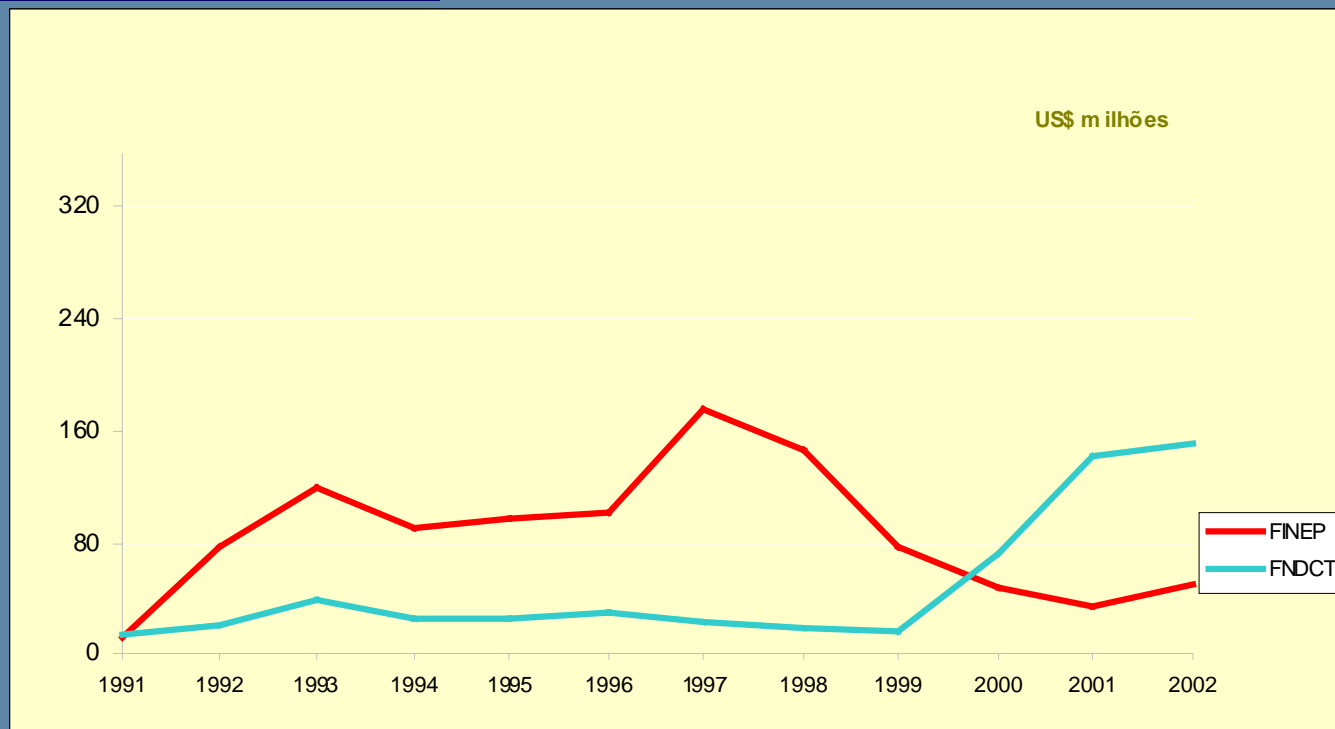
- ✓ Make flexible the relations among research institutions, their researchers and the private sector
- ✓ Reduction of technological risk for innovative businesses
- ✓ Technology for the private sector commissioned by the Government

# New Pattern of Financing and Support for S,T&I

## Conditions for Financing (integration of instruments)

- ✓ Long-term credit
- ✓ Harmonization of interest rates
- ✓ Venture Capital
- ✓ Incentives and Subsidies
- ✓ Participation in Deliberations
- ✓ DTI Scholarships
- ✓ Non-reimbursed resources - Grants (FNDCT)

# Disbursements FINEP - FNDCT US\$ 200 million in 2002

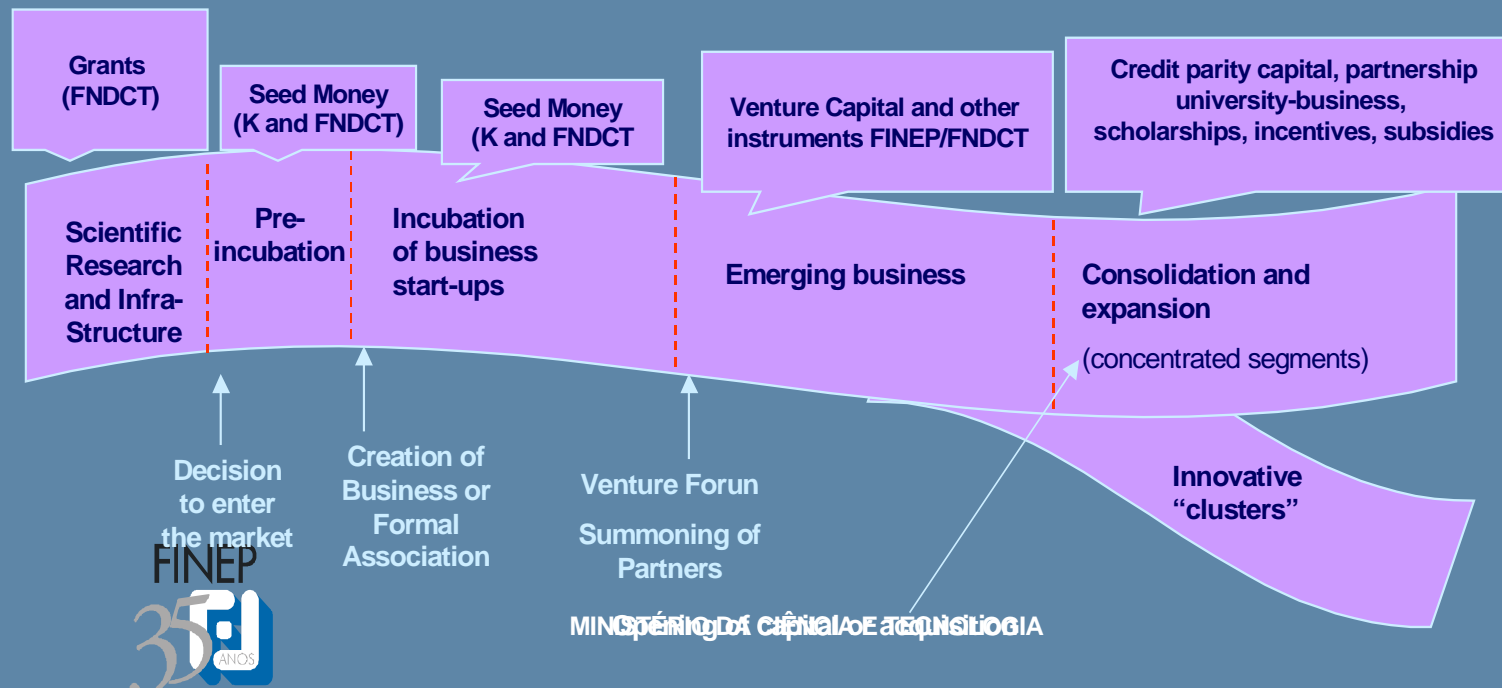


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# Financing of Science, Technology and Innovation

 **MCT/FINEP finances all the stages of scientific and technological development:**

- ✓ from basic research to R&D of large businesses
- ✓ from pre-incubation to local systems of innovation



# Incentive for Scientific and Technological Research

## Foster strategic-institutional planning of research

- ✓ Support the development of research infra-structure
- ✓ Encourage the constitution of research network among leading and emerging institutions
- ✓ Support scientific and technological research in line with population needs and national companies demands

## Support for emerging technology-based businesses

- ❖ Support the creation of technology-based businesses that emerge from research centers and universities
- ❖ Support the creation of high-tech spin-offs from large businesses
- ❖ Support the creation and development of technology parks and technology-based business incubators
- ❖ Develop the Venture Capital segment in Brazil
  - ✓ Project "INOVAR"  
(partnership with IADB/MIF, SEBRAE and PETROS)



# Projeto INOVAR



## Promote the innovation of large and medium-size businesses

- ✦ Support R&D activities of large and medium-size businesses
- ✦ Support the interaction among universities, public research institutions and companies
- ✦ Promote the development of private research centers
- ✦ Attract R&D activities from multinational businesses (World Class Research Centers in Brazil)

# Support for the innovation of micro and small businesses

- ❖ **Support for the technological development of micro and small businesses**
  - ✓ developing innovative “Clusters”
  - ✓ technological enhancement of productive chains
- ❖ **Technological assistance realized through research institutions**
  - ✓ improvement of products, processes, design and technical norms
  - ✓ elaboration of Technological Development Plan
- ❖ **Financing of Technological Development Plans of micro and small businesses**

# Innovative “clusters”

▣ Development of innovative “clusters”

## North

Coffee  
Cashews  
Ceramics  
Coconuts and Natural latex  
Fructi-culture  
Lumber and Furniture  
Fish breeding

## Midwest

Agriculture  
Agri-business  
Cotton  
Leather and Derivatives  
Natural gas  
Pharmaceuticals  
Lumber

## Northeast

Agriculture  
Cachaça and Rapadura  
Cajú  
Technological training  
Floriculture  
Gypsum  
Sheep and Goat raising  
Fish breeding  
Hydro Resources  
Viticulture

## Southeast

Technological training  
Leather and Shoes  
Formation of Human Resources  
Fructi-culture  
Lumber  
Papaya

## South

Cotton  
Technological training  
Leather and Shoes  
Formation of Human Resources  
Larvi-culture  
Lumber and Furniture



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## General Information

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