

Sustainable financing of the digital inclusion in Brasil

Dep. Julio Semeghini
Câmara dos Deputados
Brazil

Brasília, June 7th, 2005

Agenda

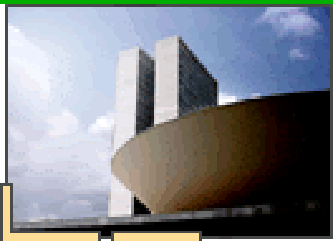
- **ITC industry and its usage in Brazil**
- **Legal framework for the incentive of ITC in Brazil**
- **Financing the digital inclusion**
- **Sustainable policy for the digital inclusion**
- **Bids regarding ITC in course at the Câmara dos Deputados**
- **Conclusions**



ITC industry and its usage in Brazil

ITC sells in Brasil, 2003

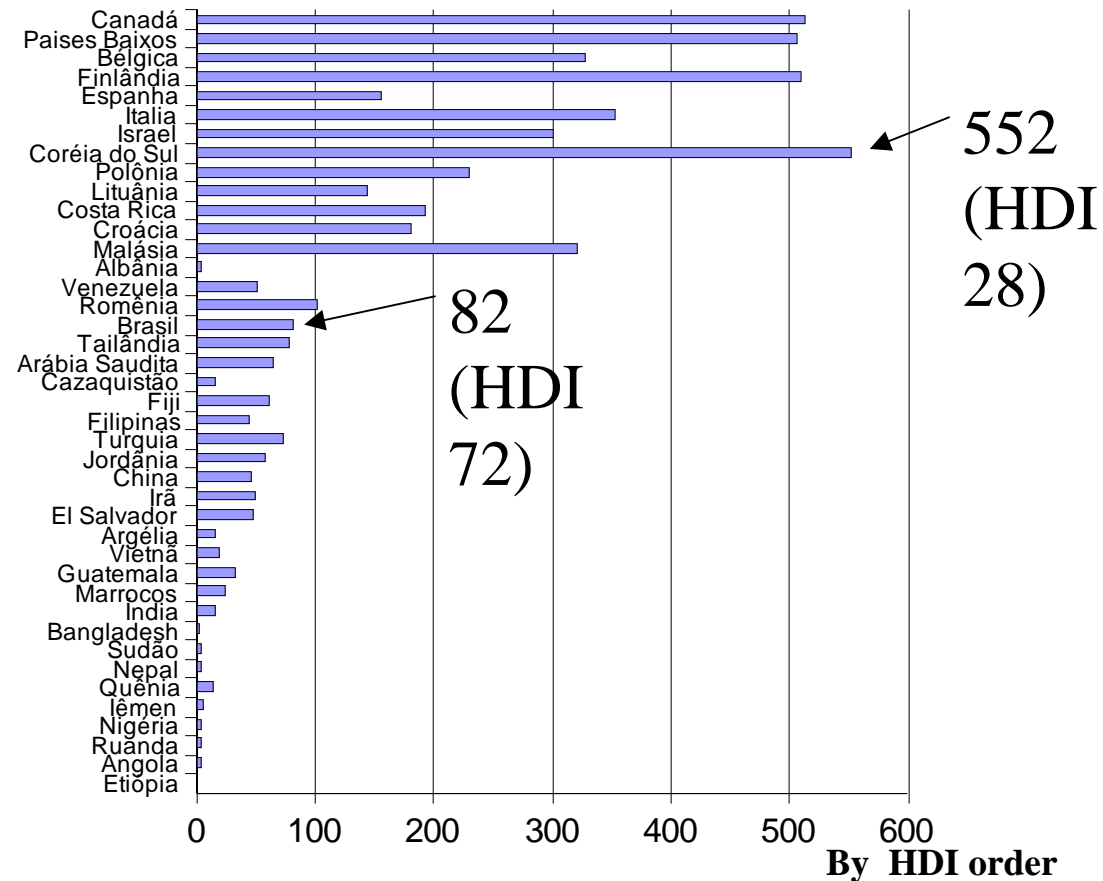
Position	Sector	Sells	
		US\$ billions	%
1	Communications	26,6	67
2	Hardware	4,8	12
3	Infrastructure	4,5	11
4	Software	2,2	5
5	Services	1,7	4
-	Total	39,7	100



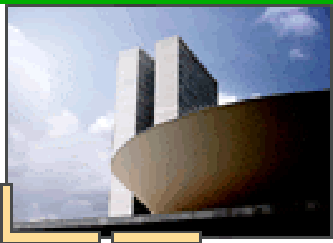
ITC industry and its usage in Brazil

Digital divide in Brazil and its situation comparing to other IPAIT members

Internauts by 1000 inhabitants, 2002

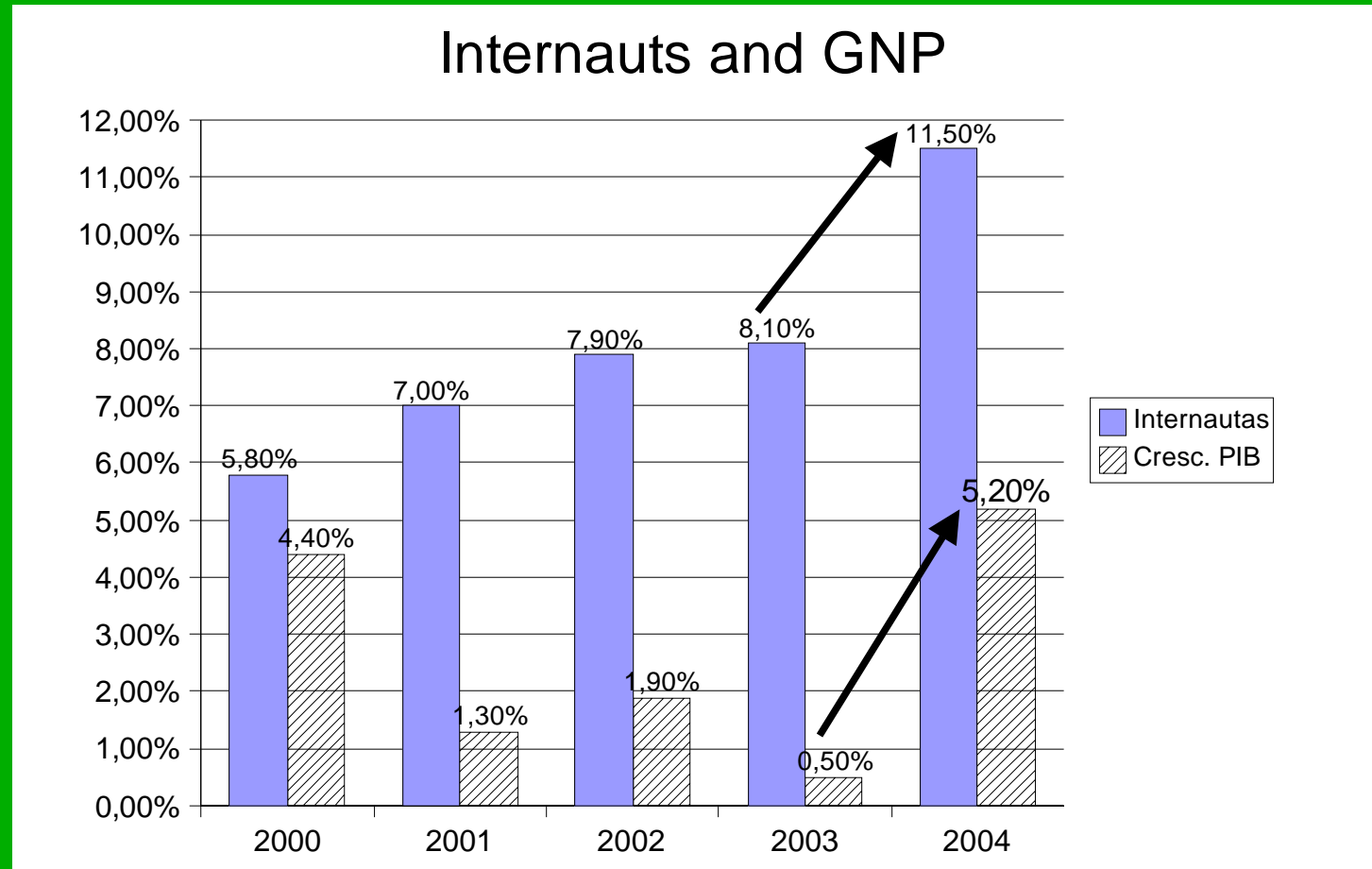


Source: UN Human Development Report, 2004



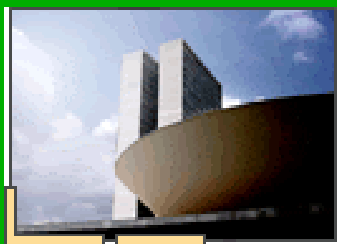
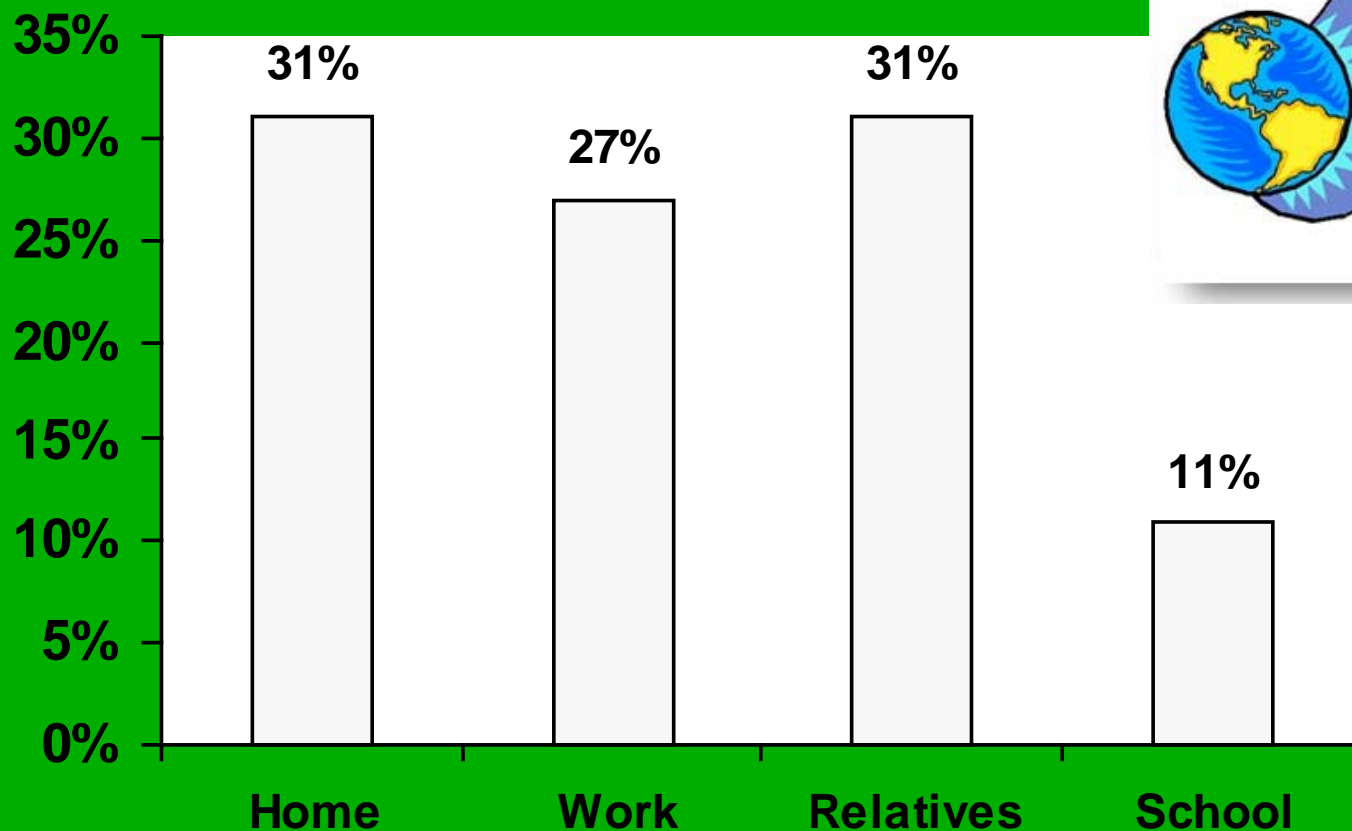
ITC industry and its usage in Brazil

Internauts evolution in Brazil and its relation to NGP growth

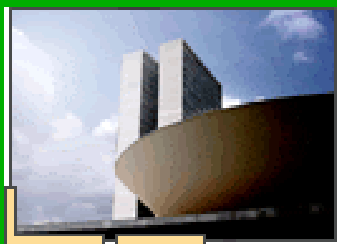
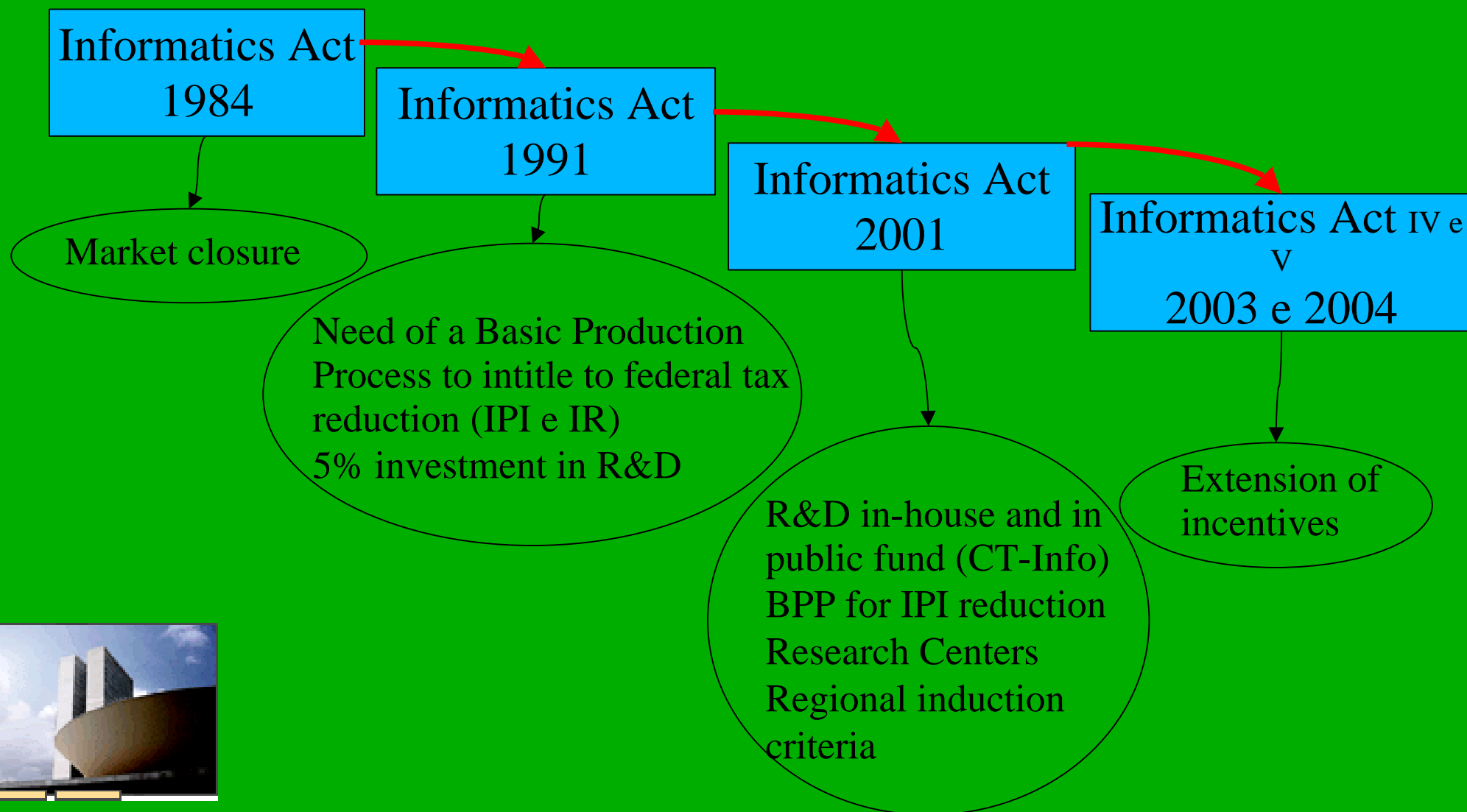


ITC industry and its usage in Brazil

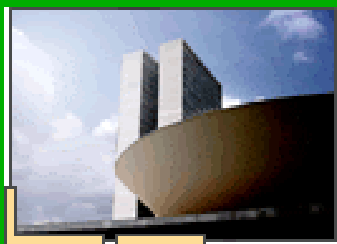
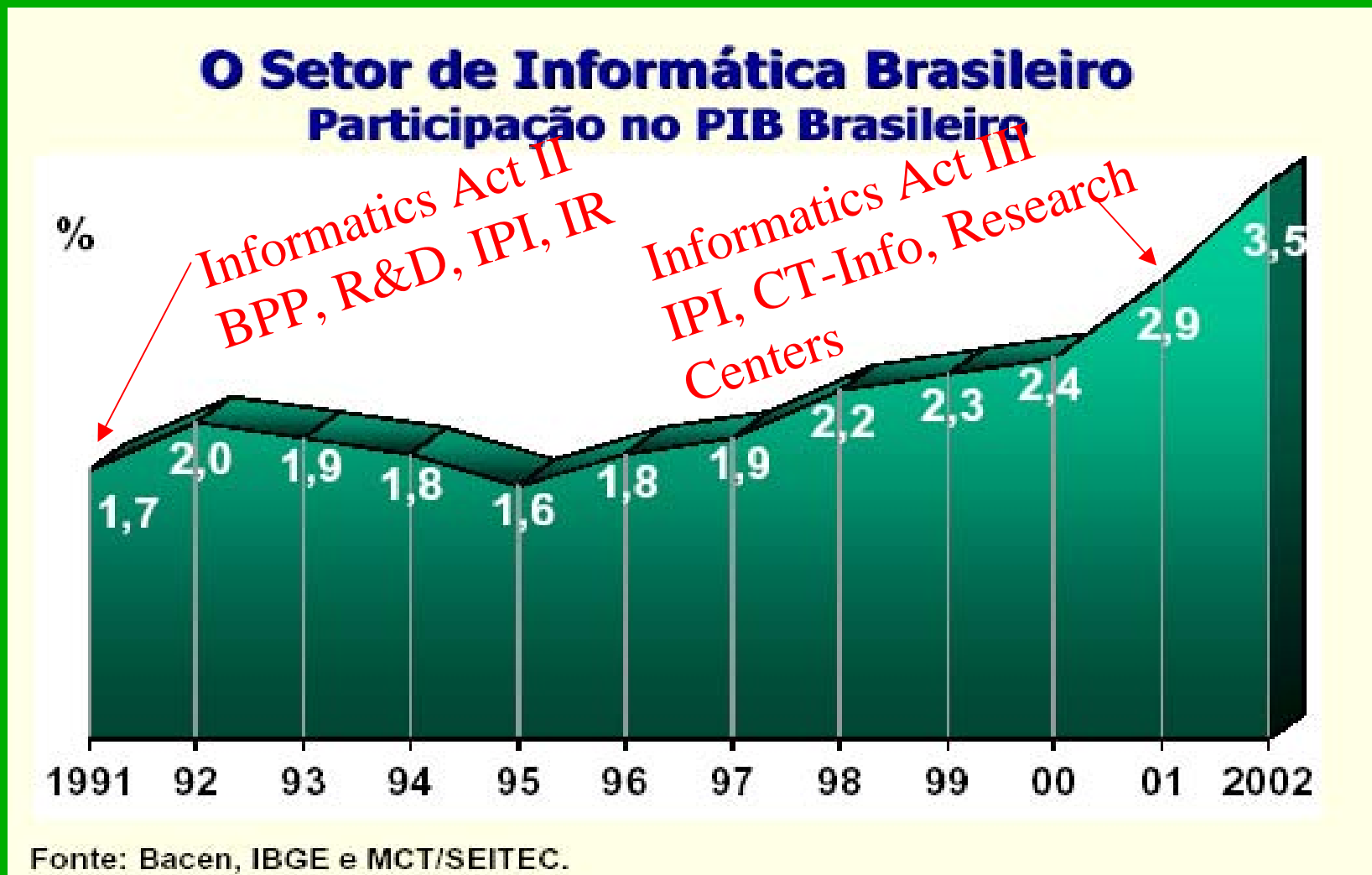
Internet point of access in Brazil



Legal framework for the incentive of ITC in Brazil



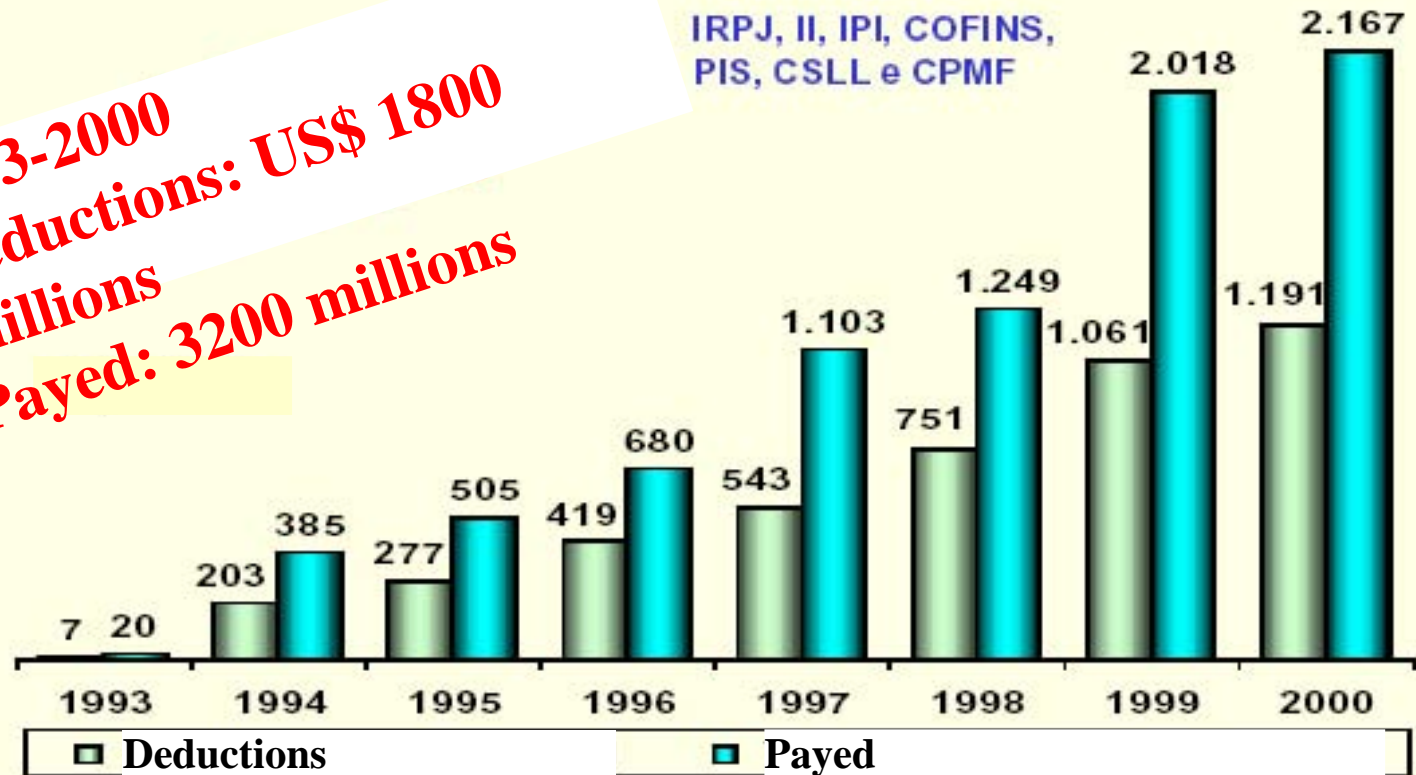
Results of the Informatics Act (ITC segment over brazilian's NGP)



Results of the Informatics Act (cont.)

Federal Tax Deduction x Federal Tax Payed

1993-2000
Deductions: US\$ 1800
millions
Payed: 3200 millions



Legal framework for the incentive of ITC in Brazil

PDTI/A Act
1993

Ind. & Agr. Dev. Prog.
Incentives for product acquisition for companies that invests in R&D (IRPJ e IPI)

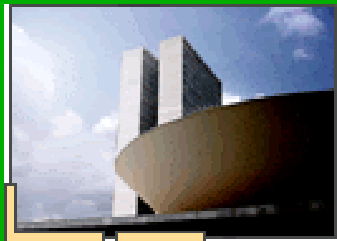
Innovation Act
2003

Incentive for Universities (and others) and companies to innovate

- Profit commission for the researcher
- Creation of investments funds.

Innovation Act II
200?

Incentives:
IRPJ, CSLL, Pis, Cofins?
Different from Informatics Act?
Social Security?



Financing the digital inclusion

Diminishing the digital divide

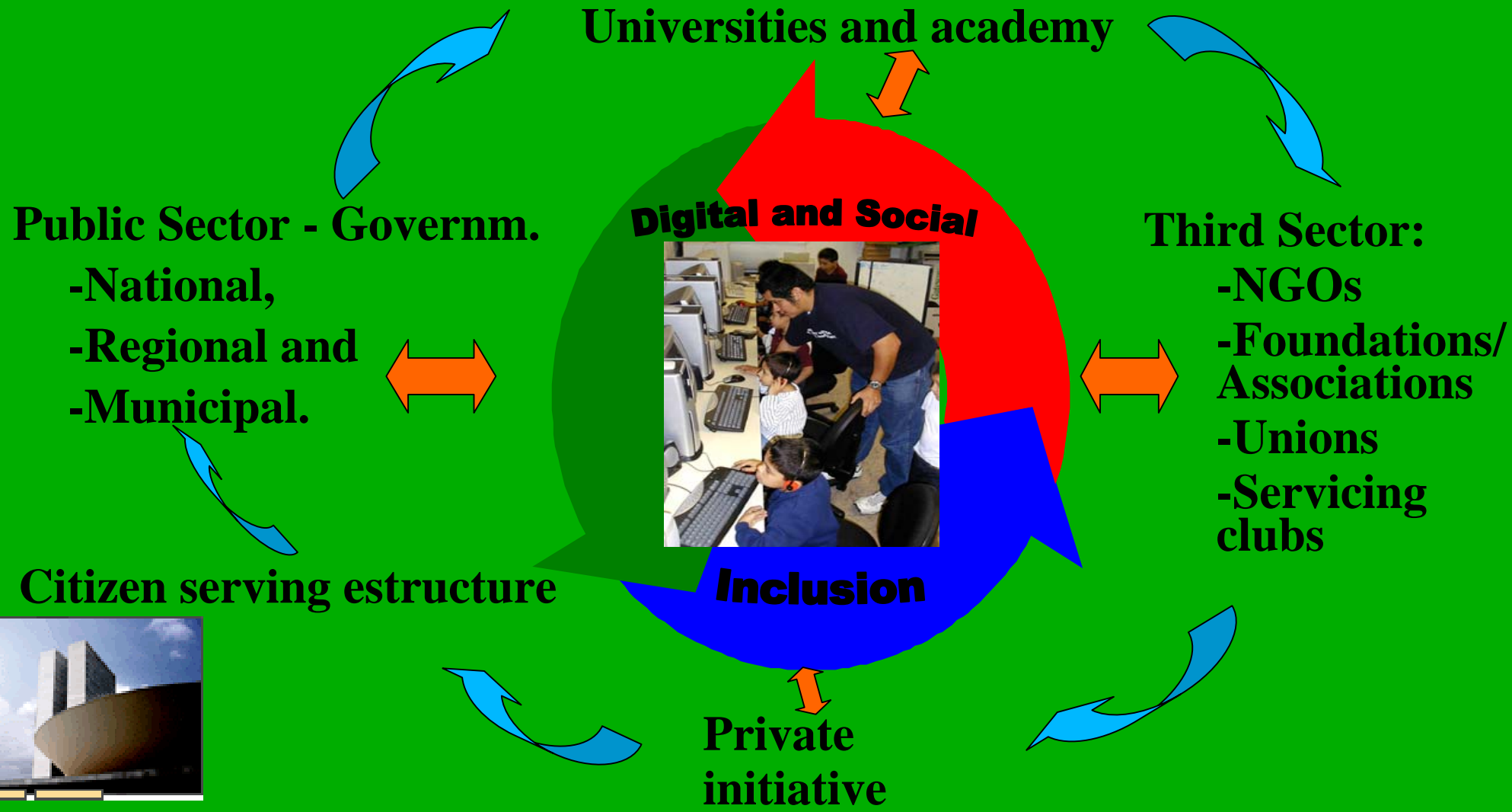


How to cross the bridge?



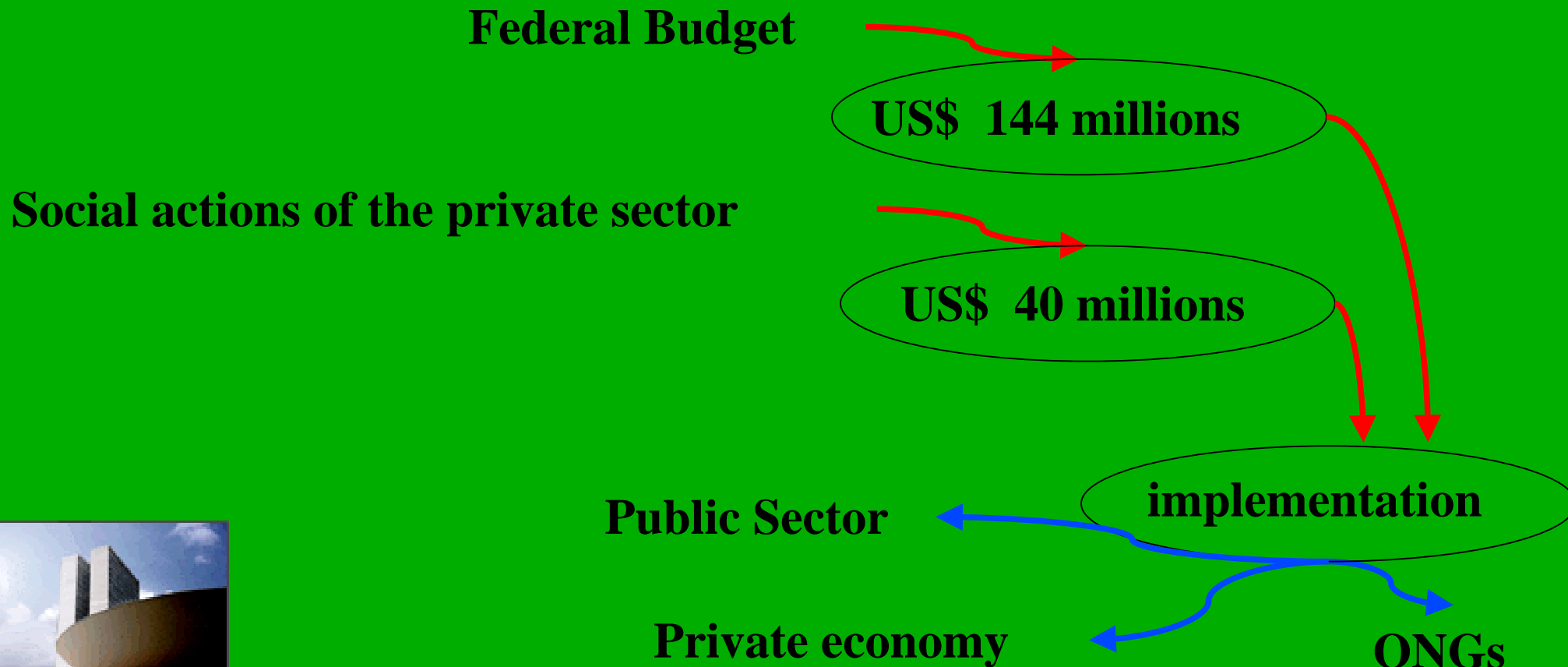
Financing the digital inclusion

Sector's synergy



Financing the digital inclusion

Estimate of investments in Brazil, 2005

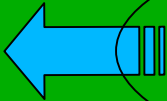


Financing the digital inclusion

Strategic Programs - official budget

✓ Education:

- Student's labs,
- Professional learning



Companies' social responsibility
Worker Assistance Fund (FAT)
Partnerships with Unions

✓ Governmental Infrastructure:

- Computers for public servicing



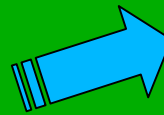
Post Office, Reg. Secretaries,
Foundations, etc



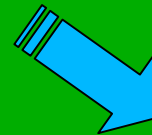
Strategic Programs - official budget (cont.)

✓ Access and citizen's training:

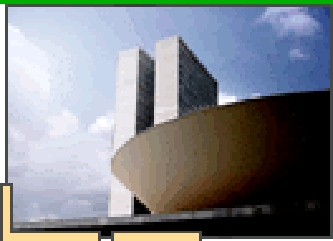
- National Gov. (with partnerships)
 - Casa Brasil (House Brazil)
 - Telecentros
- Regional Gov.
 - ACESSA São Paulo
- Local Gov.
 - City of São Paulo



200 telecenters working, 100 municipalities attended and 13 millions of attendees



Partnership with third sector



Strategic Programs - not budgetary

✓ Informatics Act:

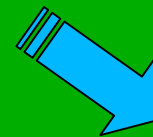
- incentives to national production and technological R, D & I

✓ FUST:

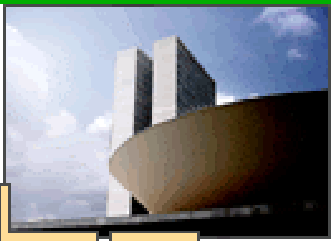
- ICT's universalization

✓ PC Conectado (Connected PC):

- objective: computers acquisition for small and medium companies and for citizens



- Tax Incentives
- Low interests financing



Financing the digital inclusion

Investments x Needs

- ✓ 180 millions inhabitants
- ✓ 150 millions info-excluded
- ✓ 40 millions address without telephone
- ✓ 4.500.000 small business
- ✓ 7000 municipalities
- ✓ 10.000 lybraries
- ✓ 250.000 schools



Financing the digital inclusion

Investment effectiveness

**FUST(*) Available funding = US\$ 200 millions / year =
US\$ 200 millions / 140 millions info-excluded=
US\$ 1,4 / info-excluded / year**

(*): Telecom. Universalization Fund (1% of telecom. bills)

Examples of needs

**Payment of telephone lines for the divided =
US\$ 12 / month x 12 month x 40 millions addresses =
US\$ 5,7 billions / year**

Informatization of small business (only needed for 50% of them)

US\$ 700 / computer x 2.250.000 business = US\$ 1,58 billion



Financing the digital inclusion

Investment effectiveness...

... and more examples:

**Schools informatization= 250.000 schools x 10 computers US\$
700 x 10 x 250.000 = US\$ 1,750 billion**

Broad band Internet=

US\$ 12 access x 12 months x 250.000 = US\$ 36 millions/ year

Costs estimation for infoinclusion in Brazil =

US\$ 20 / inhab. / year x 140 millions excluded =

US\$ 2,8 billions / year



Sustainable policy for the digital inclusion

Investment effectiveness

Scarse financial resources

Sustainability of actions needed

Technological development supporting the financing continuity for digital inclusion initiatives

Example of an Act pro for the sustainable technological development:

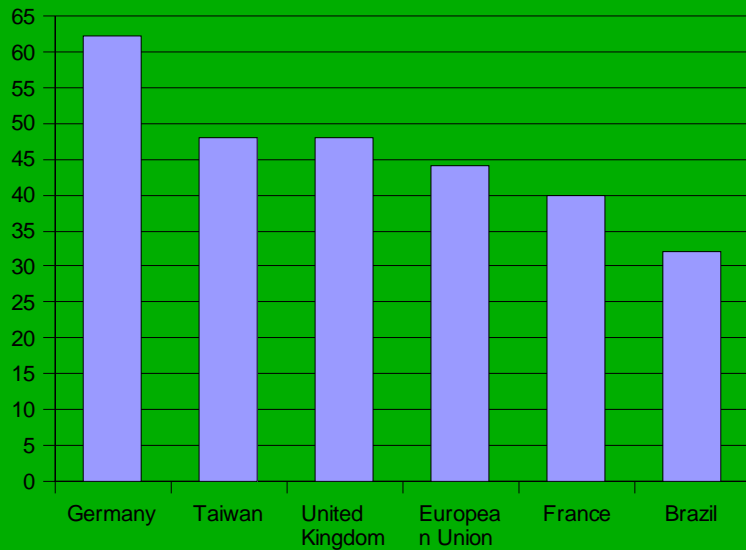
Innovation Act - 2004



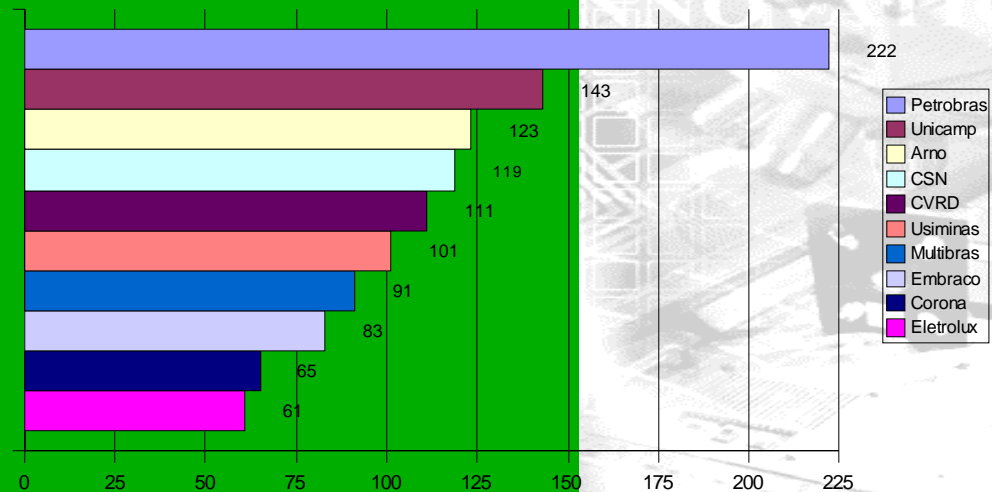
Sustainable policy for the digital inclusion

Innovation

% of innovatives companies



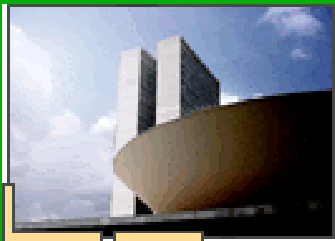
Patents leaders in Brazil



Innovation example:

- Campinas State University- Unicamp =>
- US\$ 5 millions / year with copyrights

Source: Valor Econômico, 23/5/5



Sustainable policy for the digital inclusion



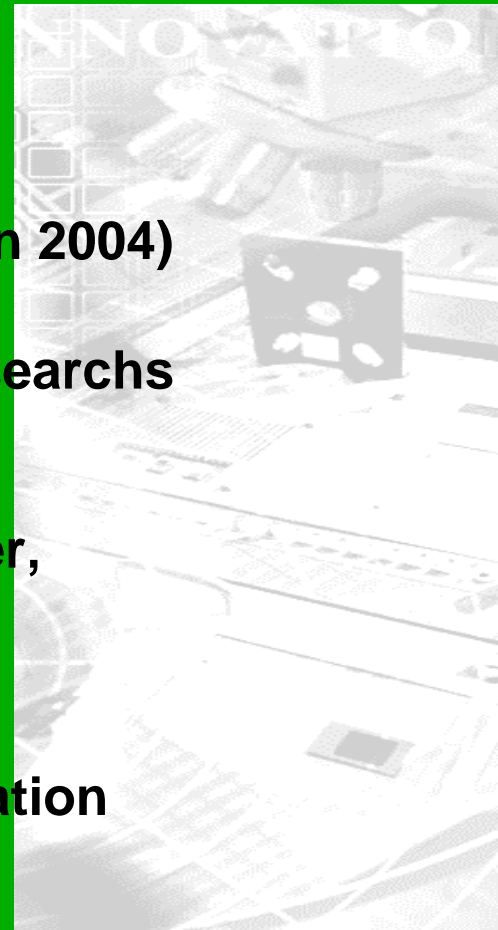
**São Paulo State Research Support
Foundation**

- .Created in 1960**
- .Financed by 1% of State taxes (US\$ 170 millions in 2004)**
- .Granted 45.000 scholarships and aided 35.000 researchs**

.Kinds of grants:

**Scholarships: scientific initiation, Master,
PhD, Post-Doc**

**Aids: scientific or technological research,
visiting researcher, events organization**



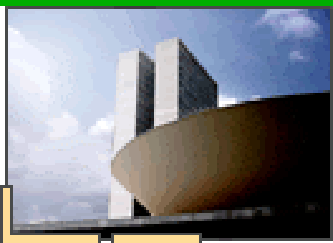
Bids regarding ITC in course at the Câmara dos Deputados



- Digital certification, the usage of electronic signatures
- IT Services Universalization Fund, creation of the FUS-TI
- Digital divide:
 - Telephone bills reduction for low income citizens and teachers
 - Financing of digital inclusion initiatives in small communities
 - Population literacy in ITC tools
 - Public financing for digital inclusion initiatives using mobile phone companies
 - Establishment of a Brazilian Digital Inclusion Index



- **Cybercrimes, their typification**
- **Access to Internet information, recording the data**
- **Telephone monthly subscription, ending**
- **Free software, its option by Public Administration**
- **Spam, reglamentation**
- **Ban of OEM (Original Equipment Manufacturer) software**



- **The country is diminishing the digital divide.**
- **Digital inclusion must be based on technological development policies for the correct offer of products and services compatible with country needs.**
- **Financing alternatives must take into consideration country's investment capacity, enabling the implementation of self-sustainable continued policies for the digital inclusion.**
- **The Parliament can contribute defining financing alternatives for the digital inclusion.**



“...tecnhology divided more, because there're people that possess resources enough to enjoy all the benefits of the technology and there're others that are getting every time more abandoned”

Carlos Drummond de Andrade, 1987
writer



Thank you!



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Brazil

