

# **ENTREPRENEURIAL DEVELOPMENT PLAN 2001 – 2006**

**For the development of competitiveness  
in the companies**

***National Development Plan***

**Secretary of Economy**

**Entrepreneurial Development Program  
2001 – 2006**

**For the Development of Competitiveness  
in the Companies**

**November, 2001**

## **Message from the President of Mexico**

### **PRESENTATION OF THE PROGRAM FOR THE ENTREPRENEURIAL DEVELOPMENT**

*To grow with quality is a goal that today more than ever, goes according to the aspirations, needs and expectations of thousands of small and medium size entrepreneurs in the country. It is also a commitment of my administration.*

*We are determined to make competitiveness become the central theme of the new economy policy, leading Mexican companies through the road of sustainable growth. A growth that will release the huge potential of men and women that strive every day to make their companies legitimate production units generating jobs and prosperity.*

*Mexico needs world-class companies and a competitive environment in order to grow and consolidate itself. In order to achieve this, we need to renew and strengthen the commitment, based on joint responsibility, set among the entrepreneurs' efforts and those of all the government authorities.*

*We want to do this democratically, starting from the bottom, where backlog is greater. For this purpose, my administration created the Under Secretary for the Small and Medium Size Company, within the new Secretary of Economy, in order to support directly and specifically, the micro, small, and medium size companies, so that they can grow with quality. One of the main issues included in the innovation philosophy and project of this administration is to allot these companies an important role.*

*In order to update these companies, we have committed ourselves to take several measures which will allow their effective development: the efficient management of information to make decisions; to grant access to consultanship and training services; sufficient and timely credit according to the characteristics and scope of micro and small size companies,*

*either as working capital or to modernize their industrial sector; simple and direct outlines allowing them to technologically innovate their processes; obtain specific support that will encourage associations which help rescue and strengthen production chains, development of mechanisms that make the markets get closer and provide greater certainty to the economic cycle.*

*We want the government to become a determined supporter of the entrepreneurial activity, providing framework, instruments, and growth resources in order to encourage competitiveness among Mexican companies.*

*The sector proposal we are introducing today determines the clear role that should be played in our economy by the micro, small, and medium size companies. Through competitiveness, it offers our companies the possibility of being able to generate jobs, and welfare demanded by our society.*

*I invite you all women and men entrepreneurs of Mexico, your organizations, and all other players involved in the development of the entrepreneurial competitiveness to join your efforts in order to achieve all together, the successful and fair Mexico we all want.*

**VICENTE FOX QUESADA  
PRESIDENT OF MEXICO**

## Message from the Secretary of Economy

***The Entrepreneurial Development Program 2001-2006,*** is the central issue that makes up the set of policies, programs and actions that will allow us to meet our great national purpose: increase competitiveness among the companies of the country, particularly the micro, small, and medium size companies.

*In order to achieve a quality growth where economic benefits are distributed among most of the population, we need to strengthen and encourage the development of our companies. We also need to make them competitive in the national and international markets, and to foster their growth taking as a starting point the production possibilities of the different regions in Mexico.*

*For this purpose, it is essential that the federal, state, and municipal governments work together with the entrepreneurial and labor organizations, universities, technological centers, and mainly the entrepreneurs and workers of the country.*

*The challenge is to achieve an comprehensive support policy that will provide equal opportunities to every entrepreneur and to production projects, regardless of how small they are. It will provide these opportunities to social companies; to micro, small, medium, and large size companies, with specific actions, according to the characteristics and needs of each of them.*

*We can promote altogether an environment that will foster development. An environment that will provide the legal safety for the trade transactions and investment, that will strongly fight smuggling and piracy; that promotes the improvement of regulations and encourages investment and creation of new jobs, and furthermore, that procures direct support to companies that require it, particularly the smaller ones.*

*This administration acknowledges the significance of micro, small, and medium size companies in national development, not only because they create six out of every ten jobs, or because*

*they account for 42 per cent of national production, but because of their potential to become a source of growth opportunities and income distribution.*

*By consolidating the smallest companies, we will be supporting the creation of a stronger, more solid economic platform, contributing to the economic development of the country at the medium and long terms, thus being able to meet the requirements of a globalized economy.*

*The strength of this program comes from the fact that the actions to be developed were originated by the initiative of private entrepreneurs, taking always into consideration their needs and respecting the local production possibilities. Furthermore, the implementation and follow-up of actions which will be actively carried out by states and municipalities supported by organizations such as entrepreneurial organizations, academic institutions, etc., will, all together, coordinate the strategies and will multiply the results.*

*A decentralized strategy where all parties take part will be made up, where all players involved in the entrepreneurial development will take an active and jointly responsible active role together with the Federal Government, in order to support the companies of the country.*

*The expected result should be measured taking into consideration the challenge posed by the current situation and the high demands by the country in the future. That is why, the proposal and call is to perfect this working instrument that should be understood as a common chart, that will lead our efforts and acknowledge the need of cooperation and joint will in order to strengthen our competitive skills.*

**Dr. Luis Ernesto Derbez Bautista**  
**Secretary of Economy**

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# **INTRODUCTION**





# INTRODUCTION

The commitments by the Federal Executive, 2001-2006

*The Secretary of Economy submits the Entrepreneurial Development Program, which comes out of the National Development Plan objectives.*

Based on article 26 of the Political Constitution of Mexico, the Secretary of Economy, within the framework of its attributes and responsibilities, and based on articles 16, 22, and 23 of the Law of Planning, and articles 9 and 34 of the Organic Law of the Federal Public Administration, submits the Entrepreneurial Development Program 2001-2006 (PDE) [for its initials in Spanish], to Mexican society as a sector program that contributes to the achievement of the goals that the National Development Plan (PND) [for its initials in Spanish] is committed to.

The PND, as the document that regulates the politics of the country, states the purpose of achieving a quality growth, made up by five great objectives:

- ❖ Manage economy with responsibility
- ❖ Increase and extend competitiveness of the country
- ❖ Generate an including development
- ❖ Achieve a balanced regional development
- ❖ Establish the conditions to reach a sustainable development

*The commitment by the Federal Executive is to create the conditions in order to generate jobs and achieve a quality growth.*

The commitment by the Federal Executive is to create the conditions in order to generate the jobs needed to fight poverty, improve and equally distribute income among Mexicans, and consolidate the domestic market.

The challenge is to achieve a quality growth, and that Mexicans get enough of all they need in order to get a decent way of living.

The government will lead the country in a responsible, democratic and participating way towards a fair society, encouraging a competitive economy that will place the person as the target of his/her actions.

The company is the main column of the country's economy, the means that supports the development that generates wealth. As such, it requires a special attention in such a way that it avails itself from the opportunities that Mexico provides, and addresses the framework backlog, not only in relation to the jobs it creates, but also as an instrument of the society for the distribution of income.

The Federal Executive will encourage competitiveness as a basic criterion for development. Our commitment is to create the necessary conditions so that companies of any size can be incorporated, developed, and transformed according to the pace set by the fast changes, addressing the needs and opportunities of private entities that rise from the productive sectors and local and regional calling.

The country needs to increase competitiveness and productivity now in each of its companies, public and private institutions as a whole and economy in general so that this translates into better wages for workers, profits that will bring capital to companies and will strengthen the domestic market and increase contributions to the public treasury.

## Policy for the development of the company's competitiveness

PND states the commitment of encouraging within the Federal Government an comprehensive policy for the development of the companies, encouraging the intensive participation of the states, municipalities, and educational and research institutions, as well as the committed action in solidarity by entrepreneurial organizations, entrepreneurs and enterprising people.

A policy that integrates the development of infrastructure, utilities, investment in human development and technological innovation, labor, energy and tax reform, and improvement of regulations which will boost the creation of jobs and will raise wages. This will help companies grow within a framework of environmental protection and acknowledgment of the social awareness of the company.

*PDE is the central theme that coordinates policies, strategies and instruments, in order the support companies and entrepreneurs.*

The Economic Development Plan (PDE) is the central theme that coordinates the set of policies, strategies, actions, and instruments at short, medium and long terms for the support of companies and entrepreneurs throughout the different economic regions of the production sector of Mexico. PDE proposes the joint and responsible participation of the players and the subsidiary action of the Government authorities.

A coordinated work among the above mentioned agents and the Government institutions will be encouraged, so that it adequately organizes the strength of the country and of each of its states and municipalities. With this, we will try to make progress towards a better coordination of policies, instruments, resources, and skills, in order to complement the strategies, thus supporting the development of the company's competitiveness in an organized way.

By this same token, it is essential to take care of the macro-economic stability and the environment that encourages development, as well as to make progress in the structural reforms. This will ensure that the programs aimed to support companies are successful and that the systematic competitiveness of the country is consolidated.

Likewise, it is necessary to make up an incentive framework that ensures that the companies that are outside of the formal economy, become a successful part of it.

*PDE is an including program, which will encourage the jointly responsible participation of the social players.*

PDE is an including program that generates and links the support required by the entrepreneurs, who are self-employed, the micro, small, and medium size companies (MS&MSCs) [for its initials in Spanish], as well as the large size companies.

Due to the nature of large size companies, they will be served by guaranteeing a favorable macro-economic environment that will promote development, as well as the framework conditions that will encourage a trust environment within the productive activity. Nevertheless, they will also be an active part of the program in order to implement dynamic scenery among them and the MS&MSCs that will allow them to create and develop suppliers and a supportive industry, that will create mutual benefits and will strengthen production chains.

This policy has been designed to respond to the challenges posed by the internationalization of economy. However, it is based on the local initiative of its economic and government agents to encourage regional development so that production support in municipalities and states generates quality growth that will benefit society directly.

## Actions to encourage competitiveness among the companies

In order to set the bases for the development of the companies, the Federal Executive has performed the following actions that will allow companies to make progress in achieving their goal of increasing competitiveness.

*The Federal Executive has performed several actions to increase competitiveness among the companies.*

- ❖ The Under-Secretary for the Small and Medium Size Companies (SPyME) [for its initials in Spanish], was created in order to coordinate the national efforts to strengthen the support actions.
- ❖ It established promotion programs and cooperation with 32 states of the country, as well as with entrepreneurial and intermediate organizations and with educational and research institutions to implement a policy based on the participation of all the players, thus strengthening the federalism.
- ❖ It provided a higher budget to the institutions that stimulate the Federal Government, in order to carry about joint actions that multiply efforts and focus on an comprehensive line to support the same objectives.
- ❖ It created new financing programs, instruments, and outlines with an including and decentralized scope.

In order to be coherent with the above mentioned actions, the Federal Executive determines the policy and submits the Entrepreneurial Development Program. The program requires the cooperation of all players involved with the companies, in order to join strategies and actions that consolidate the production workforce of the country.



## The challenges of the policy for the development of company's competitiveness

The new policy for companies acknowledges three great challenges:

*Three challenges are acknowledged: macro-economic environment, increase in competitiveness among the companies, and strengthening of the production regions and sectors of the country.*

- ❖ Generate an adequate economic environment
- ❖ Increase companies competitiveness
- ❖ Strengthen production regions and sectors of the country

The first challenges consists of generating a friendly environment, and that the main economic variables, structural reforms, and the good performance of public administration, allow the companies of any size and sector to develop and increase their competitiveness, in addition to encourage the creation of new companies.

The second challenge consists of transforming the companies of the country, particularly the MS&MSCs into competitive organizations so that they can develop the necessary abilities in order for them to successfully take part in domestic and international markets.

Finally, the third challenge consists of identifying the possibilities of economic activity in specific regions and productive sectors strengthening the capacity of states and municipalities throughout Mexico to capitalize their competitive and comparative advantages. This will consolidate regions which, due to their own production calling, are able to develop highly competitive standards worldwide and sectors, which, due

to their current conditions, are able to reconstruct and integrate new production chains.

In order to face these challenges, this administration has six objectives:

*The PDE objectives respond to each of the challenges identified by the new company policy.*

- ❖ Provide an economic, legal, and regulatory environment that makes it easier for companies to develop.
- ❖ Make it easier for companies to access financing.
- ❖ Promote entrepreneurial training, management, labor, and production skills, leading to improve competitiveness among companies.
- ❖ Promote management, innovation, and technological development within the companies.
- ❖ Develop production regions and sectors of the country.
- ❖ Reconstruct and develop production chains in order to strengthen the domestic market.

CHALLENGES	OBJECTIVES
Adequate economic environment	Provide an economic, legal, and regulatory environment that makes it easier for companies to develop.
Competitiveness among companies	Promote entrepreneurial training, management, labor, and production skills leading to improve competitiveness among the companies.  Promote management, innovation and technological development within the companies.
Strengthen sectors and regions	Develop production regions and sectors of the country.  Reconstruct and develop production chains in order to strengthen the domestic market.

According to the above mentioned challenges and objectives, the Federal Government submits the PDE, with the following framework:

### **1. How do we plan?**

A briefing on the program is submitted, as well as the forums that took place, opinions and suggestions received by the different sectors involved in the entrepreneurial development of the country.

### **2. Where are we?**

The status of the companies in Mexico is presented, especially the smaller ones, together with an analysis of the prevailing economic environment, emphasizing the current situation, recent performance and problems (general and particular) faced by the companies of the country. Furthermore, an evaluation of the support outline by the Federal Government in regards to enterprises is submitted too.

### **3. Where do we want to get?**

It is stated that the purpose of the program is to develop and consolidate competitive companies, especially the smaller ones, within the environment of a new entrepreneurial culture.

### **4. What do we need?**

Here the conditions that have to prevail in order to develop competitiveness among the companies are identified, as well as the role of the entrepreneurial organizations, companies, and workers, academia, financial agents, and governments of the state, and the Federal Government.

The need to have a budget that will allow meeting the objective of the program is stated: achieve competitiveness throughout the companies of the whole country.

## **5. How are we going to do it?**

The strategies, lines of action, and specific instrumentation that will be followed in order to achieve the comprehensive strategy of entrepreneurial development are detailed, establishing that the organizers of the program strategies are the state and municipal governments, as well as the additional supporters.

The strategies proposed are the following:

i) **Encourage a competitive environment for the development of the companies**

This strategy describes the actions leading to generate the certainty and trust needed for the production activity. Its action lines are management of actions to support the companies, inter-institutional and entrepreneurial coordination.

ii) **Access to financing**

Actions necessary to link the financing sector with the company's activity under competitive conditions are stated. The action lines proposed to meet this objective are the promotion of a new credit culture, the creation and strengthening of security funds, as well as the strengthening and development of non-banking financial intermediaries.

iii) **Entrepreneurial training in order to be competitive**

This strategy is oriented to strengthening competitiveness of existing companies, as well as to

bring about the creation of new companies, which from the very moment of their incorporation have world-class quality standards. Their action lines are: the promotion of an entrepreneurial culture oriented to competitiveness; strengthen workers' training, and entrepreneurial training, encourage companies consultancy and advice, promote access to information by companies, specially the smallest ones.

iv) **Technological development and innovation**

The purpose of this strategy is to promote technological culture among the companies, especially the MS&MSCs, encouraging technological management, innovation, and modernization. The action lines with which this objective will be achieved are: technological promotion and strengthening among the smallest companies; technological development and innovation; technology transfer through industrial outsourcing sketches, and adoption of an entrepreneurial technological culture. A fund to support development and technological innovation will be created.

v) **Regional and sector economic coordination and integration**

This strategy strives to promote the strengthening of local and regional production calling, integration of production chains and entrepreneurial groups. In order to achieve this, it is essential that the states, municipal governments, and the leader companies take an active participation. The stated lines of action are: the promotion of entrepreneurial association outlines, the development of suppliers and distributors, regional and sector development, as well as the drive for production investment.

vi) **Strengthening markets**

The purpose of this strategy is to link the production supply of companies to domestic and international markets, taking advantage from international agreements executed by Mexico. The action lines are the promotion of businesses in the domestic market and the consolidation and promotion of exports supply.

**6. How do we measure the progress?**

This last section presents the mechanisms to evaluate the sector program. This evaluation will allow the permanent improvement of the support system and will give certainty to the population in regards to the use of public resources.







# **1. How do we Plan?**

## 1. How do we Plan?

*In order to develop this program, the opinions of players who take part in the entrepreneurial development were taken into consideration.*

The challenge of increasing competitiveness among the companies of the country requires the participation of all players involved in the entrepreneurial environment. Due to this, the opinions of most of the relevant players of the sector were included in the development of this program.

### **All entrepreneurial development proposals were included**

During the first quarter of this year, the Secretary of Economy summoned a referendum so that citizens could take part in the development of the PND. More than one thousand proposals related to the entrepreneurial sector were received, and generated as follows:

- ❖ The National Institute of Statistics, Geography and Information (INEGI) [for its initials in Spanish] deposited them in special mailboxes placed in public places throughout the country, whose collection was coordinated.
- ❖ They were sent through the Internet Web Page of the Presidency of Mexico and through the Secretary of Economy during February, March and April 2001.
- ❖ They were submitted in different state and federal forums carried out in the capital and in several cities of the country during February and March 2001.

The referendum ratified the interest of the society to take part in the public life, especially in issues directly affecting

their well-being. Their concerns, nonconformities, and proposals were used as the base to integrate both the scope and components of the diagnostics for this program, as well as the sections on strategies and action lines.

The results of the referendum were integrated in a basic document, which also addressed the demand for state, regional, and sector support detected by the Secretary of Economy during this year. Furthermore, the opinions and requirements expressed by the different players of the entrepreneurial and industrial policies of the country were taken into consideration.<sup>1</sup>

Between the months of July and September referendums will take place with Federal Government Institutions<sup>2</sup> so that the support and actions proposed in the program were according to its statements. With this, the basic document became preliminary. Simultaneously, a recommendation process of the document started with the entrepreneurial organizations.

Once the program included the opinions of the Federal Government and the entrepreneurial organizations, during October, working tables were carried out, where important subjects included in the document were discussed.<sup>3</sup> In these tables, experts of each of the areas that make up the program actions were present, and many of their suggestions are now part of the document.

Likewise, during October, direct consultations will be made with the Association of Secretaries of Economic Development

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<sup>1</sup> Among which we find chambers and entrepreneurial organizations, ministers of economic development in the state among others. It is important to highlight that most of these opinions include arguments already agreed upon by each of these organizations.

<sup>2</sup> It was agreed with the heads of the ministries and government agencies members of the Inter-Secretary Commission of Industrial Policy, among which we find: Economy, Treasury, Labor and Social Welfare, Education, Nacional Financiera, S.N.C., Banco Nacional de Comercio Exterior, S.N.C., and the National Council for Science and Technology among others.

<sup>3</sup> Representatives of the Federal Government, entrepreneurial organizations, ministries of economic development of the state, and legislative power, as well as academicians, and opinion leaders attended those working tables.

of the states, and with the National Council of the Micro, Small, and Medium Size Companies.<sup>4</sup>

### **Adherence to the new planning requirements**

The planning system established by this administration is based on two main processes for strategic planning: PND that encompasses the lines to be developed by the Federal Government. The second process is the Comprehensive Planning Report, whose purpose is to evaluate the performance of each agency of the public administration, based on the goals stated in PND.

Due to the above mentioned, each of the strategies, lines of action and instruments included in the PDE are linked to the government development comprehensive strategy, in addition to the fact that it has indicators that allow it to follow-up each of the specific actions.

### **The result: the entrepreneurial development program**

The result of this process is a program that takes into consideration the real needs of the entrepreneurial sector, particularly the Mexican MS&MSCs, thus achieving the objective of having an including program according to the entrepreneurial reality of our country.

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<sup>4</sup> The National Council of the Micro, Small, and Medium Size Companies is made up by officials belonging to the public sector secretaries and agencies, as well as by chairpersons of chambers, and entrepreneurial organizations.





## **2. Where are we?**



### 3. Where are we?

This chapter offers a description of the situation of the companies in the country, with four different scopes: the regional and sector composition of the companies, the economic environment of the country during the last few years, the deciding factors of competitiveness among the companies of the country and the role of the government support for these companies.

#### 2.1 The entrepreneurial sector in Mexico

The stratification of companies by size is established based on the economic sector and the number of employees. The current classification is hereby submitted.

STRATIFICATION OF COMPANIES BY SIZE			
SECTOR SIZE	INDUSTRY	COMMERCE	SERVICES
• Micro	0-30	0 - 5	0 - 20
• Small	31 -100	6 -20	21- 50
• Medium	105 - 500	21 -100	51-100
• Large	501 - on	101 - on	101 on

**Source:** Federal Official Gazette, March 30, 1999.

*In Mexico there are 2 million 844 thousand companies, out of which 99.7% are MS&MSCs. They account for 64% of the jobs in the country.*

According to INEGI, in Mexico there are approximately 2 million 844 thousand entrepreneurial units, out of which 99.7 per cent are MS&MSCs, which as a whole generate 42 per cent of the Gross Domestic Product (GDP), and 64 per cent of the jobs in the country.<sup>5</sup>

<b>COMPOSITION OF THE ENTREPRENEURIAL SECTOR IN MEXICO</b>		
<b>SIZE OF THE COMPANY</b>	<b>NUMBER OF PREMISES</b>	<b>PERCENTAGE SHARE IN TOTAL OF PREMISES</b>
• Micro	2,722,365	95.7
• Small	88,112	3.1
• Medium	25,320	0.9
• Large	8,474	0.3
<b>TOTAL</b>	<b>2,844,308</b>	<b>100.0</b>

**Source:** INEGI, Economic Census, 1999.

Likewise, according to information provided by the Mexican Institute of Social Security (IMSS) [for its initials in Spanish], there are approximately 800 thousand companies<sup>6</sup> that employ more than 12,350,000 employees who take advantage from the benefits provided by the social security of IMSS.

Among the information provided by INEGI and IMSS there is a difference of more than 2 million companies, which allows us to deduce that there is a great number of companies whose workers are not benefited by the social security. Perhaps most of these companies lack an adequate administrative framework.

<sup>5</sup> As a reference, MS&MSCs generate 55 per cent of the GDP and 70 per cent of the jobs in the European Union; and 51 per cent of the GDP and 52 of the jobs in the United States.

<sup>6</sup> In addition to IMSS, there are alternative sources on the number of companies. The Comisión Federal de Electricidad (Federal Commission of Electricity) and Luz y Fuerza del Centro report 2.6 million non-domestic users, and the National Survey of Micro-Businesses, from INEGI, identified 4.2 million of micro-businesses.

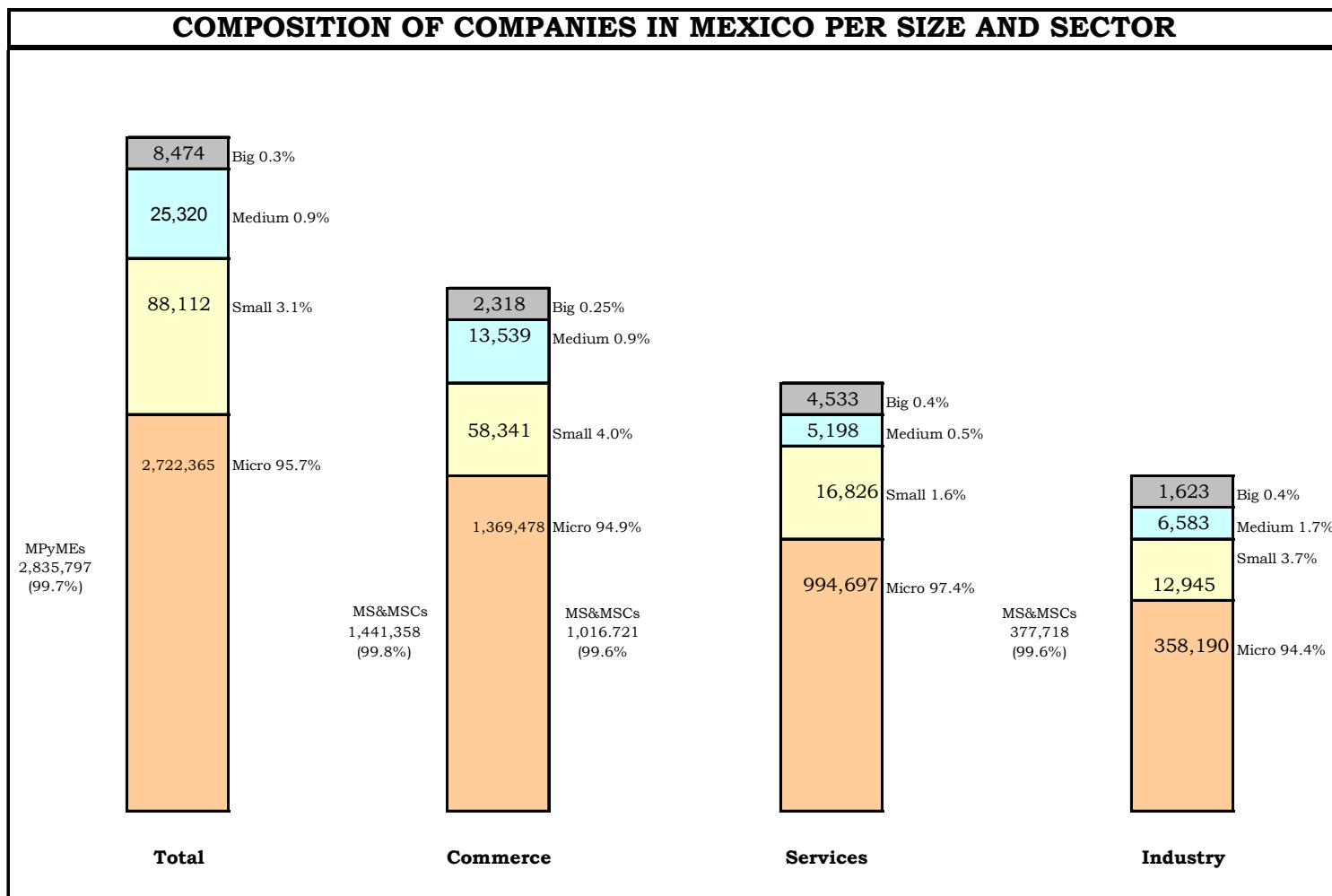
Most of them are just starting as enterprises, which with the lack of competitiveness, prevents them from having enough resources in order to integrate their workers to social security, thus keeping them out of the legal and tax framework.

### **2.1.1 Sector distribution of the companies**

*52% of the companies are within the commercial sector; 36% of them in services, and 12% in the industrial sector.*

52 per cent of all the companies registered before INEGI are devoted to commerce, 36 per cent to services and 12 per cent are within the industrial sector.

Out of the total of companies, 43.7 per cent of them are devoted to services, 34.3 per cent to commerce, and 21.9 to industry. In their turn, the MS&MSCs lead 52.1 per cent of their activities to commerce, 35.3 per cent to services, and 12.5 per cent to the industry. This information is presented in the following table.



**Source:** INEGI, Economic Census, 1999.

*Most of the production units are part of the food, beverage, and tobacco industrial sector.*

In the industrial sector, the activity that gathers the highest number of entrepreneurial units is the food, beverages, and tobacco sector, where 34 per cent of the sector companies are concentrated. On the contrary, basic metal industries only account for 0.08 per cent:

SHARE OF THE ECONOMIC UNITS IN THE INDUSTRIAL SECTOR (PERCENTAGE)					
DIVISION	MICRO	SMALL	MEDIUM	LARGE	SECTOR TOTAL
Food, beverages and tobacco	98.0	1.1	0.7	0.2	34.20
Metal products, mach & eq	93.7	3.1	2.2	1.0	17.52
Textile, garments and leather	92.4	4.5	2.7	0.4	16.06
Wooden manufactures	98.1	1.5	0.4	0.0	12.58
Non-metallic minerals	97.8	1.5	0.6	0.1	8.81
Paper, print, and editorial	94.2	3.6	2.0	0.2	5.68
Chemistry, plastic or rubber	79.4	12.5	7.4	0.7	3.09
Other industries	96.1	2.2	1.5	0.3	2.00
Basic metal industries	51.5	19.9	24.6	4.0	0.08
<b>TOTAL</b>	<b>95.5</b>	<b>2.6</b>	<b>1.5</b>	<b>0.4</b>	<b>100.00</b>

**Source:** INEGI, Economic Census, 1999.

According to the value of the industrial production, it is focused mainly in three sectors: metal products, machinery and equipment; food, beverages, and tobacco; chemistry, plastics, and rubber. Out of these the one that generates more value added is the one devoted to the production of machinery, equipment, and metal products, where the large size companies have the greatest share:

VALUE OF THE PRODUCTION IN THE INDUSTRIAL SECTOR (PERCENTAGE)					
DIVISION	MICRO	SMALL	MEDIUM	LARGE	SECTOR TOTAL
Metal products, mach & eq	8.8	7.4	21.7	62.2	31.60
Foods, beverages and tobacco	12.1	7.1	33.7	47.1	20.69
Chemistry, plastics or rubber	17.5	12.7	38.1	31.7	19.19
Textile, garments and leather	17.5	13.5	35.2	33.8	8.42
Basic metal industries	13.9	6.7	30.8	48.6	6.37
Non-metal minerals	12.2	10.0	48.2	29.6	6.03
Paper, print and editorial	17.7	11.6	50.4	20.3	5.18
Wooden manufactures	38.2	19.6	32.9	9.3	1.75
Other industries	14.7	11.3	36.9	37.1	0.77
<b>TOTAL</b>	<b>13.4</b>	<b>9.5</b>	<b>32.4</b>	<b>44.7</b>	<b>100.00</b>

**Source:** INEGI, Economic Census, 1999.

*The large size companies generate the highest value added, while the MS&MSCs create most of the jobs.*

In the industrial sector, MS&MSCs create 68 per cent of the jobs:

<b>JOBS IN THE INDUSTRIAL SECTOR (PERCENTAGE)</b>					
<b>DIVISION</b>	<b>MICRO</b>	<b>SMALL</b>	<b>MEDIUM</b>	<b>LARGE</b>	<b>SECTOR TOTAL</b>
Metal products, mach & eq	14.8	7.8	23.1	54.3	30.21
Textile, garments and leather	21.0	15.4	35.6	28.0	20.52
Food, beverages and tobacco	42.2	9.4	22.9	25.5	18.16
Chemistry, plastic or rubber	27.5	16.2	35.9	20.4	11.01
Paper, print and editorial	34.6	17.1	35.2	13.1	5.11
Wooden manufactures	55.6	16.3	22.2	6.0	4.91
Non-metal minerals	45.6	12.3	20.5	21.6	4.61
Basic metal industries	38.8	16.0	28.7	16.5	3.94
Other industries	29.7	13.0	32.7	24.7	1.52
<b>T O T A L</b>	<b>28.1</b>	<b>12.1</b>	<b>27.9</b>	<b>32.0</b>	<b>100.00</b>

**Source:** INEGI, Economic Census, 1999.

On the contrary, the medium and large size companies generate more than 80 per cent of the investment in the country:

<b>GROSS CREATION OF CAPITAL (PERCENTAGE)</b>					
<b>DIVISION</b>	<b>MICRO</b>	<b>SMALL</b>	<b>MEDIUM</b>	<b>LARGE</b>	<b>SECTOR TOTAL</b>
Chemistry, plastics or rubber	6.8	6.3	20.2	66.7	36.2
Metal products, mach & eq	12.6	4.1	16.9	66.4	26.8
Food, beverages and tobacco	10.2	7.8	34.6	47.4	12.5
Textile, garments and leather	17.5	9.7	41.4	31.4	6.8
Non-metal minerals	7.8	6.0	61.2	24.9	6.3
Basic metal industries	11.0	3.3	37.4	48.3	5.6
Paper, print and editorial	15.6	11.2	46.1	27.1	4.5
Wooden manufactures	21.4	15.4	41.1	22.1	0.9
Other industries	11.8	24.4	26.8	37.0	0.4
<b>T O T A L</b>	<b>10.4</b>	<b>6.3</b>	<b>27.5</b>	<b>55.9</b>	<b>100.00</b>

**Source:** INEGI, Economic Census, 1999.

In terms of value added, the large size companies are the ones that provide the highest contribution to the total of the manufacturing industry. On the contrary, in production units and job creation, the MS&MSCs have a higher share. Therefore, it is necessary to address the issues of companies of all sizes: the smallest ones, so that they can increase their value added, and the largest ones, so that they become the drivers of the MS&MSCs through supply development strategies, generating a larger production chain.

On the other hand the GDP development per sector has a mixed trend. The sectors have marginally changed their share throughout time, and the manufacturing industry is the most dynamic sector:



GDP CORRESPONDING TO THE PRIVATE SECTOR (PERCENTAGE)							
SECTOR	1993	1994	1995	1996	1997	1998	1999
<b>Growth</b>	-	4.7	-7.1	5.3	7.4	5.1	4.1
1. Agriculture & livestock, forestry and Fishing	6.3	6.1	6.6	6.5	6.1	5.8	5.8
2. Mining	1.3	1.3	1.4	1.4	1.4	1.4	1.3
3. Manufacturing Industry	18.7	18.8	19.2	20.4	21.0	21.5	21.5
4. Construction	4.8	5.0	4.1	4.3	4.4	4.4	4.4
5. Electricity, Gas and Water	0.3	0.3	0.3	0.4	0.4	0.4	0.4
6. Commerce, Restaurants and Hotels	21.9	22.3	20.4	20.3	20.9	21.0	20.9
7. Transportation, Storage and Communications	7.4	7.9	8.0	9.4	9.7	9.8	10.2
8. Financing Services, Insurances, Real Estate Activities and Leasing	13.2	13.4	14.2	13.8	15.0	15.1	15.1
9. Community, Social and Personal Services	22.9	22.1	23.3	22.3	21.5	21.0	20.5

**Source:** Home developed based on information from INEGI, National Account System.

*Within the private sector GDP, the manufacturing industry has been consolidated as the most dynamic sector.*

Even though at sector level there are no significant changes in share within the GDP, inside each of them there are divisions and industries that have been consolidated, or have lost their dynamism in the last few years.

In the manufacturing sector, the car industry increased its share from 39.5 to 49.2 per cent of the metal product division, machinery, and equipment. This means, that this industry is very significant within the national GDP, accounting for 2.82 per cent of it.<sup>7</sup> Its importance in national economy requires specialized actions that increase and consolidate their competitiveness.

<sup>7</sup> This information (2.82%) was obtained from multiplying the share of the manufacturing industry in the private sector GDP for 1999 (21.5%) by the importance of metal products, machinery, and equipment within the manufacturing industry (30.2), by the share of the car industry within the division (49.6%). The result of this operation is then multiplied times the share of the private sector in the national GDP (87.7%).

MANUFACTURING INDUSTRY GDP, CHOSEN SECTORS (PERCENTAGE)										
Year	Total	Metal Products, Machinery and Equipment					Textiles, garments and leather industry			Other industries
		Total	Metal Products	Electric Electronic	Car Industry	Non-electronic equipment & devices	Total	Textile and garment	Leather and shoes	
1993	17.5	24.6	22.7	22.7	39.5	15.1	8.8	77.3	22.7	66.7
1994	17.4	25.2	21.7	22.5	41.4	14.4	8.5	77.5	22.5	66.3
1995	17.7	23.8	20.8	22.3	43.1	13.7	8.4	77.7	22.3	67.9
1996	18.6	26.2	19.3	22.6	44.6	13.6	8.7	77.9	22.1	65.0
1997	19.2	28.4	17.2	23.0	46.3	13.6	8.8	78.1	21.9	62.8
1998	19.6	29.5	15.1	23.4	47.9	13.6	8.5	78.4	21.6	62.0
1999	19.7	30.2	13.0	23.8	49.6	13.6	8.4	78.6	21.4	61.4

**Source:** Home developed, based on information from INEGI.

There are, however, other significant industries in the economy, (either through production units, value added, jobs, or gross creation of capital), that have lost competitiveness in the last few years.

In the case of food, beverages, and tobacco, which accounts for 18.2 per cent of jobs, and 34.2 of the production units from the manufacturing industry, this division has presented growth rates close to zero for the 1994-2000<sup>8</sup> period.

<sup>8</sup> Based on information provided by the Monthly Industrial Survey by INEGI, during the 1994-2000 period, the actual average annual growth rate was of 0.5 per cent.

*PDE will focus its attention on the dynamic industries or in those that have experienced backlog, but that are important for the country, taking always into consideration the local production calling.*

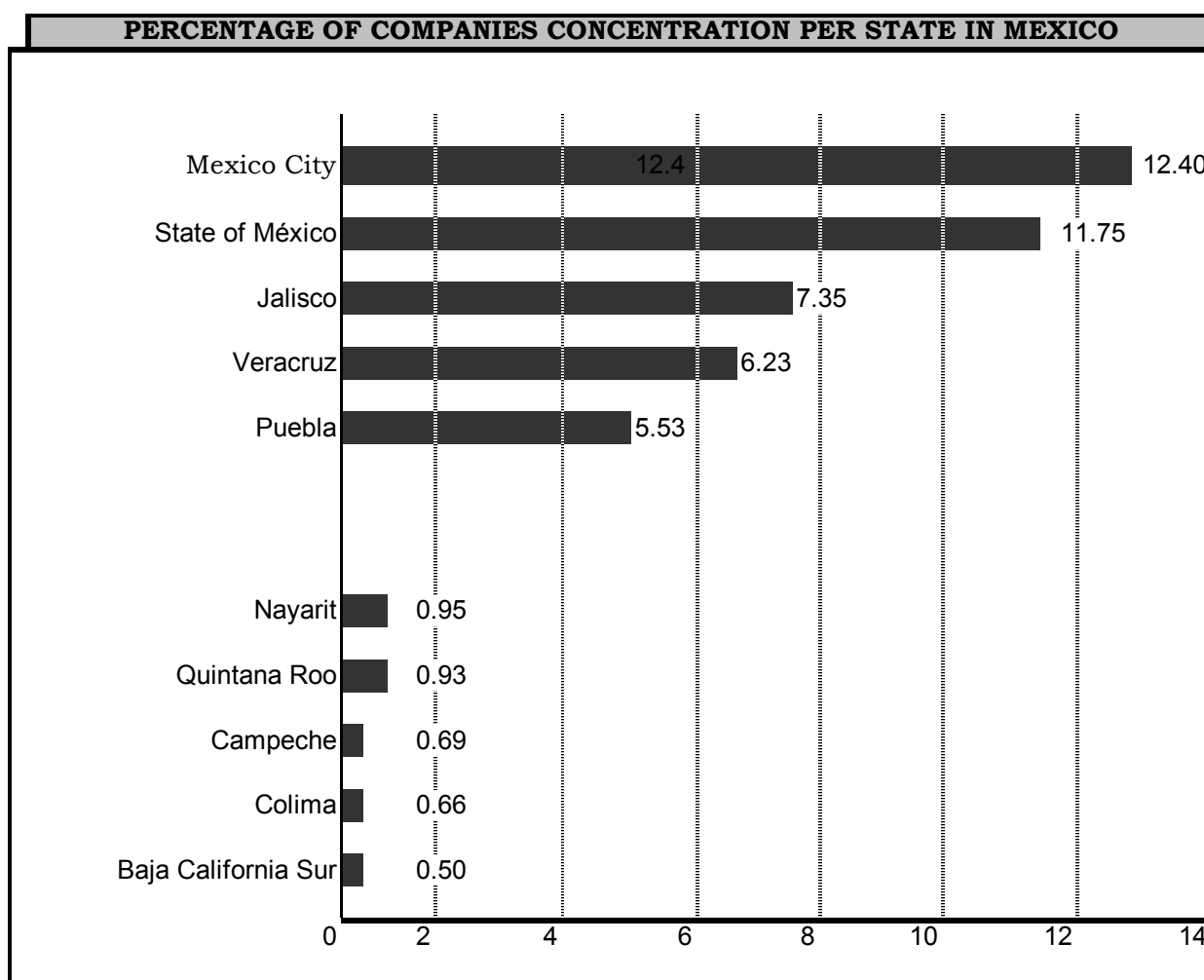
Due to the above mentioned, it is necessary to promote specific attention strategies in order to reactivate the important industries (in regards to jobs, value added, production units, or gross creation of capital) whose competitiveness has been reduced in the last few years.

Strategies focused on the dynamic industries, or on those that have experienced backlog, but that are important for the country, will be used to boost competitiveness of the companies that make it up. Notwithstanding, they should always take into consideration the development of the local calling and the priorities of each state.

*The regional distribution of the companies in the country is not homogeneous: more than half of such companies are placed in very few states.*

### 2.1.2 Regional distribution of the companies

Geographically, we have found that in Mexico City, State of Mexico, Jalisco, Veracruz and Puebla more than 40 per cent of the total production units are located. In comparison, Nayarit, Quintana Roo, Campeche, Colima, and Baja California Sur encompass only 3.7 per cent of the total entrepreneurial units.

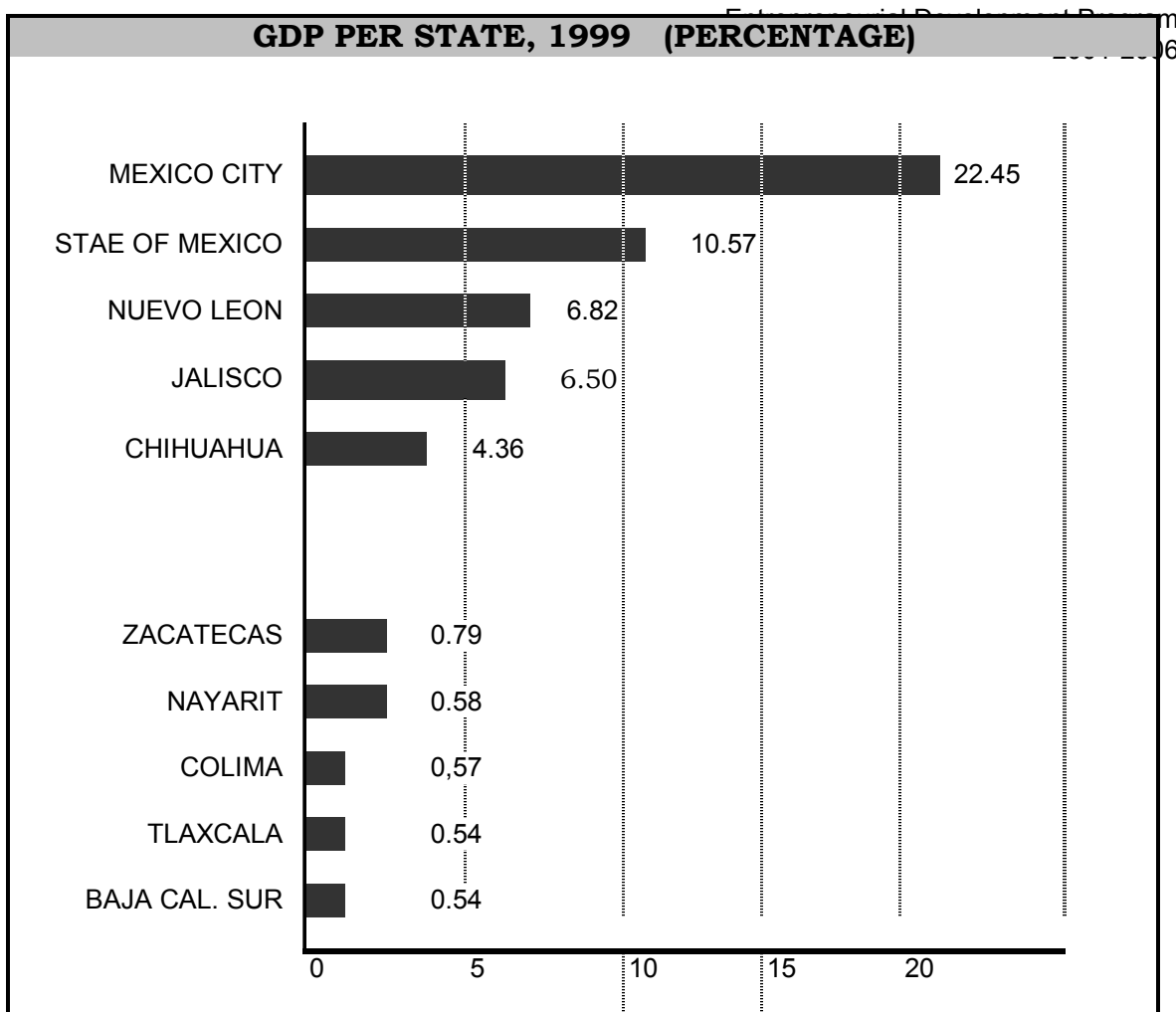


**Source:** INEGI, Economic Census, 1999.<sup>9</sup>

*The effects of this concentration are reflected in the GDP of each state.*

The effects of this concentration are reflected in the GDP per state: Mexico City, State of Mexico, Nuevo León, Jalisco and Chihuahua generate more than 50 per cent of the national production of goods and services, while the five states with the lowest share, generate 3 per cent of the national GDP.

<sup>9</sup> The rest of the states have between one and four per cent of the total of the MS&MSCs.



**Source:** INEGI, Bank of Economic Information

It is convenient to mention that the effect on GDP per state goes beyond the concentration of production units: it is related to the distribution of large and medium size companies in relation to the micro and small sized companies.

The companies, according to their size, are distributed throughout the country, the following way: the states where there are more medium size and large companies in regards to small and micro size companies are: Nuevo León, Baja California, Federal District, Sonora, Chihuahua, and Coahuila, among others. On the contrary, in the states to the south of the country, such as Chiapas, Guerrero, Oaxaca, Puebla, Tabasco, and Veracruz, there are more micro and small size companies, in relation to the large and medium size companies.

## RATIO OF LARGE-MEDIUM SIZE AND SMALL-MICRO SIZE COMPANIES, PER STATE

**1.66 to 2.1 (3 states)**

**1.21 to 1.66 (7 states)**

**0.76 to 1.21 (10 states)**

**0.31 to 0.76 (12 states)**

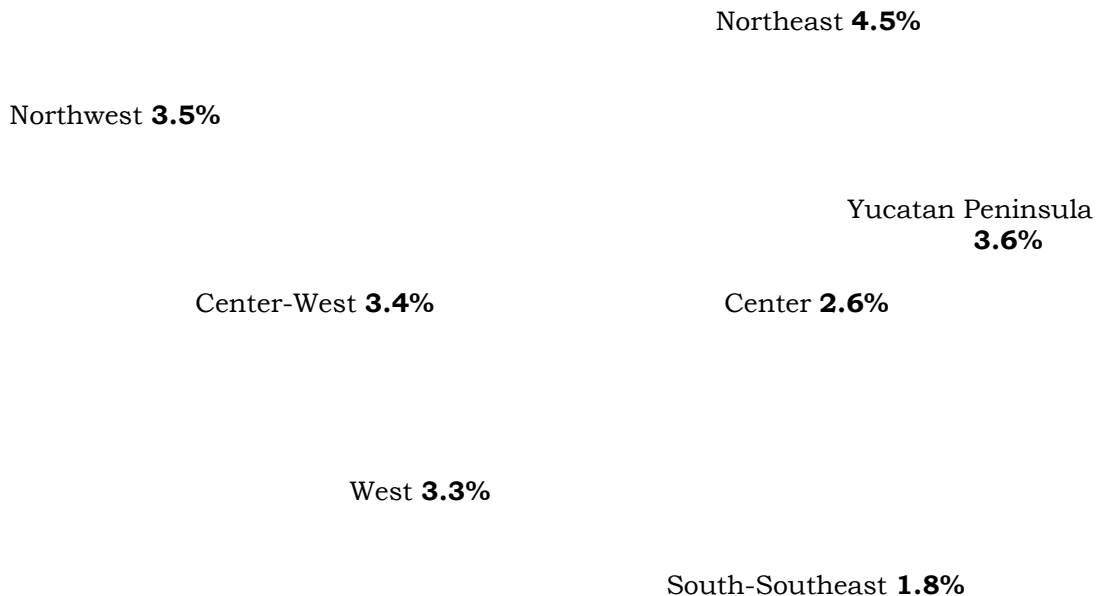
**Source:** Home developed based on information provided by INEGI.

In Nuevo León and Baja California there are between 1.6 and 2.1 medium size and large size companies per every 100 micro and small size companies. On the contrary, states such as Chiapas and Oaxaca have between 0.3 and 0.8 medium size and large size companies per every 100 micro and small size companies.

*In regards to the regional development, the northern region has a more dynamic growth than the southern region.*

The regional effects of this concentration can be observed through the regional GDP growth rate between 1993 and 1999. The growth rate was unequal in the different regions, the northern region it was the most dynamic, while the southern region presented the lowest growth rate.

**ANNUAL AVERAGE GROWTH RATE PER REGIONS,  
1993-1999<sup>10</sup>**



**Source:** Home developed based on information provided by INEGI, Bank of Economic Information.

In the two charts above, we can see that the region of the country with the lowest growth rate during the last few years has a higher amount of micro and small size companies and a better ratio of large and medium size companies.

Due to the above mentioned, the challenge is to promote the development and growth of the smaller companies in the less dynamic areas of the country, so that they become the drivers of the regional development.

<sup>10</sup> This division corresponds to the economic dynamism and characteristics of every region, and it is intended to make planning and coordination of the entrepreneurial support public policies easier.

## 2.2 Development of Mexican Economy

During the last 30 years, the country has gone through different strategies of economic policy, among which we can highlight the following:

*Economic policy in Mexico has gone through three stages: replacement of imports, trade opening and release, and promotion of exports.*

- ❖ Imports replacement
- ❖ Trade opening and release
- ❖ Exports promotion

Once the imports replaces did not work anymore, it was necessary to change the direction of the economic policy in the country. The transition towards a model based on trade opening started by the mid-eighties, when Mexico entered the General Agreement on Trade and Rates (GATT) in 1986.

During the nineties, the economic policy strove for achieving a trade opening of the Mexican market, through the deregulation and the signature of agreements with other countries. Up to date, Mexico has signed trade agreements with 32 countries.<sup>11</sup>

An aggressive policy to promote exports, included in the North American Free Trade Agreement (NAFTA), together with the gradual reactivation of the Mexican economy and a favorable international environment, account for most of the exports dynamic during the last few years. Between

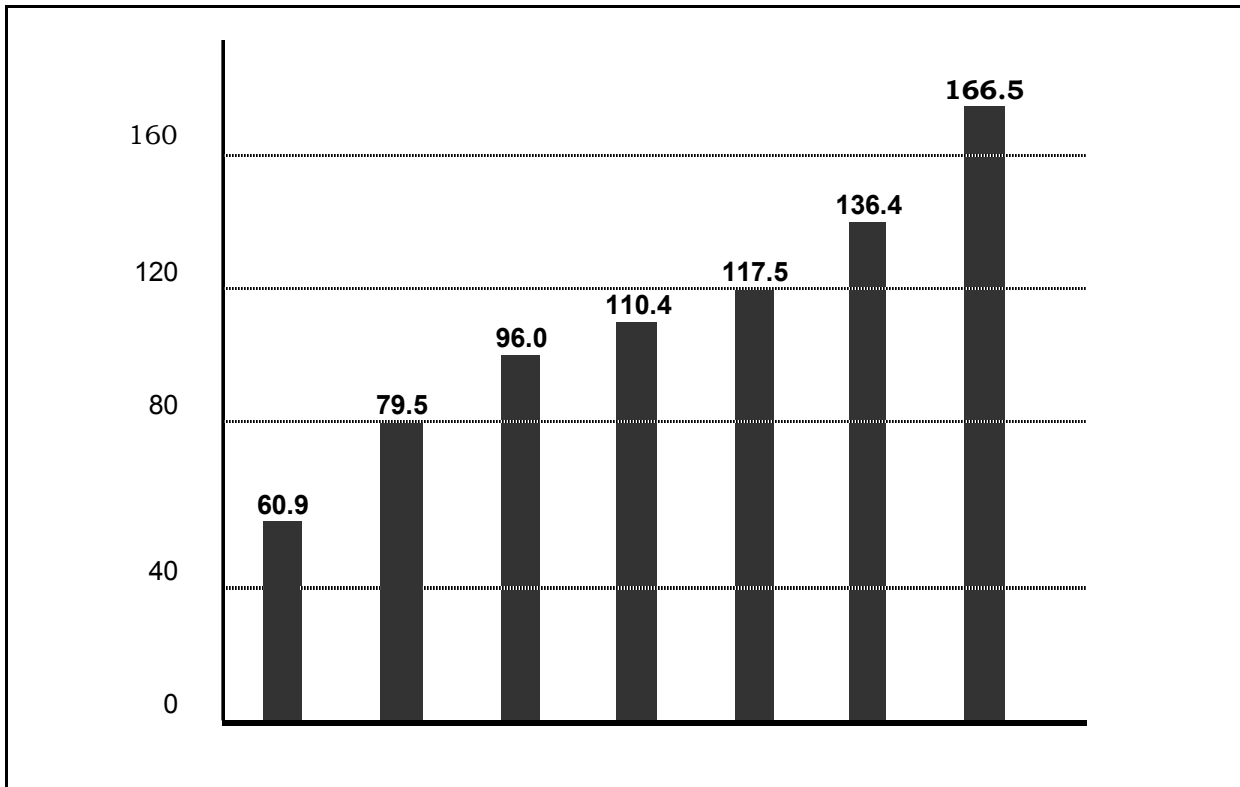
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<sup>11</sup> These agreements are complemented with the Agreements for the Mutual Protection and Promotion of Investment, which are international agreements for foreign investment, executed between two countries in order to promote capital flows and provide legal security to the investments of both countries.



1994 and 2000, exports in the country moved from 60.9 to 166.5 billion dollars, which accounted for an annual average growth rate of 18.2 per cent

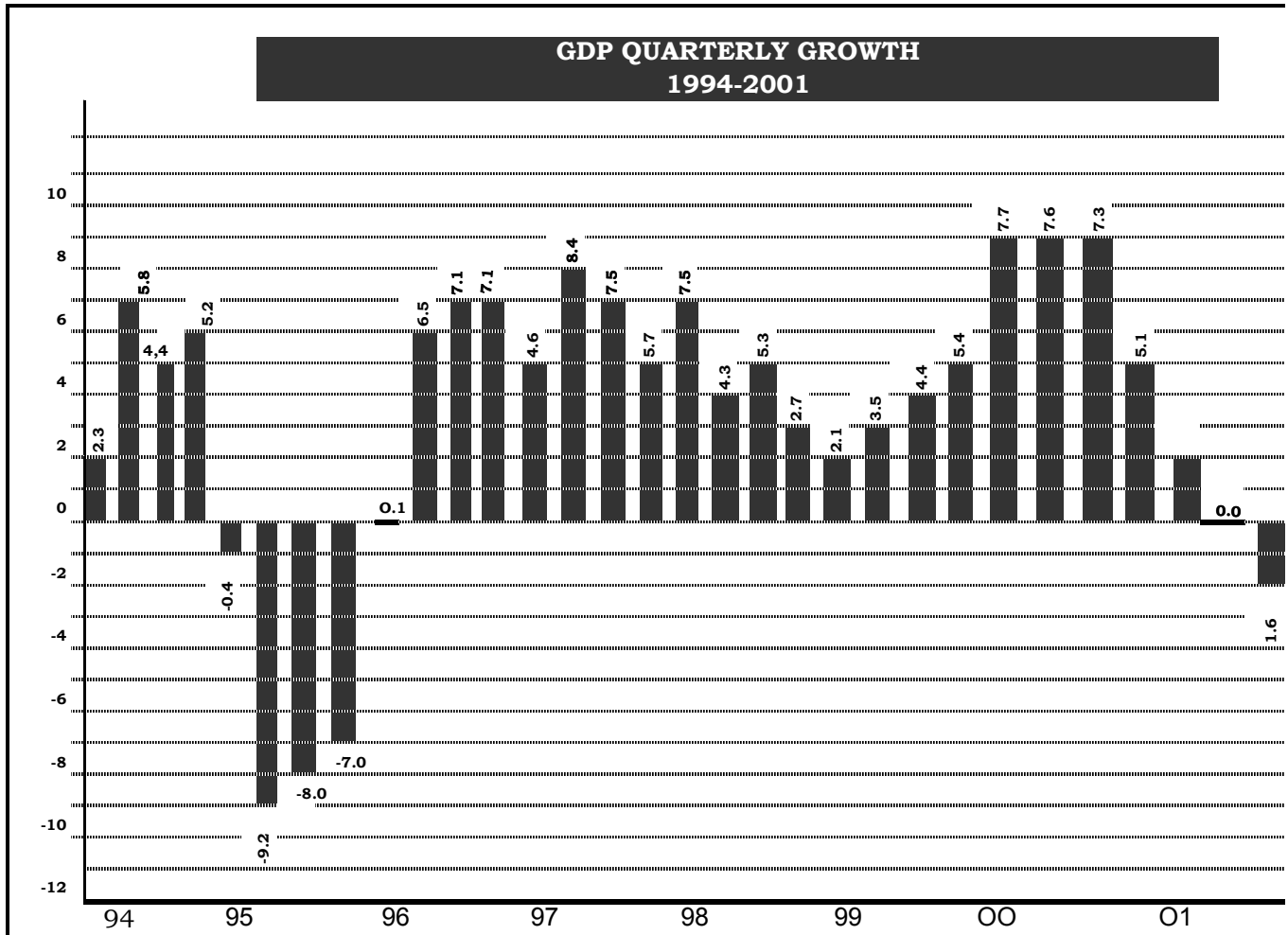
### EXPORTS IN BILLIONS OF DOLLARS 1994-2000



**Source:** INEGI, Bank of Economic Information

This exporting dynamic allowed to recover the economy since 1996, which is reflected in the GDP quarterly growth rate.

## GDP QUARTERLY GROWTH 1994-2001



**Source:** INEGI, Bank of Economic Information

*In spite of the export dynamics, it did not become a general and homogenous improvement in the population well-being.*

In spite of the strength and dynamism of exporting companies, this did not become a general and homogenous improvement in the population well-being. The opening process also brought about expenditures for the country, particularly for the smallest companies, due to their situation.

### 2.2.1 Exporting sector: concentration in markets, products, and companies

Nowadays, the exporting sector of Mexico, worldwide, is as follows:

- ❖ Mexico is ranking as the thirteenth exporter worldwide.<sup>12</sup>
- ❖ Mexico is ranking as the second trade partner of the United States.
- ❖ Mexico is the first exporter in Latin America.

Exports are intended for only one country: The United States. Likewise there is a strong sector concentration.

In spite of the Mexican export dynamics, they are not sufficiently diversified beyond the country's potential. Exports are intended for certain countries, especially the United States, due to its geographical closeness, and the link between both economies.<sup>13</sup> This concentration places Mexico in a very vulnerable position in regards to negative events in worldwide economy.<sup>14</sup>

#### MEXICAN EXPORTS PER DESTINATION, 2001<sup>15</sup>

<sup>12</sup> Source: Organization for the Economic Cooperation and Development (2000). \*World Trade Development\*. If we take the European Union as only one exporter, Mexico increases its position to the eighth place.

<sup>13</sup> Even inside the United States, exports are concentrated in 4 states: Texas, California, Florida and Illinois.

<sup>14</sup> Exports account for approximately 28 per cent of the GDP, for which a recession in the United States has direct and significant effects for the country, as shown by the 2001 U.S. slow down.

<sup>15</sup> The percentage was obtained with the exports average per region between January and June 2001.

COUNTRY/REGION	COUNTRY/EXPORTS IN PERCENTAGE
• United States	88.56
• European Union	3.45
• Latin America	3.44
• Canada	1.87
• Japan	0.40
• Others	2.28

**Source:** INEGI, Bank of Economic Information

On the other hand, the supply of export products is concentrated in a few sectors, for example: metal products, machinery and equipment accounted for 66.3 per cent of the exports total value. This concentration can be observed in the following table:

TRADE BALANCE PER SECTOR, PERCENTAGE AND BALANCE IN MILLIONS OF DOLLARS, 2001 <sup>16</sup>			
SECTOR	PERCENTAGE TOTAL EXPORTS	PERCENTAGE TOTAL IMPORTS	BALANCE IN TRADE BALANCE
<b>AGRICULTURE AND LIVESTOCK</b>	<b>3.0</b>	<b>2.9</b>	<b>-55.6</b>
Agriculture and forestry	2.6	2.6	-142.6
Livestock, Apiculture, Hunting and Fishing	0.4	0.3	87.0
<b>EXTRACTION INDUSTRY</b>	<b>8.0</b>	<b>0.9</b>	<b>6,630.0</b>
Crude oil, and natural gas	7.8	0.5	6,847.1
<b>MANUFACTURING INDUSTRY</b>	<b>88.6</b>	<b>94.5</b>	<b>-9,737.8</b>
Food, beverages, and tobacco	2.4	3.2	-846.4
Textile, garments and leather industry	7.2	5.7	1,093.2
Wood industry	0.6	0.6	-12.9
Paper, print shops, and editorial industry	0.8	2.6	-1,759.8
Chemical substances derived from petroleum, rubber, and plastics	6.1	16.3	-10,302.1
Petroleum by-products	0.7	2.8	-2,065.6
Petrochemicals	0.1	1.2	-1,063.6
Chemistry	3.8	7.1	-3,504.1
Plastic and rubber products	1.5	5.1	-3,668.8
Non-metal mineral products except petroleum and charcoal by-products	1.9	1.2	600.7
Basic metal industries	2.7	5.7	-3,103.6
Iron and steel industry	1.6	4.1	-2,531.8
Mining and metallurgy	1.0	1.6	-517.8
Metal products, machinery and equipment	66.3	58.3	4,851.2
Car industry	28.3	13.8	4,919.8
Electric, electronic industry	19.8	24.7	2,204.7
Machinery and equipment special for different industries <sup>17</sup>	15.6	16.6	-1,654.8

**Source:** INEGI, Bank of Economic Information.

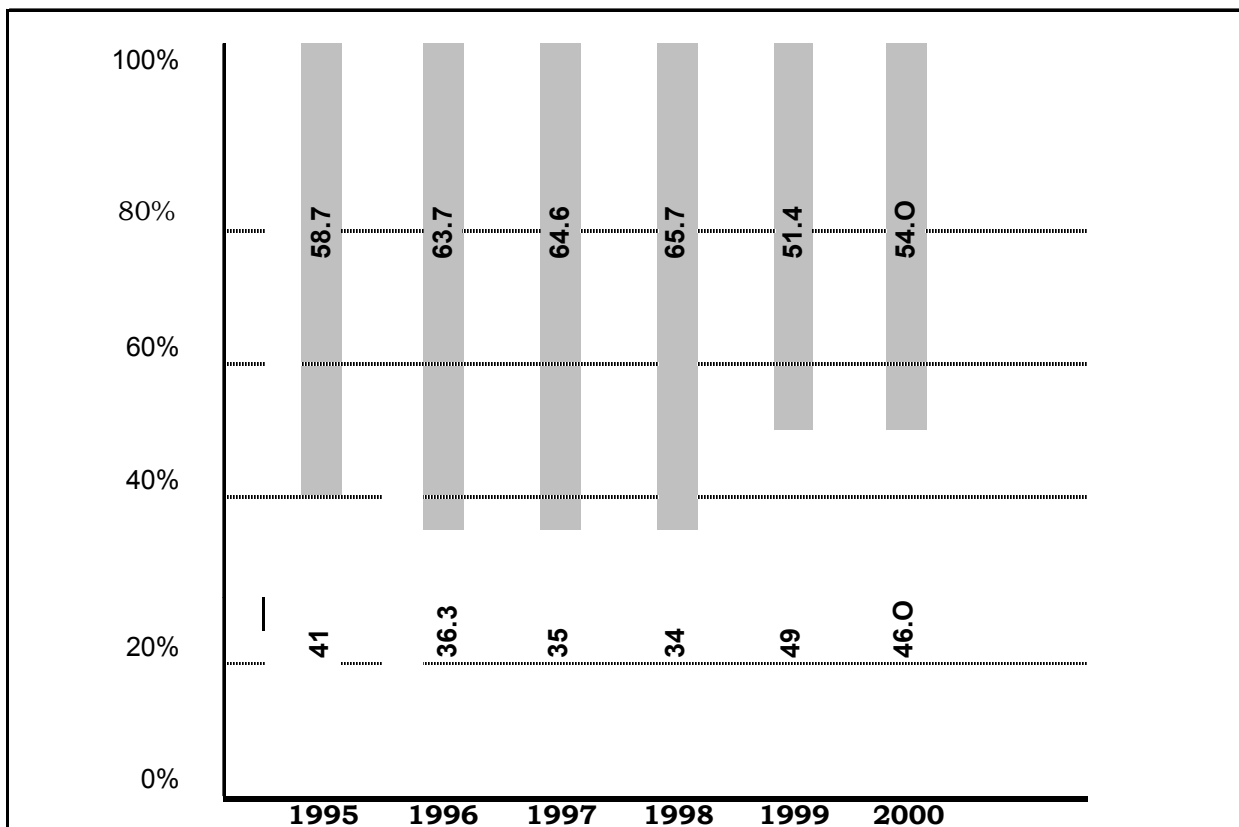
<sup>16</sup> The percentage was obtained with the average of exports per sector between January and July 2001.

<sup>17</sup> The most important products within this sub-division are machines used to process information and spare parts for machinery.

*Exporting companies are not linked to the domestic market, and this fact is reflected in a high content of imported inputs used for export production.*

Likewise, exporting companies are not closely linked to the domestic market, and this situation is reflected in high imports for the main exports. The benefits of this dynamic situation have been marginally transferred to the MS&MSCs. Furthermore, due to the fact that exports have grown at annual rates of 16 per cent, the increase of national content in exports in manufactured goods from 1995, has not been enough to prevent a deficit trade balance.<sup>18</sup>

#### INPUT COMPOSITION OF MANUFACTURING EXPORTS

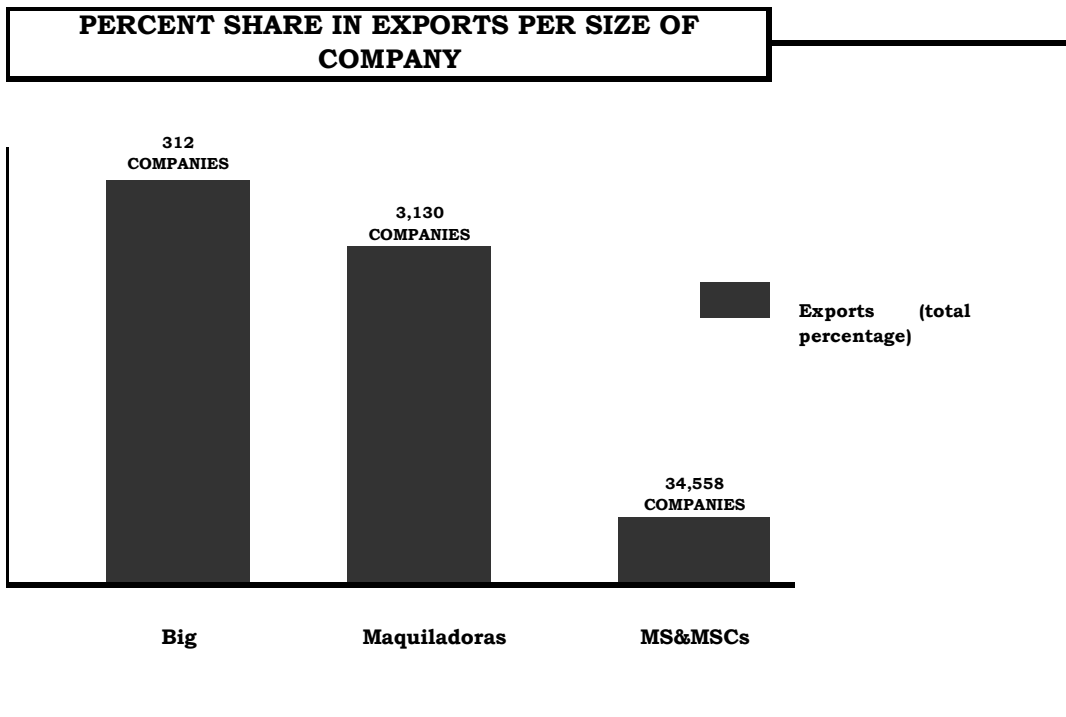


**Source:** Banco de México, Economic and Financial Indexes.

<sup>18</sup> The link of export *maquiladora* industry with national inputs is a special case. Even though the link index has increased since 1993, national inputs still account for only 3.4% of the total exports.

*MS&MSCs have a very low share of 6.6% in exports, while the large size companies account for 51.9% and maquiladoras for 41.5% of the total.*

Regarding direct exports, it is also important to emphasize that the MS&MSCs have a minimum share. Out of the total Mexican exports, these companies have a 6.65 per cent share, in comparison to the 51.86 per cent of the large size exporting companies, and 41.49 per cent of the maquiladoras companies, which can be compared with the total of companies that make up each category.



**Source:** Home developed based on information provided by the Secretary of the Treasury and the Journal of the Commission for the Development of the Small and Medium Size Companies in the Senate of Mexico, September 1999.

Out of the analysis made, we can draw the conclusion that a strategy that generates promotion mechanisms for exports, allowing diversification of the domestic export supply is required, according to the destinations and products. Furthermore, it is necessary to implement an

export promotion comprehensive policy that addresses particularly smaller companies.<sup>19</sup>

### 2.2.2 Production chains: weakening and dismantling

The lack of links among the production chains has not been exclusive of the exporting sector, but it can also be seen in most sectors of the country.

From the trade opening in 1985, foreign competition generated a gradual replacement of national inputs, in order to proceed according to the criteria of lower costs and/or higher quality, strengthened by the overvaluation of the currency. This affected until 1994 to a great number of production chains.

The situation became worse in 1995, since inflation and the high interest rates compelled many companies to go out of business, because they were not able to meet their financial obligations, and this situation weakened even more the already established production chains. Even devaluation posed an opportunity for companies with exporting calling. But the positive effect of this event was not enough to change the general result of the economy.

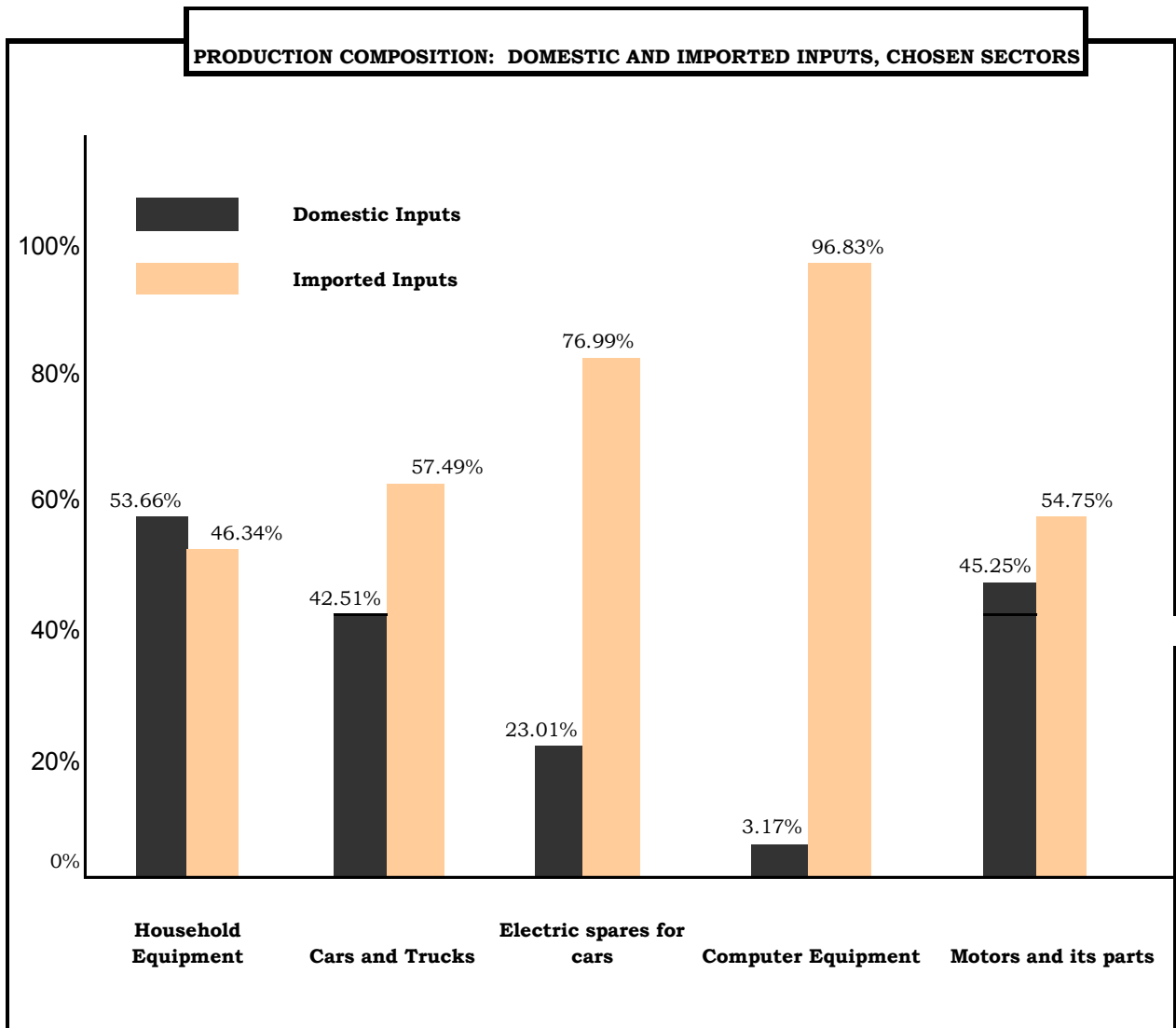
*There is a small production chain link, which became worse due to the 1995 crisis.*

The weakening of the production chains as a result of the above mentioned, is reflected in the low share of national inputs for different production sectors. Even though in some cases we have a share of more than 40 per cent, it is worthwhile noticing the fact that in some sectors, their share is of less than 5 per cent.

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<sup>19</sup> Information included in this item may be complemented with that presented in the Foreign Trade Program and Promotion of Investment 2001-2006.





**Source:** INEGI, Economic Census, 1999.

The link of domestic companies with the most dynamic industries of the country has been reduced in the last few years.

We can draw the conclusion that a strategy that strengthens the domestic market by increasing the link between companies and national content of the country's products is needed.

## 2.3 Deciding facts that affect competitiveness of Mexico and its companies

Competitiveness is the factor that will allow Mexican companies, especially the smallest ones, to increase their capabilities and become the most important drivers of income and jobs in the country. The competitive position of Mexico, according to international sources, has not varied significantly during the last 5 years, especially if we take into consideration the dynamism of the exporting sector that places the country as the most important one in Latin America:

COMPETITIVENESS POSITION OF MEXICO	
YEAR	POSITION
1997	40
1998	34
1999	35
2000	33
2001	36

**Source:** World Competitiveness Yearbook, 2001.

This is mostly due to the fact that the country has not been able to consolidate its economic potential, either through an efficient public sector, or competitive companies and infrastructure.

COMPETITIVENESS CRITERIA OF MEXICO				
YEAR	ECONOMIC PERFORMANCE	GOVERNMENT EFFICIENCY	COMPANIES EFFICIENCY	INFRASTRUCTURE
1997	32	37	37	38
1998	23	31	39	39
1999	27	33	35	41
2000	34	29	33	35
2001	36	27	38	42

**Source:** World Competitiveness Yearbook, 2001.

*A stable macroeconomic environment has not been enough for companies to be able to develop in a competitive, dynamic, and sustained way, throughout time.*

The reactivation of the macroeconomic environment during the last few years has been important, due to the stability it has generated, but it has not been enough for companies to develop in a competitive, dynamic and sustained way, throughout time. We can deduce that there are factors additional to the macroeconomic stability, which should be taken into consideration for the adequate development of the companies. Among these factors, the ones most frequently mentioned by the entrepreneurial sector are the following:

- ❖ High costs related to standardization and over regulation.
- ❖ Lack of training and development of entrepreneurial skills.
- ❖ Restrictions in training and development of human resources.
- ❖ Lack of information systems, lack of knowledge of the market, and marketing problems.
- ❖ Lack of links with instruments for the development and technological innovation.
- ❖ Difficult access to timely, adequate and competitive financing outlines.

### 2.3.1 High costs related to standards and over regulation

*The excess of standards discourages productive activity; in addition, it encourages tax evasion and lack of legality in businesses.*

Companies have to deal with so many negotiations and procedures for opening and running a business, which many times restricts the growth of the productive activity. This situation discourages the fulfillment of tax obligations, promotes tax evasion and lack of legality in businesses.

For example, in Mexico we need to comply with 15 procedures (federal, state, and municipal), and to pay approximately 24 thousand pesos and wait for 112 days in order to open a business. Out of the 75 countries chosen, Mexico is in the 67th place regarding the number of procedures needed to open a business, and in the 66th place regarding the time needed to start operations.<sup>20</sup>

Therefore, we need to promote a favorable economic environment for the development of businesses, where regulatory improvement plays one of the most important roles.

### 2.3.2 Lack of training and development of entrepreneurial skills

*It is necessary to implement measures that will allow leading entrepreneurial culture towards competitiveness and increase the managerial skills of companies throughout the country.*

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<sup>20</sup> Source: Federal Commission of Regulatory Improvement, Program of Regulatory Improvement, 2001-2006.

In Mexico the entrepreneurial culture has not been developed to its maximum potential. Many times, the companies, and particularly the micro and small size companies, go on business in order to survive, without any further knowledge about the basic concepts of business administration.

Furthermore, larger companies sometimes are not aware of the benefits they can obtain if they get entrepreneurial skills through different instruments, among which we can include: entrepreneurial consultancy, and cooperation with academic institutions and research centers, among others. Generally speaking, this is due to a lack of information on what a company can get with this support.

Regarding links with academia, the following table shows that Mexico's international position is far away from being at a level that will allow it to increase competitiveness in the country.

INTERNATIONAL POSITION IN REGARDS TO THE LINK EXTENT BETWEEN ACADEMIA AND COMPANIES	
COUNTRY	COMPETITIVE POSITION
FINLAND	1
UNITED STATES	3
CHILE	30
ARGENTINA	37
MEXICO	47

**Source:** World Competitiveness Yearbook, 2001.

Taking into consideration the above mentioned, it is necessary to implement measures that will allow to lead the entrepreneurial culture towards competitiveness, and

increase the managerial capabilities of the companies in the country.

### 2.3.3 Restrictions in training and development of human resources

Managerial and labor training for human resources in the companies is one of the bases to achieve an increase in their productivity. Many times, companies (training costs, lack of time, etc.), do not adequately address this support instrument.

In a survey carried out by Nacional Financiera, S.N.C. (NAFIN),<sup>21</sup> it was reported that only 23.4 per cent of the micro size companies train its employees. In the small size companies, this percentage amounts to 51.6, and in the medium size companies, 63.9 per cent. In regards to managerial training, 18.4 per cent of micro size companies train their high-ranking executives, in the small size companies, this figure goes up to 43.3 per cent, and in the medium size companies, 59.2 per cent.

### 2.3.4 Few information systems; lack of knowledge of the market and marketing problems

If companies do not have timely information and guidance, their ability to manage and penetrate the markets will be diminished because they do not have a complete scope of the environment where they run their business and the competition they have to deal with. Therefore, this reduces their possibility of survival in the market and decreases their profit margins which will restrict their growth capabilities.

According to the National Survey of Micro size businesses carried out by INEGI, the main problems

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<sup>21</sup> NAFIN (1999). "The Mexican company dealing with the modernization challenge". Survey series.

experienced by micro size companies in order to properly run their businesses, has to do with the lack of knowledge about the market.

MAIN PROBLEMS EXPERIENCED IN ORDER TO RUN A COMPANY, 1998	
MAIN PROBLEMS	TOTAL PERCENTAGE
Lack of knowledge about the market	39.1
Competition	25.5
Profitability	17.3
Customers delayed payments	4.2
Financing	3.8
Lack of machinery and equipment	1.7
Others	8.3

**Source:** INEGI, National Survey of Micro size businesses, 1998.

*It is necessary to improve the information about the markets, so that the companies have a tool with which they can make decisions, and profit from the business opportunities.*

It is necessary to improve the channels through which timely information about the markets is spread out so that the companies have the adequate tools to make decisions and profit from the business opportunities.

### 2.3.5 Lack of link with instruments for development and technological innovation

The companies can be classified in four levels of competitiveness, based on the characteristics that reflect their managerial, operational, and technological capabilities. This classification presents the type of prevailing practices that rise from an elemental level (emerging level), and move towards better practices until

they can achieve international excellence standards (world-class level).



<b>COMPETITIVENESS LEVELS OF THE COMPANIES<sup>22</sup></b>				
<b>COMPANY CHARACTERISTICS</b>	<b>EMERGING</b>	<b>RELIABLE</b>	<b>COMPETENT</b>	<b>WORLD CLASS</b>
<b>Priority</b>	Survival	Differentiation	Innovation	Leadership
<b>Better practices</b>	Managerial and administrative practices	Continuing improvement and benchmarking	Development of new products	Accelerated obsolescence of products
<b>Market coverage</b>	Local	National	International Region	Global
<b>Distinctive level of its administration</b>	Operation	Quality and exports	Quality and exports	Technological management
<b>Technological Capability</b>	Imitation	Adoption and/or improvement	Development	Licensing
<b>Attitude towards change</b>	Reacts	Adapts itself	Promotes	Creates

**Source:** National Council for Science and Technology, Special Program for Science and Technology 2001-2006.

According to the above table, the lack of an adequate promotion policy for technological innovation, and the inclusion of a first level technology in the companies of the country is reflected in a vulnerable production plant. In the year 2000, out of the total Mexican companies, 99 per cent had an emerging competitive level, 3,377 had ISO 9000 quality systems, and less than 300 carried out some type of research and development.<sup>23</sup>

<sup>22</sup> The definition of entrepreneurial competitiveness levels is hereby submitted. Emerging: ability to survive by means of improvisation during the operations. Reliable: quality level that can be repeated in the main areas of the company. Competent: areas and staff specialized in the development of new products, processes, and services. World class: total control of the development cycle of new products, technological management, and forecasts.

<sup>23</sup> Source: National Council for Science and Technology, Special Program for Science and Technology, 2001-2006.

*In order to increase competitiveness in the companies, a policy that promotes innovation and adoption of first level technologies is required.*

A strategy of support that promotes innovation and adopts first level technologies is required, in order to improve the production plant and to increase competitiveness of the companies in the country.

#### 2.3.6 Difficult access to time, adequate, and competitive financing outlines

*The difficult access to financial resources makes suppliers become the main source of financing for the companies, thus limiting their capitalization.*

Most of the Mexican companies do not have access to adequate credits, with the adequate rates and forms that can meet their financing needs. The role of the commercial bank barely exceeds 20 per cent of the entrepreneurial financing composition, and more than one third of the companies surveyed, deem that the high interest rates are the main problem they have to overcome in order to apply for a credit. The lack of financing by the commercial bank makes suppliers become their main financing source, which in its turn restricts capitalization for these companies. This information is shown in the following table.

SHARE OF FINANCING SOURCES FOR THE MS&MSCs 2000 - 2001							
ITEM	2000				2001		
	I	II	III	IV	I	II	III
SOURCE OF ENTREPRENEURIAL FINANCING							
Suppliers	48.0	49.7	50.3	53.8	55.3	55.3	53.2
Commercial bank	24.3	23.7	22.7	22.4	22.0	21.0	20.4
Foreign banks	7.8	6.3	6.3	4.9	5.5	5.6	5.2
Other companies of the corporation	13.0	12.7	13.8	12.7	10.8	13.1	13.8
Development bank	1.7	2.8	2.6	1.9	1.5	2.2	2.5
Headquarters	3.8	3.1	3.0	2.7	3.4	3.3	3.0
Other liabilities	1.4	1.7	1.3	1.6	1.5	1.5	1.9
REASON FOR THE LACK OF BANK CREDITS							
High interest rates	33.3	34.8	35.5	36.8	36.0	30.9	26.3
	3.8	3.2	3.5	3.1	5.2	6.2	4.8
Refusal by the bank	19.3	18.7	19.9	18.0	14.6	14.1	17.7
Uncertainty about the economic situation	15.3	17.1	13.5	15.7	16.9	19.1	19.9
Financial restructuring problems	9.0	8.8	10.1	8.6	10.1	8.3	9.4
Refusal of applications	5.7	4.7	6.0	7.5	3.8	7.6	9.7
Due Portfolio	5.9	6.5	6.2	4.7	5.6	3.9	3.5
Problems to compete in the market	4.8	4.7	3.9	4.7	4.7	4.8	4.8
Others	2.9	1.5	1.4	0.9	3.1	5.1	3.9

**Source:** Banco de México, Survey on the Situation of the Credit Market.

According to the international standards, the financing systems have problems in aspects such as risk capital, and difference in interest rates.

MEXICO'S FINANCIAL COMPETITIVENESS, 2000 (POSITION IN REGARDS TO 60 COUNTRIES)	
ITEM	COMPETITIVE POSITION
Risk capital	50
Bank health	57
Financial regulation and supervision	54
Difference in Interest Rates	54
Access to credit, last year	52
Access to foreign financing	50
Sophisticated financial markets	34

**Source:** World Economic Forum 2000.

Due to the above mentioned, it is necessary to promote new financial instruments in accordance with the special situation of the companies in this country. At the same time, the obstacles that the companies have to face at the moment of getting commercial financing and funding from the development bank are reduced.

## 2.4 Current status of the support outline from the Federal Government

An adequate analysis of the Federal Government support outline should take into consideration two factors: the share of the public sector in economy and the coordination of actions between the Federal Government and the state governments.

### 2.4.1 Share of the government in the economy

During the last few years, the share of the public sector in the GDP has gradually decreased, as well as the investment expenditure, as a percentage of the total expenditure:

SHARE OF THE PUBLIC AND PRIVATE SECTORS IN THE GDP AND PUBLIC SECTOR EXPENDITURE, 1993-1999 (PERCENTAGE)				
YEAR	SHARE OF THE PUBLIC SECTOR IN THE GDP	SHARE OF THE PRIVATE SECTOR IN THE GDP	INVESTMENT EXPENDITURE IN THE PUBLIC SECTOR CAPITAL	CURRENT EXPENDITURE OF THE PUBLIC SECTOR
1993	13.7	86.3	11.71	88.29
1994	13.5	86.5	14.35	85.65
1995	14.6	85.4	11.52	88.48
1996	13.9	86.1	11.86	88.14
1997	13.3	86.7	11.34	88.66
1998	12.7	87.3	10.62	89.38
1999	12.3	87.7	9.49	90.51

**Source:** INEGI, Bank of Economic Information; Bureau of Treasury Statistics; Secretary of the Treasury.

The reduction of the public sector share in the GDP is explained by the decrease of the federal government expenditure in investment.

FEDERAL GOVERNMENT EXPENDITURE (PERCENTAGE)		
YEAR	CAPITAL EXPENDITURE	OTHER EXPENDITURE <sup>1/</sup>
1993	9.37	90.63
1994	12.73	87.27
1995	9.36	90.64
1996	10.13	89.87
1997	9.31	90.69
1998	8.64	91.36
1999	7.62	92.38
2000	8.31	91.69
2001 <sup>2</sup>	9.48	90.52

1/ It includes not scheduled expenditure, as well as consumption, personal services, materials and supply, general services, transfers, and other expenditures.

2/ Estimated

**Source:** Home developed based on information provided by the Secretary of the Treasury.

*The framework of the government expenditure is not enough to develop the domestic market. Therefore, it is necessary that more players get involved in order to increase the companies' competitiveness.*

We can draw the conclusion that the investment expenditure of the public sector for 1999 accounts for only 1.61 per cent of the GDP.<sup>24</sup> Even though the total investment expenditure will be used to strengthen and promote companies, it will not impact in regards to the capability of the government to modify the economy.

Therefore, the government expenditure framework, by itself, is not enough to boost the domestic market. It is necessary to include the highest amount of players possible<sup>25</sup> so that they assist the government in the task of increasing the companies' competitiveness, multiplying the effect of the resources devoted for that purpose.

## 2.4.2 Federal Government supports Programs

The institutional supply of support for the companies is wide and diverse, if we take into consideration the 151 support programs and instruments<sup>26</sup> that address the different operation areas of the company:

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<sup>24</sup> This figure was obtained from multiplying the public sector investment expenditure (9.49) times its share in the GDP (12.3).

<sup>25</sup> Such as entrepreneurial organizations, educational institutions, technological centers, etc.

<sup>26</sup> Inter-Secretary Commission of Industrial Policies. It includes support programs and instruments registered by the government ministries and agencies, members of the Inter-Secretary Commission of Industrial Policies, among which we find: Economy, Treasury, Labor and Welfare, Public Education, Nacional Financiera, S.N.C., National Bank of Foreign Trade, and the National Council for Science and Technology, among others. The list of federal support programs can be found in the exhibits.

<b>PROGRAMS AND INSTRUMENTS PER TYPE OF SUPPORT</b>	
<b>TYPE OF PROGRAM</b>	<b>NUMBER OF PROGRAMS</b>
Tax Support and Incentives	22
Support to Exclusive Activities from the Government Agencies and States <sup>27</sup>	21
Information Systems	2
Services of Inter-Institutional Guidance and Concentration	15
Training, Technical Assistance, and Entrepreneurial Consultanship	39
Credits, Risk Capital and Subsidies from the National Council for Science and Technology (CONACYT), the National Fund to Support Social Enterprises (FONAES), and the Secretary of the Environment and Natural Resources (SEMARNAT)	13
Financing Credits and Services granted by the Development Bank	30
Regional Development and Production Chains	9
<b>T O T A L</b>	151

**Source:** Inter-Secretary Commission of Industrial Policies.

These programs have the following characteristics:<sup>28</sup>

- ❖ Low spread and promotion within the entrepreneurial sector.
- ❖ Little coverage.

<sup>27</sup> Such as the COMPRANET program belonging to the Secretary of the Comptrollership and Administrative Development (government procurement).

<sup>28</sup> They were detected from the evaluation performed by the Inter-Secretary Commission of Industrial Policies to the non-financial entrepreneurial support programs.

- ❖ Little link among programs, which divides efforts, and does not profit from comprehensive attention opportunities.
- ❖ Restricted participation of intermediate organizations representing the entrepreneurial sector of the country, in the design and operation of the supports.
- ❖ Lack of link in the economic development of state and municipal plans.
- ❖ Insufficient budget resources.

*An adequate budget that allows meeting the companies' demands is needed.*

In regards to the last item, it is important to emphasize that according to the political will of the current administration, the budget intended for the support programs and instruments for the companies, had a substantial increase in relation to the ones of previous years. These resources, notwithstanding, are insufficient, due to the fact that the challenge of increasing the smaller companies' competitiveness of the country is huge.

*The support instruments should be debugged, and those that give good results should be strengthened, and the low impact ones should disappear.*

Thus, it is necessary to debug the instruments, actions and programs, keeping and strengthening those with positive results. Meanwhile, actions with low or null impact should disappear in favor of the creation new supports, using inter-secretary instruments with the capability to perform the changes required by companies in the country.



A budget according to the companies' promotion and support needs should be backed up. It should not only be kept in real terms, but also gradually increased, according to the results, in order to meet the demands of the companies and the society.

### 2.4.3 State governments support programs

The state governments are also an important part of the entrepreneurial support outline in Mexico. The state support deserves special attention, since it is generally adopted with a higher level of accuracy for the entrepreneurial and industrial environment of every region. The total state support programs amounts to 443.<sup>29</sup>

*It is necessary to have an adequate coordination between the Federal Government and the states, in order to address the local needs efficiently.*

An adequate coordination among the Federal Government programs is needed as well as to take into consideration the support offered by states and municipalities. It is necessary to instrument actions where the federal programs' design is performed with the active participation of the state and its municipalities to be able to address the local needs efficiently. Thus, it will consolidate a true economic federalism in our country.

## 2.5 Conclusions

1. To establish the grounds for a system to provide service that meets the specific needs of companies in every size, it is essential to have a unique

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<sup>29</sup> Source: Secretary of Economic Development of the States. Complete information on these entrepreneurial support programs in the states can be found in the exhibits.

source that registers in a reliable way the number and characteristics of the country's companies. This, in addition to proposing a new stratification of the companies so that we can determine their size, not only because of the number of employees, but also because of their revenues and other elements.

2. In addition to having a stable macro-economic environment that generates trust, companies need an environment that promotes development, including action to improve regulations and the legal security. Likewise it needs a tax framework that promotes the integration of a higher number of companies to the legal framework, and therefore, their workers will be benefited by the social security system.
3. The government expenditure by itself cannot boost the domestic market. Its framework is such that it uses 90 per cent of the total to cover previous obligations, current expenditures, and service to the debt, shares and transfers among others, which restricts its role as a driver for the domestic market.
4. The national production plant is heterogeneous, since very dynamic companies go together with others that have lost or have never had competitiveness. Therefore, we need a policy that reactivates and strengthens the sectors that have undergone backlog, consolidating at the same time the most dynamic ones, coordinating and reconstructing the production chains, respecting the local calling and priorities of every region, and supporting the technological development and innovation.

5. The difference in growth rates among the different regions of the country is clear, where the northern area has been more dynamic than the southern area. We need a regional comprehensive development policy that allows the areas with a higher backlog to reach growth rates similar to those of the most developed regions. This policy should be supported by the state and municipal governments, as well as by local players, so that the actions performed respond to the production needs and calling of every region.
6. The smaller companies are not only concentrated in most of the production units, but they are also a great opportunity to transfer the growth benefits to most of the population, since they encompass 64 per cent of the country's jobs. These companies are the keys to strengthen the domestic market, increasing the content of national inputs in production, and profiting from the opportunities offered by the foreign market.
7. MS&MSCs need support to strengthen their competitiveness, their internal operational aspect, and their entrepreneurial skills, since this will improve their managerial abilities, market knowledge, company profitability, and make access to financing easier. Therefore, the Federal Government direct support program will be intended to meet these needs and offer dynamic and efficient solutions to these companies.
8. Exports are managed by very few companies (312 large size companies account for 51.86 per cent of exports), destinations (the United States encompasses 88.6 per cent), and products (metal products, machinery and equipment account for 66.3 per cent of the total). This means that there is a great need of an export promotion strategy

that diversifies the country export supply, according to the three elements above mentioned.

9. In order to be able to have an comprehensive and efficient support program, it is necessary to improve the design and operation of the entrepreneurial promotion programs, through the active participation of local authorities, entrepreneurial organizations, and educational and research institutions. Likewise, we need permanent evaluation and coordination elements among the different government authorities, in order to profit from the efforts that allow complementing results. Finally, we should strengthen spread mechanisms and access support instruments and programs, so that a higher number of companies know and make use of the actions implemented by the Federal Government in order for them to increase their competitiveness.
10. So that we can have the above mentioned comprehensive strategy, we need to strengthen the institutions responsible for the development of the companies, and they should have enough resources to fulfill their operations.

## **4. Where do we want to get?**

## 2. Where do we want to get?

### Growth with quality

The PND states as an objective of the economic policy of this administration, Growth with Quality. This concept is closely related to the increase of the companies' competitiveness, especially the smaller ones, and it is made up of two premises:

*PND states that the economic policy objective is to grow with quality.*

### The strategy and how to accomplish it

Start by the initiative of private entities with the support of the three government authority levels, in coordination with the intermediate organizations, among which we have entrepreneurial organizations, academic and research institutions, as well as the main targets of our programs, the companies.

### The result

Make up a nationwide and worldwide competitive entrepreneurial platform, where the companies of the country can take part in the markets, in conditions of equality with their competitors; this will bring about economic and social well-being, guaranteeing that Mexican people will have everything they need to live under decent standards.

*PDE proposes a change focused on consolidating competitive advantages, developing competitiveness and promoting the dialogue between the government and the companies.*

Due to the above mentioned, the PDE proposes a change of attitude in the way the economic growth and development of the

country takes place, through the companies, which is characterized by:

- ❖ Focus the government actions on promoting the companies' competitiveness, understanding that the country will only achieve growth with quality if the main parties of the economy manage to build and consolidate their competitive advantages with their own capability and potential.
- ❖ Base the effectiveness of the competitiveness development on the transformation of companies and their representation organizations in the main supporters of the Federal Government throughout the national territory.
- ❖ Promote the permanent dialogue as a way of government – entrepreneurs' management, as well as the instrument to determine strategies, priorities, allocate resources, and act to support competitiveness of the small and medium size companies of our country.

According to these premises, PDE features the following changes:

- ❖ Its purpose is to generate the systematic competitiveness of the country, the companies, organizations, institutions, and government authorities.
- ❖ It is mainly focused on the performance of the MS&MSCs, since they are an opportunity to transmit the growth benefits to a great part of the population.
- ❖ It promotes the continuing training and development of the entrepreneurial skills of the country.

- ❖ It is based on the dialogue and coherence with the demand of the companies, workers, intermediate organizations, states and municipalities.
- ❖ It bases its effectiveness on the fact that the entrepreneurs and their representation organizations will become the supporters of the Federal Government throughout the national territory.
- ❖ It establishes exchange mechanisms to determine the long term planning criteria, coordinate financing networks, solve controversies, propose and evaluate support programs.
- ❖ It takes into consideration the players for the regional and sector development.

*PDE vision is based on creating competitive companies within a regional coordination, generating growth with quality synergy.*

The change of attitude proposed and led by the Secretary of Economy is to take the initiative and capabilities of the companies as the basis, supporting them to consolidate their competitiveness. The vision that rules the Federal Government actions is the following:

**Mexico should have competitive companies within a system coordinated throughout the regions of the country with the ability to generate a permanent synergy of growth with quality.**

Taking into consideration what the vision states, the mission of this program is the following:

*PDE's mission consists of creating the adequate conditions to increase the companies' competitiveness, especially the MS&MSCs.*



**To create the necessary conditions to increase the companies' competitiveness, especially the small and medium size companies, so that they become the main framework of the sustainable economic development, within the environment of a new competitiveness oriented entrepreneurial culture.**

In order to achieve growth with quality based on competitiveness, the following principles should be followed:

### Systematic competitiveness

*In order to achieve growth with quality, the principles of systematic competitiveness, regional development, sustainable development, and inclusion should be followed.*

- ❖ Provide a national environment, adequate for the sustainable development of the companies, promoting an entrepreneurial culture with social responsibility.
- ❖ Make access to entrepreneurial education, training, consultancy, and information easy for companies.
- ❖ Strengthen technological issues in the companies.
- ❖ Link companies with academic institutions and applied research centers.
- ❖ Have a competitive and accessible financial system.
- ❖ Provide enough capabilities to the companies so that they can link themselves to the exporting chain.
- ❖ Bring about an efficient replacement of imports.
- ❖ Consolidate the exporting supply.

- ❖ Make MS&MSCs become part of the new markets.

## Regional Development

- ❖ It should be based on the production calling of the different regions.
- ❖ It should cut down the regional unbalances.
- ❖ It should promote the integration of production chains.
- ❖ It should identify the development driver sectors.
- ❖ It should take into consideration the competitive advantages and regional geographic characteristics.

## Sustainable Development

- ❖ Promote comprehensive environmental management by the entrepreneurial sector in order to increase the companies' competitiveness based on clean production criteria.
- ❖ Promote absolute compliance with environmental regulations.
- ❖ Promote the efficient and rational use of natural resources by the entrepreneurial units.

## Inclusion

- ❖ It should contribute to cut down poverty.

- ❖ It should open spaces for the entrepreneurs.
- ❖ It should promote gender equality and open national development opportunities for Native people, as well as for disabled people, and young people.
- ❖ It should contribute to achieve a fair distribution of income.
- ❖ It should transform the entrepreneurial development in an objective shared between the companies and the government.

## The goals

The actions of the program are designed to meet the following goals for the year 2006.

- ❖ Address one million three hundred thousand companies.
- ❖ Increase the value of production among the MS&MSCs to an annual average rate of 5 per cent in real terms.
- ❖ Decrease efficiently 5 per cent of the value of imports as a total percentage of the GDP.
- ❖ Increase the content of national inputs in 5 percent points for the non-*maquiladora* exports of manufactured goods, and 20 per cent for the *maquiladora* industry exports.
- ❖ Make people who live under extreme poverty become part of the national development, creating productive jobs.

- ❖ Consolidate a network of supporters and extend it to the municipalities and states of the country, where the entrepreneurial organizations, educational and research institutions have an important role. These institutions will be supported by all the government authorities, in such a way that a policy of long-term development for companies' competitiveness is created from the initiative of private entities.

## **4. What do we need?**

## 4. What do we need?

*A joint effort by the players is required, where each one assumes his/her own commitment and responsibility in the construction of the country's systematic competitiveness.*

A comprehensive, common, and shared view on the direction to be followed by the economic and social development of the country. The joint and shared effort of the entrepreneurs, workers, academic sector, labor, union, and entrepreneurial representatives, state, municipal, and federal governments is needed. Each of these players should assume his/her own commitment and responsibility in the construction of the national systematic competitiveness.

The Secretary of Economy will become the facilitator and permanent management instrument of the companies before the Federal Government authorities and organizations. It will contribute with every economic agents and government authorities, to focus the strategic policies and actions to generate the development of the country, and particularly that of the companies, especially the MS&MSCs.

Within the framework of its powers, the Secretary of Economy will coordinate with the Federal Government authorities the link of the state and municipalities' actions and agreements, in order to create the necessary conditions so that this program achieves the proposed results.

Basic conditions for the development of the companies' competitiveness.

- Democracy: It should guarantee the absolute compliance with the law, in addition to the procurement of justice that will grant legal certainty

to the exchange between private entities and the government, thus encouraging an environment that generates and strengthens trust in production activity.

This condition is established within the objectives of Order and Respect included in the National Development Plan.

- **Macro-economic stability:** It should set the increase of companies' competitiveness and job creation as the national priority, offering tax discipline when exercising the budget and a currency policy that will guarantee competitive interest rates, exchange stability and inflation control.

Responsible: Banco de México, Secretary of the Treasury (SHCP) and economic cabinet.

- **Economic federalism:** It should allow the states and the municipalities become the main developers of the policy for the development of the country companies' competitiveness, addressing the particular issues of their environment, comparative advantages, to develop production sectors and regional calling.

Responsible: Secretary of Economy, economic cabinet, states and municipalities.

- **Environmental policy:** It should promote the establishment of a realistic prevention framework, enforceable, that prevents illegal simulations and practices, promoting adequate conditions to take care of the environment and strengthen the sustainable development.

Responsible: SEMARNAT.

- **Labor Policy:** It should guarantee the workers' rights, and at the same time, it should promote productivity in such a way that the worker-company relationship

becomes the ground to increase the companies' competitiveness.

Responsible: Secretary of Labor and Welfare (STPS).

- Tax policy: It should make the taxing system easier, and it should become the tool of development, investment and internal savings, encouraging the incorporation of companies, and strengthening their capital framework. An efficient and effective customs system which prevents smuggling and allows a dynamic flow of goods.

Responsible: SHCP.

*In order to increase competitiveness, the necessary conditions that favor the entrepreneurial development should be created.*

- Regulation improvement: It should allow the companies to have a favorable legal and regulation framework for their development, eliminating unnecessary regulations, simplifying and reducing times for the execution of procedures and operation of companies, thus making it easy to invest.

Responsible: Federal Commission of Regulation Improvement (COFEMER).

- Educational policy: It should link education with production activity, providing the would-be workers and professionals a labor culture that will allow them to consider their job as a means for human development, addressing social, economic, and cultural requirements, and encouraging the entrepreneurial activity at the educational institutions themselves.

Responsible: Secretary of Public Education (SEP).



- Financial system: It should develop specialists with deep knowledge about the regions and sector in order to reach a synergy among the capital, creativity, and productivity, supporting the companies' initiatives to consolidate technically feasible production projects.
- Energy policy: It should provide the companies of the country enough, quality, efficient, and competitive priced energy inputs.

Responsible: Secretary of Energy (SENER).

- Infrastructure: Maintenance and construction of roads, telecommunications, transportation, ports, industrial and commercial areas, as well as the supply of hydraulic and energy resources to boost the regional social, and economic development based on a long term planning; addressing mainly the areas that have experienced a great backlog.

Responsible: Secretary of Communications and Transportation (SCT), SENER, National Water Commission (CNA), states and municipalities.

- Entrepreneurial and intermediate organizations: Willing to transform themselves according to the changes experienced by the companies and the society, and to incorporate a network of support organizations for the MS&MSCs nationwide, in addition to acting as agents of the private entities' initiatives in the different regions of the country. They should allow maximizing the positive effects of the federal resources, complementing them with the contributions by other players.
- Entrepreneurial sector: It should create a competitiveness oriented entrepreneurial culture, including the technological development in their production, administrative, and marketing processes, and assuming their social responsibility, taking

training in order to increase their talent and that of their staff.

## The role of the players

Federal Government: The Secretary of Economy commits itself to strictly apply this program.

*In order to apply this program the participation of the Federal, state and municipal governments is needed, as well as that of financial agents, entrepreneurial organizations, companies, workers, academicians, scientists, and researchers.*

States and municipalities: Taking into consideration their sovereign condition, they should include in their development plans the objectives and strategies of this program to consolidate a national policy for the development of the companies' competitiveness.

Financial agents: They should assume their social responsibility as development promoters, generating outlines that will make access to credit, security funds, and risk capital, among others, easier for the companies.

Entrepreneurial organizations: They should be the cores of the organizations that support this program.

Companies and entrepreneurs: They should take part and be willing to transform their operational and strategic frameworks in order to build an industrial and commercial platform that improves national competitiveness.

Workers: They should be committed with the strategies of the companies' competitiveness, understanding that their improvements should be reflected in the workers' living standard and well-being.

Academicians, scientists, and researchers: They should actively take part in the production sector, developing systems, procedures, and new technologies to support the companies that look for solutions to transform their frameworks in order to meet their objectives.

*A coherent budget to boost a sustainable and inclusive production system is needed.*

## The budget

A budget coherent with the decision to promote the program, actions and instruments therein proposed is needed, so that the competitiveness of all companies strengthens the Mexican economy.

The budget allocation to support companies should be enough to boost a sustainable and inclusive production system, based on the strict accountability and result assessment.

Therefore, the Secretary of Economy will ask every state and municipality to take into consideration, when exercising their budgets, the importance of the support required to develop companies and to achieve growth with quality as stated by the PND.

The annual budget for the program should allow:

- ❖ To have nationwide coverage.
- ❖ Address especially strategic, unprotected sectors, with a high social impact.

## **5. How are we going to do it?**

## 5. How are we going to do it?

Actions proposed in this document are intended to strengthen the companies' competitiveness, so that they contribute with the quality growth in their regions, and promote the economic development of the country.

The experience obtained during the first months of this administration confirms that moving from a centralized economic promotion system to an outline with which federalism is strengthened and where the state and municipal governments become the coordinators of the development actions is valid. Intermediate agents such as entrepreneurial organizations, academic and research institutions, as well as the main targets of our programs, the companies, will support this outline.

*The supporters will allow taking into consideration the private entities' proposals, in addition to following-up and evaluating the implemented programs and projects.*

In order to include the proposals, to efficiently back up the initiatives provided by private entities, to follow-up and evaluate implemented programs and projects, as well as to implement some actions, the participation of these organizations or intermediate agents is included as a coordination element. We will call all these organizations and agents, the **supporters**.

This concept is not limited to an agent that duplicates the support provided by the Federal Government. On the contrary, we are dealing with a generation of development leaders that make up a wide network among the regions and sectors of the country, promoting initiatives with the agreement of the different government agencies.

Take these networks as the starting point, means to conceive an institutional design of the national policies, that comes out of the local ideas and experience from the private entities' initiative, adapting it to the regional reality of the companies in the country.

**Therefore, the state and municipal governments, as well as the supporters are the coordinators of this program strategies and tools.**

In order to increase the competitiveness of the companies in the country, the Federal Executive should face three great challenges:

1. Generate an adequate economic environment, which allows companies of any size and sectors to develop and increase their competitiveness in addition to create the necessary environment to promote the incorporation of new companies.
2. Encourage the transformation of MS&MSCs in the country, into competitive organizations, developing the abilities needed so that they take part in domestic and international markets, consolidating their labor and entrepreneurial abilities, in order to take advantage from the business opportunities.
3. Identify the possibilities of economic activity in specific regions and sectors, strengthening the abilities of the states and municipalities throughout the country to capitalize their competitive advantages, in such a way that they encourage investment in social impact production activities, increasing earnings. The way it is most convenient for the use of local resources, consolidating regions, which due to their own calling, develop high competitiveness standards worldwide.

The following six strategies are proposed in order to achieve the program's objectives, by virtue of these challenges:

1. Promote a competitive environment for the companies' development.
2. Access to financing.
3. Entrepreneurial training for the sake of competitiveness.
4. Link to development and technological innovation.
5. Coordination and regional and sector economic integration.
6. Markets strengthening.

Within a competitive environment, and access to financing, the companies will be provided the same competitiveness conditions under which companies in other countries of the world develop.

Entrepreneurial training, innovation, and technological development clearly answer to the need of building a platform of profitable, productive, job and wealth generator companies, competitive in the country and abroad.

The regional and sector coordination will be used to promote the development and strengthening of local production calling, integration of production chains, and entrepreneurial groups.

This strategy will be implemented with the active participation of the states and municipalities, strengthening federalism.

Finally, by strengthening the markets, the production supply of companies will be linked to domestic and international markets, striving to take advantage of and extend as effectively as possible the commercial channels and mechanisms that Mexico has managed to consolidate.

By including the MS&MSCs to these markets, the effort that the commercial opening has represented for the country will be capitalized, in addition to successfully taking advantage from the trade agreements signed with the main economies of the world.

Every strategy has action lines that detail the direction that the Federal Executive should follow in order to increase the companies' competitiveness. In its turn, every action line details specific lines, which as a whole, will meet the objective of every strategy. Finally, the specific actions will have a central element that coordinates them and guarantees its fulfillment.



<b>PDE: STRATEGIES AND ACTION PLAN</b>	
<b>STRATEGY</b>	<b>COORDINATION ELEMENT</b>
1. Competitive environment	Coordination of players
2. Access to financing	Competitive financial System Establishment of security funds
3. Entrepreneurial training	Supporters training and promotion of a new competitiveness oriented entrepreneurial culture
4. Innovation and technological development	Technology training
5. Regional and sector coordination and integration	Integration of production chains
6. Market strengthening	Promote business opportunities

**The strategies and the coordination elements will be backed up and coordinated by the supporters: state and municipal governments, educational and research institutions, and intermediate, national and foreign organizations, both private and public.**

This way a comprehensive, inclusive and sustainable vision encompassing all kind and size of companies is generated, even though the MS&MSCs will be treated in a special way. Following are the details for each of them:

The strategies and the coordination elements will be always backed up by the state and municipal governments and by the supporters and intermediate organizations.

## 5.1 Promotion of a competitive environment for the companies' development

The companies' development requires a favorable environment, in regards to administrative, economic, financial, social, and political conditions that make investment and development of production processes easier, as well as markets strengthening.

*A competitive environment depends on the coordination of the Secretary of Economy with the different government authorities; on strengthening states and municipalities, and on the transformation of economic and social actors into supporters.*

The generation of this environment depends on different factors that complement each other, among which we can mention the following:

1. Exercising jointly responsible promotion, management, and coordination of the Secretary of Economy with the different government agencies.
2. Promoting and strengthening management, in coordination with states and municipalities, and
3. Transforming the economic and social players, both public and private, related to the activity, into supporters for the companies.

These three elements directly refer to the federalism established in the Political Constitution of Mexico.

The Federal Government has made the decision to promote the policy intended to develop companies' competitiveness, taking as the starting point the promotion of federalism through the different agencies and the creation of supporters that reproduce and promote their actions at local level.

In order to generate a favorable environment, the Secretary of Economy assumes the commitment of promoting and negotiating before different authorities, all those actions and measures that either directly or indirectly contribute to the economic development of the regions, to strengthen the production sectors, and to increase the companies' competitiveness.

Likewise, it will be a very important task by the Secretary of Economy to coordinate and direct all the efforts made by the public and private organizations to support the MS&MSCs, according to the Entrepreneurial Development Plan, 2001-2006.

In order to fulfill the objectives of this strategy, the following action lines are presented, whose main element will be the players coordination:

<p style="text-align: center;"><b>STRATEGY 1</b></p> <p><b>Promotion of a competitive environment for the development of the companies</b></p> <p><b>Action lines:</b></p> <p>1.1 Management of support actions for the companies</p> <p>1.2 Inter-institutional and entrepreneurial coordination</p> <p>1.3 Coordination with states and municipalities</p>
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#### 5.1.1 Negotiation of support actions for the companies

The companies need an adequate environment that will allow them to develop and consolidate themselves in the market, without any other restriction but their own capabilities.

Taking into consideration the above mentioned, the Ministry of Economy will promote the establishment of an

economic, legal, and standardization environment that reduces the obstacles for the development of the production activity and promotes the creation of new companies, and strengthens the already existing ones.

The specific actions to be developed within this action line are the following:

5.1.1.1 Promote a dynamic tax system, which can be easily complied with, and according to the companies' needs

*The establishment of a simplified tax system, with an easy system to pay the obligations will be promoted before the Secretary of the Treasury. Likewise, incentives that promote investment will be sought for.*

The design and application of new simplified tax outlines will be promoted with the corresponding government agencies, so that the payment of tax and labor obligations is made easier, and the taxpayers' list is extended.

Furthermore, the establishment of incentives that promote investment and capitalization of companies will be promoted before the Secretary of the Treasury. Rules that state that companies either devoted to the following activities or who acquire equipment or machinery herein mentioned will get tax deductions. These deductions will be for technological innovation and development, anti-pollutant pieces of equipment that reduce the negative environmental impacts, entrepreneurial and labor training, profit re-investment, and incentives to investment in new development sites in the regions with the greatest economic backlog, among others.

These outlines should always take into consideration the promotion role of creation, development, and consolidation of the companies, in addition to making

access to the social security system easier for the workers of the production units.

The application of all these measures has different purposes: first, increase the taxpayers list and the tax collection; second, reduce the administrative costs resulting from tax simplification; and third, increase investment and capitalization level, which can be reflected in the increase of companies' competitiveness.

#### 5.1.1.2 Provide legal security to the companies and domestic and foreign investment

*Actions that stop smuggling and piracy will be promoted, encouraging economic competence and respect for industrial ownership.*

It is necessary to provide legal security to the economic agents, in such a way that they feel secure then they undertake, invest, hire, transport, and consume, providing protection to private property, and economic competence.

Therefore, the following actions will be implemented:

- The Secretary of Economy will promote before the corresponding agencies, the development of policies and actions that fight smuggling, piracy, and illegal trade.
- The role of the Mexican Institute of Industrial Ownership (IMPI) [for its initials in Spanish] will be strengthened, in defending the rights of industrial ownership, and ownership of processes, trademarks, and patents of the companies settled in the country, both domestic and foreign.

- The Secretary of Economy through the Unit of International Trade Practices (UPCI)<sup>30</sup> [for its initials in Spanish], will strengthen its actions to fight artificial barriers to the entrance of Mexican exporting products. It will also fight against international unfair trade practices by means of impartial, transparent and timely processes within the terms stated in the corresponding standards.
- Fight against monopolistic practices will be promoted before the Federal Commission of Economic Competence (CFC) [for its initials in Spanish], in order to make sure consumers can access and afford products with competitive prices and quality, encourage free competition, and make access to markets easier for smaller companies.
- To promote capital flows and offer legal security to foreign investments, the Secretary of Economy will strengthen and encourage the creation of new Agreements for Mutual Protection and Promotion of Investment (APPRI) [for its initials in Spanish]. These are international agreements executed between two countries in regard to foreign investment. This policy is detailed in the Program of Foreign Trade and Investment Promotion 2001-2006.<sup>31</sup>

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<sup>30</sup> The UPCI is in charge of investigating international unfair trade practices and safeguard measures, as well as of defending before international agencies the solution of controversies and adopting the resolutions stated by the Secretary of Economy in both cases. Likewise, it provides advice to national manufacturers involved in this kind of procedures abroad.

<sup>31</sup> The APPRI include several principles through which investment in the territory made by any of the parties will be protected, in regards to treatment to investment (domestic treatment, and treatment of the most favored country), transfers, expropriation, and indemnity; and mechanism to solve controversies. As of today, Mexico has signed APPRI with Spain, Switzerland, Argentina, Germany, The Netherlands, Austria, Belgium-Luxemburg Union, France, Finland, Uruguay, Portugal, Italy, Denmark, Sweden and Greece.

#### 5.1.1.3 Encourage the process of municipal, state, and federal regulation improvement

*The Secretary of Economy will support the process of regulation improvement, in the federal, state, and municipal environments.*

The Secretary of Economy will support the process of regulation improvement in the federal, state, and municipal environments, in order to create better conditions for the development of the production activity and to reduce transaction costs.

Through COFEMER, actions and procedures that simplify the regulation and negotiation outlines to incorporate and manage companies will be encouraged, in order to put them on the same level with international standards.<sup>32</sup>

Among the actions to be developed by COFEMER, we can mention the following:<sup>33</sup>

- Removal of unnecessary entrepreneurial procedures and simplification of the necessary ones and of those that grant services or promotions to the companies.
- Review and improve legal provision projects that might impact the national economic activity, making use of the regulation impact statements developed by the agencies.

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<sup>32</sup> The United States and Australia are shown as leaders in deregulation. In these countries a new company can start operations with only one procedure within one week. In Mexico it is necessary to consolidate such simplification in the federal government agencies, and it is necessary to make progress with the state and municipal agencies. In Mexico there are four federal compulsory procedures for a company without employees, and nine for a company with at least one employee, to which we should add the corresponding state and municipal procedures. COFEMER's goal is that the incorporation of a non-hazardous company takes only 10 hours and 2 federal procedures.

<sup>33</sup> These action lines are thoroughly explained in the COFEMER Program for Regulation Improvement 2001-2006.

- Development of reform proposals and legal and administrative provisions that might impact the entrepreneurial activity in general.
- Support to the states and municipalities in their corresponding programs to improve regulation.

#### 5.1.1.4 Improve communications, transportation, environmental<sup>34</sup> and energy infrastructure in the country

*In coordination with the Secretary of Communications and Transportation, Secretary of Environment and Natural Resources, and the Secretary of Energy, the necessary infrastructure that makes the companies' operations easier will be consolidated.*

A very important factor for the country's systematic competitiveness is infrastructure, since it makes entrepreneurial activity easier, promotes trade and involves the different regions in growth. In this regard, joint efforts among the Federal Government institutions are very important. For this, coordination will be encouraged among the Secretary of Communications and Transportation, the Secretary of Environment and Natural Resources and the Secretary of Energy to consolidate an infrastructure setting that makes operations and logistics easier within the companies. It will also facilitate supply of quality and competitively priced energy inputs.

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<sup>34</sup> Environmental infrastructure means: service of drinking water, sewerage, wastewater treatment, disposal of hazardous and non-hazardous wastes, environmental services (garbage collection, recycling), among others.



#### 5.1.1.5 Promote modernization of the labor framework

The new labor culture required in a globalized world needs clear and adequate laws encompassing the principles of equity and justice, dynamism and simplification. These laws should be developed in such a way that the company finds in the Law a positive instrument for its development, which at the same time protects the rights of workers and their families.

#### 5.1.1.6 Strengthen the country's standardization systems

The standardization environment in the country is a factor of competitiveness, if the standards demanded agree with international requirements. By this token, the strengthening of the National System for Standardization, Legal Metrology, and Conformity Assessment will be encouraged, in order to increase competitiveness of the industrial, trade, and service sectors, help the companies get involved in international markets, and meet the technical and quality requirements.

#### 5.1.1.7 Promote education and new entrepreneurial culture

*An entrepreneurial culture based on continuing improvement; companies' responsibility and protection of the environment will be encouraged.*

The new entrepreneurial culture should be originated from the basic education levels, where entrepreneurs' training is encouraged, the entrepreneur role is reappraised and where the company social awareness is developed. In order to promote a new company culture, agreements with the Secretary of Public Education will be executed to include in the elementary, secondary and

high school curricula courses for entrepreneur training. These courses will take into consideration concepts such as incorporation of companies, technological innovation and protection of the environment, among others.

These actions will be complemented with the basic entrepreneurial training programs developed by the Secretary of Economy, specifically designed to address the needs of entrepreneurs and micro-entrepreneurs, offering support, so that these companies can consolidate themselves in the market.

Within these programs, the development of the new entrepreneurial culture will be encouraged, emphasizing among others:

- ❖ Continuing improvement and total quality
- ❖ Companies' social responsibility; and
- ❖ Protection of the environment

#### 5.1.2 Inter-institutional and entrepreneurial coordination

To develop dynamic and efficient solutions according to the needs of the country's companies, to make the use of resources more efficient and increase the impact of support actions for the companies, it is essential to achieve coordination among the Federal, state, and municipal Governments, and the entrepreneurial organizations.

The actions to be carried out within this action line encompass the strengthening of agencies that help increasing competitiveness of the country's companies.

#### 5.1.2.1 Strengthen the National Council of the Micro, Small and Medium Size Companies

*The role of the National Council for the Micro, Small, and Medium Size Companies will be revitalized; this is an external agency following-up programs and actions oriented to the companies.*

The current administration is committed to revitalize the National Council for the Micro, Small, and Medium Size Companies, as an external agency that determines and follows-up the programs, instruments, and actions that should be developed to support the companies.<sup>35</sup>

The Secretary of Economy took the proposal of the states and it established this council so that the companies, entrepreneurial organizations and local authorities are those who, with their scope, proposals and needs identification, determine the content of the work programs. This council will also guide support towards regional development and local production projects.

For such purpose, a review of the Council by-laws will be made, so that they agree with the profile of this program; they should also include new representation counselors in the national production activity.

The Council will have five working groups that will address and follow-up issues related to:

- ❖ Standardization and regulation improvement
- ❖ Government purchases

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<sup>35</sup> The Council is a collegiate organization made up by institutions of the Federal Government and entrepreneurial organizations.

- ❖ Strengthening of production chains and entrepreneurial groups
- ❖ Financing
- ❖ Follow-up the PDE actions

The above mentioned issues are not limited to the creation and/or modification of the working groups, which will be adjusted according to the requirements, in order to strengthen the companies' competitiveness.

The National Council for the Micro, Small, and Medium Size Companies will have to follow-up the PDE actions and continually check the results.

#### 5.1.2.2 Strengthen the Inter-Secretary Commission of Industrial Policy

*The Inter-Secretary Commission of Industrial Policy will perform the assessment of programs and instruments, and it will strive for obtaining an effective coordination of actions among the federal, state, and municipal governments.*

To assess and coordinate support programs and instruments from the different government agencies, the Inter-Secretary Commission of Industrial Policy (CIPI) [for its initials in Spanish] will support the Secretary. The first one will be transformed to involve all the necessary sectors and instruments to carry out this task.<sup>36</sup>

A very important function of this organization is to continuously evaluate instruments, actions, and

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<sup>36</sup> The Commission will be transformed into the Inter-Secretary Commission for the Development of the Companies, (CIDEM) [for its initials in Spanish], which will have the necessary attributes in order to adequately perform its function of coordination and evaluation.

programs of the policy to develop companies' competitiveness, in order to strengthen those presenting positive results and substitute the ones with low or null impact. Furthermore, CIPI will execute the decisions made by the National Council for the Micro, Small, and Medium Size Companies.

Likewise, the effective coordination of the actions performed by the Federal, state, and municipal governments are required, in order to increase the impact of the support strategy for the companies. Due to the above mentioned, CIPI will encourage link and joint follow-up outlines for the actions carried out by the three governments, so that the state and municipal programs match the federal programs, creating synergies where efforts are focused in the development of regions, sectors and production projects.

#### 5.1.2.3 Promote the development of entrepreneurial organizations and other intermediate organizations

So that the entrepreneurial organizations are effectively incorporated as interlocutors of their members' interests, the strengthening of those already existing will be supported, as well as the creation of new agencies.

This way, proposals for the development of competitiveness should also be known, supported, and implemented through entrepreneurial organizations. Therefore, it is necessary to open a dialogue on the legal provisions and legislation related to the entrepreneurial organizations, such as the current Law of Chambers, in order to reach consensus to make their functions and activities transparent.

### 5.1.3 Coordination with states and municipalities

*The Secretary of Economy will support the regional development conditions based on the proposals for every location.*

The Secretary of Economy will support the creation of the economic development conditions in every location, based on the proposals and statements of the states and municipalities directed to increase the companies' competitiveness.

The purpose of strengthening the federal agreement that will enforce every government order to execute actions that immediately and effectively give answers to the economic agents statements and projects will be addressed, based on subsidies and complementing resources, programs, and instruments performed by the Federal, state, and municipal Governments.

For the PDE, the states and municipalities are the basis of the economic development of the country. They should generate and encourage the participation of the different economic and social agents. Their interaction will create a favorable environment for the companies' competitiveness.

These specific actions will always take into consideration the respect to the states and municipalities sovereignty, and they will encourage the supporters to take more actions.

#### 5.1.3.1 Strengthen agreements of support cooperation for the MS&MSCs.

*Agreements of support coordination for the MS&MSCs will be still implemented, involving interests and priorities of the economic agents of every state.*

The new development strategy for the companies' competitiveness is based on the transformation of the model of planning, schedule, and exercise of the resources coming from support funds for the MS&MSCs, so that their application is more specific, timely and relevant.

This transformation will be implemented through coordination agreements to support MS&MSCs. The interests and priorities of the economic agents in each state of the country will be included in the MS&MSCs and federal, state and municipal resources will be added to those provided by companies, educational institutions and other agencies interested in the development of micro, small, and medium size companies.

These agreements will be coordinated, preferably, by means of the Secretaries of Economic Development of every state. In each case, projects complying with the eligibility criteria stated by the Secretary of Economy will be identified and supported:

- ❖ They should be related to the strategic planning program of the state and/or municipalities.
- ❖ The projects should boost the regional economic activity.
- ❖ They should have a high social impact.

- ❖ They should be encompassed within the following action lines:
  - Entrepreneurial training
  - Basic and specialized consultancyship
  - Technological innovation
  - Security funds
  - Regional and sector studies
  - Information systems
  - Production projects
  - Entrepreneurial link centers
- ❖ The results should be measurable in the short term.

The above mentioned will allow to:

- ❖ Favor a flexible federal budget, able to fit the local and regional demand.
- ❖ Generate decentralized incentives for the players to coordinate local solutions to common problems.
- ❖ Encourage financial outlines that meet the requirements and needs of the country's companies.
- ❖ Support initiatives accelerating change processes in the community.



- ❖ Generate a continuing improvement system for the instruments by means of evaluation mechanisms that will allow to identifying successful experiences at state level; in order to spread them throughout the national territory.
- ❖ With the participation of all the economic agents, multiply everyone's resources and expertise, supporting the local MS&MSCs development.

The creation of regional agreements will be supported; by means of them two or more states and/or municipalities sharing programs, actions, interests, or projects, will be able to agree with the Secretary of Economy on the application of resources so that they are addressed. This outline will allow application of resources with a regional or sectorial focus, thus promoting the participation of all involved players under the joint responsibility principle.

The Federal Government ratifies its decision of supporting production projects generated within the regional, state, and municipal environments, validated by the economic agents and the local authorities, and contributing to the purpose of growing with quality.

#### 5.1.3.2 Create and/or strengthen supporters

*The Secretary of Economy will strengthen the role of supporters by means of collaboration agreements.*

Agencies taking part directly or indirectly in encouraging companies' competitiveness are supporters, such as:

- ❖ Chambers, associations, confederations, councils, and all other entrepreneurial organizations.

- ❖ Educational, technological, and scientific institutions.
- ❖ Public and private financial institutions.
- ❖ National and international entrepreneurial development support foundations.
- ❖ Entrepreneurial players and consultants.<sup>37</sup>

With all of them, a network of supporters will be created, and they will encourage, coordinate, and implement previously agreed programs and actions.<sup>38</sup>

In order to strengthen the development of the MS&MSCs of the different regions and sectors, the Secretary of Economy will encourage coordination actions with these agents, through collaboration agreements and other mechanisms. The Secretary will also continue offering training to the entrepreneurial players and consultants, in order to increase the quality of the service they render to the companies of the country.<sup>39</sup>

These supporters, as the executors of support programs and actions for the MS&MSCs will have the subsidiary and complementary support of the Secretary of Economy and the support of the states and/or municipalities for the sake of the regional and sector development.

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<sup>37</sup> They are specialists in clearly identifying the entrepreneurial procedure problems in every or in some issues, but above all, they are facilitators, and generators of solutions for the company development, for its competitiveness and productivity.

<sup>38</sup> The network will develop all activities oriented to provide entrepreneurial technological solutions to the MS&MSCs, by effectively coordinating the existing support resources in a given region. Such coordination requires the players and consultants to have the ability to understand the companies' problems, a thorough knowledge of the support mechanism and instruments, as well as of the follow-up of actions undertaken up to their successful completion, and later evaluation of the expected benefits.

<sup>39</sup> These training actions are part of the strategies submitted in the document, and will be detailed in the corresponding section.

With these actions, these agents are intended to become efficient, dynamic supporters, with the ability to address the companies, follow-up programs, and adequately evaluate results.

## 5.2 Access to Financing

Financing as a development lever is an essential element of the Federal Government strategies to encourage MS&MSCs competitiveness. Therefore, the Secretary of Economy in coordination with the state and municipal governments, and the development bank will create a rapprochement outline between financial resources demand and supply players.

For such reason, the development of mechanisms to identify their potential, restrictions, resistances, and if applicable the exhaustion of financial products will be encouraged. These mechanisms will offer the possibility of developing new options intended to address specific segments, where the benefits and restrictions of these outlines can be evaluated.

The creation, adaptation, and/or consolidation of outlines and programs that make micro, small, and medium size companies able to access and obtain credits and financing will be encouraged among all financial agencies of the country.

*The development bank will be the first financing promoter for the MS&MSCs.*

In their turn, the development bank will redefine its role as the main promoter of financing for companies, particularly the MS&MSCs, as a development strategy in the different regions and sectors of the country.

This redefinition has to fulfill the following actions:

- ❖ Debug and complete promotion programs, between the development bank and all other government agencies.
- ❖ Develop specific instruments and products that will truly address the demand and meet the companies' needs, which will be determined with the companies, entrepreneurial organizations representing several regions and sectors of the country, and with the opinion of all banking and non-banking financial intermediaries.
- ❖ Develop incentives for the commercial bank, credit auxiliary organizations, and non-banking intermediaries, so that they grant formal financing to the micro, and small size companies with low amount credit needs.
- ❖ Promote risk capital funds.

In order to reactivate the MS&MSCs, the Secretary of Economy will encourage the following action lines, whose main elements will be a competitive financial system and the creation of security funds:

## **STRATEGY 2**

### **Access to financing**

#### **Action lines:**

- 2.1 Encourage a new credit culture
- 2.2 Strengthen credits and support provided by the development bank
- 2.3 Creation and strengthening of security funds for different applications
- 2.4 Creation and strengthening of funds for specific sectors
- 2.5 Strengthening non-banking financial intermediaries.
- 2.6 Encourage international cooperation

*The Federal Government will encourage the relationship among the development bank, the commercial bank, and the non-banking institutions with the companies, in order to obtain greater opportunities for the last ones.*

In order to reach these objectives, the three government agencies will encourage a better relationship among the development bank, the commercial bank, and the non-banking financial institutions with the companies. The entrepreneurial organizations of each region and sector of the country should take active part.

In addition to the specific actions to be performed, there should be an agreement on the promotion of financing. This agreement should have the eligibility criteria stated by the credit board so that the MS&MSCs are considered agencies able to receive credits so that it becomes a promotional tool and not a factor restricting entrepreneurial initiative.

## 5.2.1 Promotion of a new credit culture

The specific actions proposed to promote a new credit culture are:

### 5.2.1.1 Promote financial training

*Entrepreneurial training programs on access to the financial system and business plan development will be promoted.*

The Secretary of Economy will promote among the development bank and other financial intermediaries, as well as among the state, and municipal governments, and academic institutions, permanent entrepreneurial training programs on access to the financial system and development of business plans.

In order to obtain a credit or financing on time, the entrepreneur needs to know, among other things, the institutions that offer them, as well as the characteristics and conditions of the products and services, for which it is essential to create a credit culture for the national entrepreneurs.

The development and/or training of entrepreneurial players will be encouraged, so that they support the MS&MSCs in detecting their financing needs, as well as their needs of technical assistance, and training. This kind of support will be one of the instruments that the entrepreneur will be able to find at the entrepreneurial link centers.<sup>40</sup>

Advise the companies in the development of action plans to make investment in order to improve processes, managerial ability, technology, quality, and marketing,

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<sup>40</sup> The entrepreneurial link centers' main function is to make information readily available in its last stage, for the final target, it is to say, the companies. This will be thoroughly explained later on.

will allow them to reach the necessary conditions to apply for bank credits. The entrepreneur will develop knowledge and abilities to determine the capital and financing framework that the company requires for the implementation, operation, and/or extension of its projects.

The entrepreneurial organizations and the users themselves will evaluate the effectiveness of the programs for feedback and continuing improvement purposes.

#### 5.2.1.2 Fund access to basic and specialized consultancyship

*The Secretary of Economy will create funds and programs to finance part of the costs for the business plans and production projects development.*

The Secretary of Economy in coordination with the development bank, the state governments, and the entrepreneurial organizations will promote the creation of funds and programs to finance part of the costs for the business plans and production projects development.

The purpose of this action is to let MS&MSCs have access to private services for basic and specialized consultancyship. This will be done through direct economic support that will allow them to improve their administration, production and quality processes to comply with international standards and certifications, as well as to carry out market studies to make their positioning easier in foreign markets.

### 5.2.2. Strengthening credits and support provided by the development bank

*The use of services and products offered by the development bank and other funds from the Federal Government will be encouraged.*

The Federal Government, through the development bank and other special funds will promote the use of the services and products it offers to achieve access into inclusive financing and encouraging productive investment.

NAFIN, by means of its different programs, offers the following financial services:

#### ❖ Fixed Rate Credits

*Short, medium or long term financing, generating certainty and allowing planning the payments. It removes the risk of changes in the interest rates.*

#### ❖ Second floor credit operations

*Credits to improve infrastructure, to guarantee the continuity of the production process, technological innovation, and environmental improvement.*

#### ❖ Variable Rate Credits in Pesos and Dollars.

*Credits for every type of investments, financing plans according to the needs of the company.*

#### ❖ Securities Program.

*It completes the amount of the securities required by the banks to finance new projects, as well as to make access to long term financing by the commercial bank easier for the MS&MSCs.*



❖ Modernization Program and Entrepreneurial Fitting Out

*Medium and long-term resources in pesos and dollars for the companies, intended for the acquisition of domestic or imported machinery and equipment, for their modernization.*

❖ Development Program for the Suppliers of the Public Sector

*Financing for companies that are part of the production chain of the public sector companies on receivables, in the form of factoring.*

❖ Financing Program for Public and Private Sector Suppliers.

*Direct support through the first floor credit program for MS&MSCs with working capital; in order to be able to fulfill on time the requirements of orders or contracts executed with public sector agencies.*

❖ Green credits

*Financing to environmental projects will be encouraged, for cleaner production and ecological efficiency. Particularly, the Environmental Improvement Program, and the Program to Protect the Ozone Layer, are intended to finance investment projects of companies whose purpose is to control the pollution they generate.*

Likewise, The National Bank of Foreign Trade (BANCOMEXT) [for its initials in Spanish] will promote financing products and services for the small and medium size (S&MSCs) exporting companies, by means of financial support:

#### ❖ S&MSC credit

*BANCOMEXT offers credits to finance the fitting out and working capital of small and medium size companies, directly or indirectly related to exports. This credit outline grants financing for up to 250 thousand dollars in each of its types and it has become a more dynamic and faster alternative for the S&MSCs.*

#### ❖ Credits for up to 50,000 USD for the small size exporter of manufactured goods.

*Financing for working capital, by means of a simplified credit program for direct exporters called “Financial Outline for the Small Size Exporter”, for the production cycle and export sales.*

#### ❖ Purchasing credit

*Purchasing credit is the financial service that allows the exporter to carry out its sales, in cash in the region, since BANCOMEXT pays in Mexico and gives financing to its customers, through a bank authorized in the country where the customers reside.*

#### ❖ Letters of credit

*The import letters of credit allow the purchasers to send their payments in an easy, fast, and safe way to their foreign suppliers.*

#### ❖ Securities

*BANCOMEXT, by means of Compañía Mexicana de Seguros de Crédito, S.A., offers securities to the exporter, that will protect it from the lack of payment by its foreign purchaser, as a consequence of a political, catastrophic, extraordinary, or commercial risk. In order to make the securities outline more dynamic, formats will be*

*standardized and electronic transactions will be encouraged between the development bank and the commercial bank, likewise rules and conditions to guarantee legal and financial security to both parties, will be implemented.*

❖ **BANCOMEXT Insurances**

*The Export Credit Insurance covers the exporter against the risk of lack of payment by its purchasers, derived from a commercial risk.*

❖ **Investment Funds of Risk Capital**

*With the creation and participation of this kind of funds BANCOMEXT seeks to attract productive foreign investment and provide a financial alternative to those companies and/or feasible projects, which due to flow generation, leveraging, collaterals, and/or risk exposure, cannot have access to the different credit types currently offered by the market.*

The participation of the National Fund for Social Enterprises (FONAES) [for its initials in Spanish] will be strengthened during this administration, and its efforts will be focused on joint contributions, technical assistance, training, as well as easy access to financing, both from the development bank and the commercial bank. This will be carried out through risk capital programs, social company funds, solidarity funds, and programs that generate job opportunities in the medium term.

❖ **First Productive Step**

*Contribution in solidarity directly granted to social groups, either formal or informal, for activities that create jobs. It strengthens the entrepreneurial effort of social*

*groups, by virtue of their direct participation in the productive development.*

#### ❖ Risk Capital

*Support instrument intended for the creation, extension, reactivation or consolidation of social enterprises through participation partnerships. FONAES contributes with 40 per cent maximum, of the production agency, without interests, but with profit sharing. The partners are the owners, and at the same time they are workers or beneficiaries.*

#### ❖ Solidarity Funds

*FONAES encourages the establishment of Solidarity Funds as an instrument of the producers, in order to encourage the rural savings and grant loans to their members, who do not have access to credit sources. The members themselves, according to the operation by-laws manage them and rules agreed by the Consejo Coordinador de Cajas Solidarias, A.C. (Coordination Council of Solidarity Funds).*

#### ❖ Funds

*These are financial instruments that strengthen FONAES resources including the economic participation of states, municipalities, financial entities, and other social and private organization to support feasible projects and productive companies:*

1. Financing funding
2. Guarantee fund
3. Investment and re-investment funds

The Trust of Mining Promotion (FIFOMI) [for its initials in Spanish] offers specific support for this sector:

❖ Simple credit

*By means of this product, FIFOMI supports the granting of credit at fixed and variable rates, both in local currency and in dollars, for up to 30 million dollars per company, in order to meet the following obligations:*

- ❖ Risk capital
- ❖ Payment of consultancy services
- ❖ Investment in fixed assets
- ❖ Financial lease
- ❖ Payment of liabilities
- ❖ Restructuring of liabilities with terms of up to 13 years, with equal and consecutive payments of capital, equal increase of capital, including capital and interest and equal payments on remaining balances.
- ❖ Current Account

*By means of this product, FIFOMI support the S&MSCs in regards to:*

- ❖ Revolving money in advance
- ❖ Suppliers development
- ❖ Financing of receivables
- ❖ Secured credit, with terms of up to 3 years, renewable, for amounts in local currency or

dollars, of up to 30 million dollars per company, with fixed and variable rates, with equal and consecutive payments of capital, equal increase of capital, including capital and interest, and equal payments on remaining balances.

#### ❖ Program of Securities

*With this program, access to credit by individuals or companies will be made easier, granting securities of up to 50 per cent of the amount with banking intermediaries, for a top amount of up to one million dollars, or its equivalent in local currency.*

The National Fund for Promotion to Tourism (FONATUR) [for its initials in Spanish] offers the Modernization Program for the Small and Medium Size Tourism Companies. In order to implement this program there will be financing from BANCOMEXT and NAFIN-FONATUR. Other financing mechanisms will be promoted in coordination with financial institutions.

Finally, the Trust Fund for Agriculture (FIRA) [for its initials in Spanish] offer the following specific support for the sector:

#### ❖ Funding Service

*Funding of financial resources to the first floor bank, in order to support investments of the different sectors such as agriculture and livestock, fishing, forestry, industrial, services, and rural financing. With this funding, discount operations (100 per cent) and loans will be supported, by means of credits for repairs and equipment for terms of up to 15 years in pesos and dollars, at fixed and variable rates.*

❖ Guarantee Service

Encourage institutional credit under the following basic principles:

- ❖ Complementary to the producer collaterals
- ❖ Encourage the participation of private agents in the risk administration
- ❖ It covers the original capital plus regular interests (in local currency and dollars).
- ❖ The use of available risk control instruments is recommended.
- ❖ Incentives

*This item encompasses support to the bank in order to finance low-income producers with small credits “SIEBAN” [for its initials in Spanish], as well as the promotion of non-banking financial intermediaries, such as credit unions, and the Program of Credit per Administration (PROCREA) [for its initials in Spanish].*

### 5.2.3 Creation and strengthening of guarantee funds for several applications

*The Secretary of Economy and the development bank will create guarantee funds in order to reduce the risk of granting credits to MS&MSCs, at competitive interest rates.*

An important obstacle to have access to credit is the high financial rates derived, among other circumstances, from the legal problems to enforce the

guarantee quickly. That is why outlines are created to reduce the cost of money in favor of the MS&MSCs, in order to boost credit and promote the development of the production activity. For this reason, the Secretary of Economy and the development bank will create the guarantee funds in order to reduce the risk for financial institutions, when they grant credits to the MS&MSCs, at competitive interest rates.

These funds will allow the commercial bank to address a higher number of companies, mainly the MS&MSCs devoted to industrial, agricultural-industrial, commercial, and service activities, whichever their market. Likewise, the funds will be intended to support productive regions and sectors.

The federal, state, and municipal resources of these funds may be completed with contributions coming from entrepreneurial organizations and/or associations, which will allow to encourage financial activity, by establishing guarantees to credits for working capital, acquisition of machinery and equipment, specialized consultancy, among others.

In order to make the guarantee outline more dynamic, the formats will be standardized, and electronic transactions between the development and commercial bank will be encouraged. Likewise, rules and conditions to guarantee legal and financial security to both parties will be implemented.

#### 5.2.3.1 Promote the creation of state funds

The Secretary of Economy will coordinate actions with the state and municipal governments for the creation of guarantee funds to support the micro and small size companies located in regions and sectors determined by the governments themselves. The funds are intended to last long time, if and when, they are used correctly.



Furthermore, the Secretary of Agriculture, Livestock, Rural Development, Fishing, and Feeding (SAGARPA) will implement a Trust of Guarantee in Solidarity for rural financing, with the direct participation of producers and state governments.

#### 5.2.3.2 Create guarantee funds for the working capital of the public and private sector suppliers

*A guarantee fund linked to the development bank will be created through the Secretary of Economy, in order to back up the MS&MSCs, that act as suppliers of the public and private sector.*

The Secretary of Economy will create a guarantee fund linked to the development bank that will back up the MS&MSCs that act as suppliers for the public and/or private sector. These, in spite of the fact that they can supply, due to their quality and price, are hindered by liquidity problems. This fund will allow these companies to get working capital financing with very few requirements, if and when they can prove that an order has been placed.

This program also states the creation of a Business Information Network which will link regional supply and demand through an information system on the demand for products by private companies and on the government bids, which will allow the companies to know which are the supply requirements on time. This is the result of the availability shown by the large size companies and the commercial chains, as well as the coordinated action of the Secretary of the Comptrollership and Administrative Development (SECODAM) [for its initials in Spanish], public companies, the Secretary of Economy, and public and private institutions.

For this purpose, the Secretary of Economy and NAFIN will channel different types of support, according to the circumstances of each company:

1. Advice on bidding processes for the companies who participate for the first time.
2. Registration in the supply-demand link catalog of the network for companies that have already taken part.
3. Financing services for the awarded companies, among other supports.

#### 5.2.3.3 Promote the creation of mutual guarantee funds

*The mutual guarantee fund will guarantee that the MS&MSCs will have access to short or long term financial resources.*

A mutual guarantee fund is a private organization whose purpose is to make sure that the MS&MSCs will have access to short or long term financial resources, when they cannot offer the collaterals required by the formal financing.

These funds will be a complement so that the MS&MSCs can be better positioned in their negotiations with financial institutions and can minimize the risk of negative effects. This will make it easier to negotiate better conditions for interest rates and terms by means of agreements between the guarantee partnerships and the credit institutions. This will decrease the cost of financing for this kind of companies.

The Secretary of Economy will promote together with the state governments and the companies the regional creation of this kind of funds, with similar contributions

by the members, so that those who make up the trust decide to which company they are going to grant a guarantee. This outline will allow to reactivate credit at competitive rates and will take care that the resources are adequately used.

#### 5.2.3.4 Create guarantee funds for exporting companies

*The Secretary of Economy and BANCOMEXT will create the credit guarantee fund intended for the exporting S&MSCs, so that they can obtain working capital, in order to support export projects and reduce intermediation rates.*

Among many other factors, the competitive capability of Mexican products in international markets is closely related to the cost, timeliness, and access to credit for repairs, and for working capital, equipment, insurances, and factoring.

The high competition conditions stated by international markets has led the governments of countries with higher export rates from small and medium size companies, to work with aggressive financial support strategies for these companies, among which they always include financing funds, complementary collaterals, offering access to international competition.

The Secretary of Economy together with BANCOMEXT will create the credit guarantee fund for exporting S&MSCs, so that they can obtain working capital, as an instrument that will support these companies, so that they can access financing for export projects and achieve a reduction of the intermediation rate.

#### 5.2.3.5 Establish funds to support the MS&MSCs with the credit operation cost.

The high operation costs incurred in when credits are granted to smaller companies, affects negatively their competitiveness. For this reason, an outline that will allow companies to pay for part of the costs incurred in during the granting and administration of credits will be established.

For such purpose the Secretary of Economy will contribute with resources for a fund, and NAFIN will be the trustee, in order to guarantee financing at competitive rates for the smaller companies, with a fast resource allocation mechanism that covers low amount credit operations.

This outline will allocate resources to banks offering a low operational cost and addressing the biggest number of companies. This way, the commercial bank will be encouraged to grant credits without increasing interest rates, and its framework throughout the different regions of the country will be taken advantage of, so that these companies can easily access credit.

The outline consists of establishing cooperation fees to encourage the commercial bank and credit auxiliary organizations so that they grant formal financing to the low income MS&MSCs that need credits of less than 100,000 USD.

#### 5.2.4 Strengthening and creation of support funds for specific sectors

In order to encourage an inclusive development and achieve the reactivation of sectors that have remained in stagnation, or that make up an important source of

currency for the country, this administration will give them special attention in regards to financing. Credit security mechanisms and technical, financial, and market support will be spread out; likewise the financing reactivation for the tourism sector will be promoted through the National Fund to Promote Tourism (FONATUR) [for its initials in Spanish].

*Financing funds will be established to reactivate sectors that either have remained in stagnation or that are an important currency source.*

On the other hand, the industrial and commercial chain activity linked to the mining sector will be encouraged, with the support of FIFOMI, with bank discounts and direct credits.

In order to support the rural sector MS&MSCs, financing granted by the Trust Fund for Agriculture (FIRA) [for its initials in Spanish] will be strengthened with fixed rate credits, funding in dollars, debt consolidation, guarantee services, operation with financial sector companies, support to Credit Unions and, in general, financing programs for the rural and agricultural-industry rural development.

In order to support this same sector, the Fund for Capitalization and Investment for the Rural Sector (FOCIR) [for its initials in Spanish], and the Financial Fund for Identification and Preparation of Rural Projects (FIPRU) [for its initials in Spanish] will continue supporting the rural MS&MSCs with venture capital funds.

Likewise, the Trust of Shared Risk of the Rural Sector (FIRCO) [for its initials in Spanish], in coordination with the different institutions of the development bank, FONAES, the Secretary of Economy, and SEMARNAT will be in charge of running and supervising the

strategic and contingency programs to promote agricultural businesses. This will be done using shared risk outlines.

#### 5.2.5 Strengthening of non-banking financial intermediaries

*The role of promotion entities and credit unions will be encouraged, in order to promote adequate outlines for the companies' development.*

In coordination with the development bank, non-banking private financial agencies specialized in MS&MSCs will be supported if and when they are directly involved in granting financing, reducing interest rates, and diversifying and extending their financial services and products, and developing training programs to specialize the staff in charge of these agencies.

##### 5.2.5.1 Strengthen promotion agencies

In order to promote dynamic and fast financing mechanisms and methods that allow to extend the financial service capability for the MS&MSCs, encouragement and support will be provided to promotion agencies which due to their size and knowledge, as well to their particular operation characteristics, which together with the local and regional experience of the players and markets, constitute an adequate instrument for the credit promotion and development of companies.

These promotion agencies are incorporated basically with resources from investments for the region itself, where resources multiplied by the development bank are used, according to their performance in time. Their action territory is generally limited to certain production

and service sectors, of which investors have knowledge and direct and reliable information.

#### 5.2.5.2 Strengthen Credit Unions

The Secretary of Economy will promote and strengthen, together with the development bank, the creation and strengthening of credit unions as an efficient intermediary to improve the negotiation ability and obtain credits in the financial market for the common acquisition of raw material or inputs at better prices and for marketing products manufactured or produced by the micro, small, and medium size companies.

By means of association of companies in the credit unions, teamwork will take place in order to improve economic advantages that would be difficult to obtain if done individually.

#### 5.2.5.3 Design risk capital outlines

*Investment funds specialized in risk capital will be created, and they will favor the partnering quality over that of the creditor, so that the MS&MSCs can capitalize and achieve a better financial framework.*

This action will take place in coordination with entrepreneurial organizations that identify production regions and sectors that can be supported due to their impact and the creation of production chains, and job creation.

The Federal Government will strengthen and promote the use of FOCIR programs, supporting the rural MS&MSCs with risk capital funds, as well as FIRCO support instruments.

Likewise, FONAES will strengthen its actions in risk capital, designed to create, extend, reactivate, or consolidate production projects or social enterprises.

On the other hand, by promoting Capital Investment Funds (SINCAS) [for its initials in Spanish], capital contribution with resources coming from private investments will be promoted, so that private investors invest in production projects promoted by small and medium size companies. The SINCAS work as a private investment promoter due to its multiplying effects. This allows to support a larger number of companies by means of venture capital outlines, at the same time that the management of companies is left in the hands of professionals. This reduces operational costs, prevents risks and strengthens the possibility of achieving successful companies.

In this regards, the support of the National Banking and Securities Commission (CNBV) [for its initials in Spanish] will be sought for, so that rules that allow SINCAS to become the key to capitalize or fund small and medium size companies are issued, thus promoting their development and growth.

#### 5.2.5.4 Create a stock market for the MS&MSCs

The Federal Government is studying the possibility of creating a private stock market, thus allowing the MS&MSCs to capitalize with resources coming from investments that have the capability and experience, encouraging the support of synergies between the small and medium size companies and domestic and international investments.



#### 5.2.5.5 Promote financial factoring

The Secretary of Economy will promote the use of financing mechanisms through the sale of the companies' current receivables. This mechanism helps the companies obtain the liquidity at short term, thus reducing leveraging without generating the company indebtedness, at the same time that it covers risks by recovering the portfolio and the timely payment by the customers.

#### 5.2.5.6 Strengthen the social bank

*The role of the social bank will be encouraged, in order to support marginalized sectors that cannot access traditional credit.*

The Secretary of Economy will promote the design of outlines to boost the social bank, in such a way that it manages to support most of the marginalized sectors of the country. These groups are mostly located in market segments of the micro and small size companies, as well as in rural communities that can only access credit through non-traditional outlines.

This outline will be coordinated with the programs of the National System of Microcredits and with those of FONAES. In order to prevent some segments of the population from being unattended, mechanisms will be created so that they can go on making progress in their production activity; likewise, FONAES will promote the development of solidarity funds for social enterprises.

A growing number of these institutions are emphasizing the financial service rendering for micro size companies, including micro credit methodologies in order to boost the production capability, both by micro size companies, and the low-income entrepreneur population.

The Popular Financial Societies in particular represent a great option for the development of micro finance in Mexico: they offer several advantages that place them in a privileged situation. Among others, they are unusually close to the market and they have operational characteristics that allow them to achieve sustainability faster (based on economies of scale), as well as achieve adequate performance and quality standards.

#### 5.2.5.7 Consolidate microcredit systems

*The small production projects will be supported through microcredit outlines.*

The Secretary of Economy will promote a system of financing institutions for micro size companies that will boost the production capability of the entrepreneur population and manages to get involved in the production activity of the country.

Financial support mechanisms will be established, in favor of persons and groups organized in solidarity, who traditionally cannot access to the formal commercial bank, but whose production abilities are good. Such support will be channeled through intermediary institutions, in order to promote the creation and development of production proposals, and to encourage the consolidation of successful, competitive projects, with a high social content and profitability.

By the same token, the essential element of this strategy is to support small production projects by means of three programs:

- ❖ Program to Support and Promote Micro Entrepreneurs and Social Enterprises

❖ Fund for Micro financing for Rural Women (FOMUR) [for its initials in Spanish].

❖ FONAES

Furthermore, NAFIN will encourage financing through its Micro Credits Program, addressed to the southeastern area of the country, in order to contribute with the development of production projects in this region.

#### 5.2.6 Promotion of international cooperation

The Secretary of Economy will sign collaboration agreements with international financial institutions supporting the institutional and entrepreneurial development, as well as with entrepreneurial cooperation entities that promote the development of the production activity in the country, and provide financing in favor of the MS&MSCs. Trade and cooperation agreements signed by Mexico will be adequately used in order to encourage financial cooperation.

### 5.3 Entrepreneurial training to achieve competitiveness

*By means of entrepreneurial training, efficient involvement of companies in the production chains will be encouraged, as well as their successful participation in any market.*

This strategy is intended to strengthen competitiveness in existing Mexican companies and to promote the incorporation of new companies. These new companies must have world-class quality, service

and productivity standards so that in both cases they can enter into production chains and participate in any market successfully.

The above mentioned will be achieved when entrepreneurs, high ranking executives, and workers develop abilities and capabilities, oriented to productivity, quality, service, process improvement and innovation, products, and technology, sustainable development, knowledge management, change administration, and computing culture.

The entrepreneurial organizations, unions and guilds, educational institutions, research centers, public and private organizations specialized in supporting companies, as well as states and municipalities will actively take part in the processes of promotion and service to companies, with initiatives locally generated.

*By means of the Fund to Support Micro, Small, and Medium Size Companies (FAMPyME) [for its initials in Spanish], services such as advice, training, consultantship, information systems, and technology innovation, among others, will be supported.*

The above mentioned players will contribute, within this strategy, with the creation of supporters and they will encourage competitiveness oriented entrepreneurial culture, sharing the necessary knowledge and information with the companies of each region, sector, and production chain that needs it; in such a way that the knowledge and practice play together to achieve competitiveness in such companies.

By means of certification outlines, the government will promote training and up-dating courses among promoters, instructors, advisors, and consultants who work as entrepreneurial players, and give timely answers to the MS&MSCs needs.

Addressing the particular needs of the different regions of the country, the Secretary of Economy will run the Fund to Support Micro, Small, and Medium Size Companies (FAMPyME) [for its initials in Spanish] which will support advice, training, consultancy services, information systems, technology innovation, training for advisors, consultants, instructors and promoters, entrepreneurial link centers, and entrepreneurial player networks, linking the other programs of the Federal Government, as well as those of the states and municipalities.

The action lines for this strategy are hereby detailed:

<b>STRATEGY 3</b>	
<b>Entrepreneurial training to achieve competitiveness</b>	
<b>Action lines:</b>	
3.1	Promotion of a competitiveness oriented entrepreneurial culture.
3.2	Strengthening entrepreneurial training.
3.3	Encourage advice and consultancy for companies.
3.4	MS&MSCs should easily access computing services.

### 5.3.1 Promotion of an entrepreneurial culture for competitiveness.

*The ability to generate and lead permanent, sustainable, socially responsible production companies will be strengthened among the entrepreneurs.*

This action line seeks to strengthen, among the persons who take part or influence the entrepreneurial activity, a long run vision within the global economic environment, and world-class competitiveness standards, encouraging and committing them to generate and lead strengthened, permanent, sustainable, and socially responsible production companies.

The use of better management and production practices will be encouraged and promoted among entrepreneurs and workers, so that MS&MSCs have an easier access to competitiveness.

The development of this culture requires also a new relationship between society and entrepreneurial activity, where the company involvement is acknowledged as an instrument of the society for the correct distribution of income, as the place where people live together, have opportunities to make true their production potential, and live an important part of their lives.

This new enterprise-society relationship should make effectiveness in production performance easier, leading towards the creation of wealth in the widest sense: fair salaries, and respect for the workers' rights, profits for shareholders, quality products and services for the customers, adequate payments to suppliers, timely contributions for the society, strengthened jobs and support for the community where the company performs, as well as protection of the environment.

Specific actions to be developed are:

#### 5.3.1.1 Promote actions for the development of entrepreneurial vision

The management and administration of Mexican companies should be carried out with modern practices demanded by competitors in global markets. They should have a wide and future vision of their capabilities; including continuing improvement to achieve a better quality, productivity, sustainability, technological and productive capability, as well as training and development of people who work there.

In order to achieve the above mentioned, it is necessary to encourage the vision of entrepreneurs, high ranking executives, workers, unions, entrepreneurial organizations and officials of the three government levels, so that they get involved in the economic development, towards standards in products, services and world-class company processes.

#### 5.3.1.2 Promote social responsibility of the companies

Contributions will be made so that the companies' management includes ethical values in order to use management practices responsibly before the society, the environment, workers, customers, suppliers, and government.

The Comité Nacional de Productividad e Innovación Tecnológica A.C. (The National committee of productivity and technological innovation) (COMPITE) [for its initials in Spanish] will promote that companies are certified for their social responsibility, as a competitive advantage of international commercial practices, providing consultantship to support such objective.

#### 5.3.1.3 Promote quality and productivity culture

The goal is that companies develop quality assurance and continuing improvement systems, in order to achieve processes, products, and service standards that

meet the customers' expectations and provide competitive advantages.

Quality certification for companies will be promoted and COMPITE among other specialized organizations will provide consultancy, so that they can achieve this objective.

In order to encourage and promote better practices and actions among entrepreneurs, the National Prizes (Quality, Export, and Technology) acknowledge the best efforts and results obtained by the companies, in these issues.

### 5.3.2 Strengthening entrepreneurial training and education

This action line will contribute with the development of knowledge and abilities needed by entrepreneurs, high-ranking executives, and workers of the companies, so that they can strengthen the productive and administrative capabilities of their organizations.

*The production and administrative capability of organizations will be strengthened, by means of entrepreneurial training and education.*

Companies will be encouraged, so that they include in their administration the management of knowledge, in order to keep their organizations within the international competence standards.

Once the companies' training needs are identified, the entrepreneurial players network will be in charge of carrying out and implementing support actions, according to the specific need of each region and sector; for that purpose, Entrepreneurial Link Centers and Companies Incubators will be consolidated.



The criteria to render training services will be of a standard quality, certifying instructors in regards to their labor competencies, and programs content taking into consideration the standards of the National Council of Standardization and Certification (CONOCER) [for its initials in Spanish].

In order to reach a higher number of people who require training, making it easily and timely accessible, the Information Technology resources will be adequately used.

The following actions should be developed:

#### 5.3.2.1 Promote the companies' training and modernization

The MS&MSCs, mainly the smaller ones, will be provided management training, in a direct, simple and accessible way. This training encompasses important issues for the company, such as: decision making process, accounting, marketing, stock handling, operation strategies, market studies, competition analysis, financing, business plans, production processes, among others.

In order to meet this objective, the Secretary of Economy has developed the Program of Training and Modernization of Companies (PROMODE) [for its initials in Spanish], that is already running. This program will be modified to expand its coverage to industrial and service activities, as well as to address specific needs of the different sectors. The entrepreneurial players network will be included to increase their scope and meet the needs of the smallest companies in the country.

### 5.3.2.2 Promote the development of human resources

*The development of managerial abilities and labor competencies will be encouraged, by means of specific training and educational programs.*

The purpose of this action is to update and strengthen the performance of entrepreneurs, high ranking executives, and workers through specific training and educational programs, intended to develop managerial abilities and labor competencies.

This training will be specifically organized in such a way that it addresses the regions, sectors, and production chain needs. Thus:

- ❖ Training actions directly affecting the development of production chains will be strengthened.
- ❖ Training programs specific to train the human resources of each sector will be developed, in coordination with chambers and entrepreneurial organizations.
- ❖ The companies will be able to access training projects, where issues such as business administration, diagnosis tools, improvement processes, strategic and financial planning, foreign trade, and organizational development will be included, through the Entrepreneurial Link Centers.
- ❖ The Secretary of Economy will coordinate efforts to create a training program for companies and entrepreneurs in relation to the development of

business plans. This will the number of survival premises. It will also make informal companies become part of the legal framework. There is already such a program: Your **own company, the best investment.**

- ❖ Entrepreneurial training provided by the CETRO-CRECE and COMPITE Network will be strengthened.
- ❖ Training and consultancy outlines for craftsmen and craftswomen will be promoted through the Program to Support Handcrafts Design (PROADA) [for its initials in Spanish], in order to improve the production and marketing abilities of the craftsmen and craftswomen entrepreneurs.
- ❖ The Secretary of Economy will promote and support outlines developed by the National Institute of Agricultural and Livestock Training (INCA) [for its initials in Spanish] from SAGARPA, to create micro and small size companies in the rural area, adapting PROMODE to the agricultural-industrial sector.

The Secretary of Tourism (SECTUR) [for its initials in Spanish] in coordination with the Secretary of Economy will implement the Modernization Program for Small and Medium Size Tourism Companies to improve the quality of services and increase the companies' profitability, by means of managerial and labor training actions.

The STPS will strengthen its training outline for workers, by means of the Comprehensive Quality and Modernization program (CIMO) [for its initials in Spanish], in a decentralized way, with the support of the state secretaries of economic development.

The Program of Maintenance Grants to Support Training Before Hiring Contracts are Signed (PROBECAT) [for its initials in Spanish], from STPS, will be strengthened through the governments of the states; they give maintenance grants to persons who wish to occupy operational positions, before they are hired.

The Secretary of Public Education, through its Training Centers for Industrial Work (CECATIs) [for its initials in Spanish] will provide labor training and encourage the outlines established by CONOCER. Furthermore, it will provide entrepreneurial training taking advantage of the infrastructure of the National System of Technological Education (Technological Studies Centers, Technological High School Centers, and Technological Institutes).

In addition, by means of the General Bureau of Labor Training Centers, the Secretary of Public Education will promote labor training in regions difficult to access, through its Mobile Units. The Mobile Units provide training per labor area and promote certification per labor competencies.

#### 5.3.2.3 Promote entrepreneur development

*Entrepreneurial culture will be encouraged in the country, supporting the entrepreneurs' efforts.*

Entrepreneurial culture will be encouraged and promoted in our country. For such purpose the Secretary of Economy in collaboration with higher education institutes will support the efforts, initiative, and creativity of entrepreneurs, making it easier to incorporate new companies, which will be strong from the onset.

Support programs will be oriented to provide advice and consultancy to entrepreneurs, so that they can develop their projects based on technical feasibility, commercial, and financial studies that support the feasibility of the project. The Entrepreneurial Link Centers will be a very important instrument for such purpose.

The National Award for Entrepreneurs will be implemented to acknowledge the entrepreneurial culture.

The incubation of companies will be an instrument promoted in coordination with public and private educational institutions, entrepreneurial organizations and municipalities, so that entrepreneurs are supported from the beginning of their entrepreneurial management, with physical facilities and comprehensive consultancy that will allow their companies to develop competitively, taking into consideration the production direction of the region and the existing production chains; in such a way that students and population who have an idea for a business can make it come true.

Finally, BANCOMEXT will promote its program Young Entrepreneurial Creativity, which will support projects and companies created by young professionals, so that they can successfully consolidate their projects.

#### 5.3.2.4 Promote the creation of social enterprises

*Efforts made by marginalized social organizations that submit financially and socially feasible projects will be supported.*

The creation of organizations able to produce, market, or distribute goods or services coming from sectors that are in disadvantageous conditions is a growth engine for

the national economy, because it will allow to generate jobs, increase income levels, and cover the demand of goods and services at local level.

FONAES supports the efforts made by rural low income social organizations, and those of urban-popular groups, providing technical assistance and training to projects that prove to be financially and socially feasible, in such a way that this sector of the population is not excluded from the national production activity.

### 5.3.3 Promotion to entrepreneurial advice and consultancy

*Technical assistance and consultancy programs will help meeting the needs of improvement and updating for production and administrative processes of the companies.*

This line of action is oriented to meet the needs of improvement and updating of the production and administrative processes. Thus, technical assistance and specialized consultancy actions have a very significant role.

The entrepreneurial players network and the availability of useful and easily accessible information will strengthen the companies' competitive capabilities, taking as the starting point the diagnosis of opportunity areas, designing and implementing improvement plans and timely evaluating their impact in such companies. For this purpose, the Entrepreneurial Link Centers and the Companies Incubators will be important instruments.

Local consultants in the states will be encouraged so that they get training, updating, become professional and specialized, in order for them to provide answers to

the entrepreneurs of their locations in a timely and adequate way.

In order to guarantee the quality of consultancy services offered by the Federal Government, certification of consultants hired by or linked to the support programs, in the Consultancy Standard approved by CONOCER, will be encouraged.<sup>41</sup>

The Consultants' Information Bank (BDC) [for its initials in Spanish] belonging to the Federal Government will be spread out, so that the companies choose the professional that will render his/her services. In the medium term only certified consultants will be included in this list, and they will be the ones hired or linked to provide advice or consultancy services.

The following are the most important actions:

#### 5.3.3.1 Promote basic consultancy

Basic consultancy is a low cost option for smaller companies to be able to consolidate their position in the market, when they receive the support that offers them administrative and accounting solutions. The Secretary of Economy will continue strengthening the managerial abilities of the small and medium size companies by means of the consultancy offered by the CETRO-CRECE Network, among other instruments.

The basic consultancy service supply for MS&MSCs will be increased through the CONSULTE Program<sup>42</sup>, which will be made in coordination with the

<sup>41</sup> It will be compulsory starting 2002.

<sup>42</sup> The purpose of this program is to train university consultants, by means of a one-year theoretical – practical training, for students studying the last semester, for those who have just finished school, and for teachers who teach engineering and economic-administrative subjects. At the end of the training, their certification will be promoted based on CONOCER consultancy standard.

CETRO-CRECE Network, the National Association of Universities and Institutions of Higher Education (ANUIES) [for its initials in Spanish, CONACYT and the Secretary of Public Education. This will provide a reliable, low cost solution for smaller companies.

#### 5.3.3.2 Strengthen specialized consultancyship

With the personal support of entrepreneurial players and certified private consultants, the program identifies the opportunity areas in the company, and offers better practices to increase productivity, quality, sales, and reduce costs, emphasizing continuing improvement, and quality assurance.

NAFIN will extend its technical assistance services in the states, focusing especially on the smaller companies. These services are a complement for the financial support offered by this institution. Among the actions being offered, we can mention: entrepreneurial diagnosis, program of total quality management, consultancyship unit specialized in high impact entrepreneurial technical assistance, virtual assistance system, and methodology for the business plan, and the master plan, among others.

Special attention will be given to companies that consolidate and strengthen production chains in the country, encouraging the creation of specialized consultancyship per sector.

#### 5.3.3.3 Encourage consultancyship for foreign trade

*Adequate instruments will be developed, so that the MS&MSCs reach the quality level required by the international markets.*



The Secretary of Economy will provide the smaller companies, elements that will allow them to reach the quality level required by the international markets.

For this purpose, State Centers to Promote Exports (PYMEXPORTA) [for its initials in Spanish] will be developed, so that they standardize service, and support procedures, intended to:

- ❖ Increase the company productivity
- ❖ Increase the product competitiveness and adapt it to the market
- ❖ Adhere to international provisions and standards
- ❖ Spread out rate and non-rate regulations
- ❖ Provide information about promotion and distribution channels

In order to implement these actions, BANCOMEXT and the state governments have implemented the System to Consolidate and Promote Export Supply. Through State Promotion Groups and PYMEXPORTA centers, this System will accurately address the specific need of the entrepreneurs belonging to each state.

Furthermore, BANCOMEXT programs will train and support Mexican entrepreneurs, so that they can successfully compete in the international markets. Among these programs we can mention: Mexico Exports, Advisory and Technical Assistance Services, Technical Assistance Program and Image Campaigns (PATCI) [for its initials in Spanish].

#### 5.3.3.4 Establish a program of support provided by retired experts to MS&MSCs.

The Secretary of Economy will establish advice and technical assistance mechanisms for the MS&MSCs, taking advantage of retired persons from the public and private sector (entrepreneurs, high-ranking executives, technicians, and officials), so that they get involved in supporting the companies' competitiveness development.

The Secretary of Economy will implement the Program of Retired Experts for the MS&MSCs. This effort is intended to consolidating a network of MS&MSCs advisors and consultants, taking advantage of the knowledge and expertise of the retirees.

#### 5.3.4 Access to information made easier for the MS&MSCs

*MS&MSCs will have easier access to information, so that they can improve their decision-making processes.*

Information is essential to generate and develop competitiveness among the MS&MSCs, since it will let them get to know the market, their position regarding their competitors, standardization, administrative procedures applicable to their activity, and immediate business opportunities, among other aspects that affect their ability to act in the market.

Information technology and immediate remote communication provide a new scope to the information field. This scope goes beyond the traditional concept of access to information. It allows companies to include different types of training, more efficient ways of management, and carry out businesses in a direct way. And so it generates additional competitive advantages for the companies that use this technological alternative.

Develop entrepreneurial culture for competitiveness among the MS&MSCs demands an easy access to information and computing systems, under conditions that can be compared to those of larger size companies who deem this access is a strategic objective.

This information provides the companies the opportunity to carry out more businesses, and at the same time reduce costs related to the decision making process. This includes developing information and computing tool contents, according to the MS&MSCs specific requirements and possibilities.

The following specific actions are the most important ones:

#### 5.3.4.1 Develop information means and contents for the MS&MSCs

The Secretary of Economy will consolidate an information system intended to cover the small and medium size company requirements, promoting the generation, distribution, and use of economic and entrepreneurial information, as well as the use of technological and computing applications adequate for these companies.

This specific action has two aspects:

Implementation of an information system for the MS&MSCs (Contact S&MSCs)

*By means of S&MSCs Contact, access to an information system will be easier, and it will allow the entrepreneur to know a great variety of interesting issues.*

This information system should be accessed easily by the MS&MSCs, and should allow the entrepreneur get knowledge about:

- ❖ Specific procedures per activity and location
- ❖ Production chains
- ❖ Standardization and legal environment
- ❖ Adequate financing options for the MS&MSCs
- ❖ Business opportunities
- ❖ Opportunities to get involved in the production chains and domestic and export trade
- ❖ Advice and training alternatives for entrepreneurs and companies
- ❖ Support programs to encourage the creation of businesses and strengthen the existing companies operation and competitiveness
- ❖ Computing tools and applications useful for the MS&MSCs
- ❖ Options to access information technology tools
- ❖ Tools to promote domestic and international marketing of the MS&MSCs products, by means of e-commerce.

Companies belonging to the electronic industry (equipment and software) will be encouraged to develop products that match the requirements and possibilities of the small and medium size companies.

## Implementation of a complete and reliable entrepreneurial register

As an essential part of information systems for the companies, a useful, complete, generally accepted entrepreneurial register is needed. General public should be able to access it. It should allow for the creation of a link among companies promoting businesses; decide on and guide support programs for sectors and economic activities, specially. It should be the basis for the development and updating of programs intended to know the make-up of production chains, geographical location of companies, among other aspects.

The register of the Mexican Entrepreneurial Information System (SIEM) [for its initials in Spanish] established by the Law of Entrepreneurial Chambers and its Confederations, published in December, 1996 is the first step for the development of the entrepreneurial register required to identify the universe of companies, their size and production activity field. It should also improve its usefulness and meaning, addressing specific issues, such as:

- Complete coverage: Mechanisms that allow to include all the companies in the register should be determined, regardless their economic activity and location encouraging at the same time acceptance by SIEM as a general reference for institutions, agencies, and organizations.
- Easy operation for the companies: There should be an improvement in the participation procedures of the entrepreneurial chambers, and in the registration process, as well as the integration of alternative registration means for companies, making sure the process is simple and easy.

- **Functionality:** Information should be easily accessible for companies, both regarding timeliness availability; and looking up data should be easy. At the same time, it should be useful in regards to its specialization per product and per production chain.

#### 5.3.4.2 Use of information among the MS&MSCs should be easy and encouraged

*Entrepreneurial Link Centers will make it easy for information to move from its last stage towards the end user, the MS&MSCs.*

Means that make it easy for information to move from its last stage towards the end user, that is, the MS&MSCs should be developed. They should also generate a link between them and the technological innovation alternatives.

This will be the job of the Entrepreneurial Link Centers for the MS&MSCs throughout the country. By means of direct and personal service, these centers will help companies increase their competitiveness capability.

The Entrepreneurial Link Centers should cover all aspects needed to reach the stated objective: information, training, advice, business opportunities and plans, with accessible services for the MS&MSCs, regarding:

- ❖ The use of computing means
- ❖ Workshops to encourage the use of information
- ❖ Access to computing applications for specific use

- ❖ Training in general, or regional interest issues for the MS&MSCs
- ❖ Guidance in competitiveness support programs and instruments
- ❖ Guidance in financial programs and alternatives
- ❖ Guidance in procedures and standardization
- ❖ Link with sales opportunities
- ❖ Link with export opportunities
- ❖ Link with supplying opportunities
- ❖ Link with integration opportunities
- ❖ Advice for the development of a business plan
- ❖ Link and follow-up of the MS&MSCs projects with educational institutions, specialized organizations, such as the CETRO, CRECE, COMPITE Network, PYMEXPORTA Centers, Technological Development Centers, BANCOMEXT and NAFIN, among others.

The Entrepreneurial Link Centers may specialize, when they deem it convenient, in order to give special service to a specific economic sector: agricultural – industrial, commercial, industrial, or services, whenever it is interesting for a state or given region of the country.

In implementing Entrepreneurial Link Centers, synergy of actions among all players will be encouraged, in order to ensure a greater opportunity and process efficiency, as well as a higher impact among the MS&MSCs throughout the country.

The states, chambers and entrepreneurial organizations as well as academic institutions will run the Link Centers, participating with: physical space, staff required to provide the MS&MSCs information services, training, advice and business link. They will also participate in the general administration of the centers and will thus encourage them to be self-sufficient in their operation. This will ensure their stay and grow supporting the MS&MSCs of the country.

Promotion will be provided so that companies specialized in services required by the Link Centers, such as companies that produce and distribute software, hardware, communication services, and Internet, remote training services and training and information contents, participate actively in the creation and operation of Link Centers under adequate conditions, according to the requirements, interests, and possibilities of the MS&MSCs.

By means of this synergy process, a permanence, stability, and growth scope of the Link Centers services in favor of the MS&MSCs will be achieved.

## 5.4 Link to the technological development and innovation

*The technological development will be encouraged among the MS&MSCs, in order to improve their production processes, workers' safety, and costs and product quality.*

Technology is a strategic factor to make companies achieve a competitive and innovative capability. It is not limited only to processes, or machinery and



equipment, but it involves human resources that organize, run, and transform a company. Technology is more than a tool; it involves attitude and practice.

This strategy will promote technology culture in the companies of our country and will update management and technology in MS&MSCs so that they can improve their production processes, the workers' safety, their costs and quality of products or services. Environmental protection within the sustainable development framework should be emphasized.

The core of this strategy will be the creation of entrepreneurial players specialized in technology transfer to the MS&MSCs.

A close relationship among companies, educational institutions, and research centers will be encouraged, so that they lead their research and technological development efforts towards actual needs of the companies, sectors, and production chains.

In order to generate a sequential and ordered process that includes technological resources for the company is its essential to coordinate efforts with CONACYT.<sup>43</sup> With this institution, the Secretary of Economy will establish a Sector Fund to Support the Technological Development of the Micro, Small, and Medium Size Companies. The goal of this fund will be to drive and promote the use and exploitation of technology as an agent of change and operation of the support, financing and capital contribution instruments, intended for the development and execution of technological projects.

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<sup>43</sup> This institution is ruled by the Special Program for Science and Technology, 2001-2006. By late 2001, based on the reports submitted by the Federal government agencies that carry out scientific and technological activities, Sector Programs for Science and Technology will be published, and they will account for the possibilities of inter-sector, and inter-institution collaboration, thus outlining the knowledge strategic areas.

The action lines for this strategy are the following:

STRATEGY 4	
<b>Link to technological development and innovation</b>	
<b>Action lines:</b>	
4.1	Technological modernization and strengthening of the MS&MSCs
4.2	Technological development and innovation
4.3	Technology transfer through industrial outsourcing outlines
4.4	Promotion of an entrepreneurial technological culture
4.5	Promotion to the domestic and international standardization outlines

#### 5.4.1 Technological modernization and strengthening of the MS&MSCs

*Technological Productivity and Link Centers will be established in order to provide technological support to the companies.*

This action line seeks to support competitiveness of the MS&MSCs. Thus facilitating them to update and innovate technology to increase their effectiveness in the use of machinery and equipment, raw materials, facilities, processes, logistics, and favor industrial

security, workers performance, and environmental protection; thus guiding companies towards quality and productivity standards demanded by the international competitors.

The following are the specific actions to be carried out:

#### 5.4.1.1 Establish technical support centers

The Secretary of Economy will promote specialized consultantship and support outlines, supporting COMPITE development, among other support instruments.

Productivity and Technology Link Centers specialized in specific industrial activities will be established, so that smaller companies are offered the technological support to optimize their production processes. These sector centers will be the technology suppliers of the MS&MSCs linked to the domestic production chains.

Furthermore, the Technological Centers of the SEP-CONACYT System offer their services, designed to meet the technological innovation and development needs of company groups.

Likewise, CONACTY, through the National System of Research Public Centers, will create and strengthen technology collaboration networks, according to the producers' requirements. In addition, with the Program of Technology Modernization (PMT) [for its initials in Spanish], contributions to contract entrepreneurial technical assistance services will be made.

#### 5.4.1.2 Carry out technology forums

The performance of national, regional, and state Technology Fora will be encouraged so that the production sectors and higher education institutions exchange experiences and, at the same time, encourage the link between companies and academic and research institutions. These links will provide MS&MSCs with an easier access to new technologies.

#### 5.4.1.3 Promote industrial expansion activities

The industrial expansion network will be supported by higher education institutions, research centers, and specialized organizations, in such a way that they give technological solutions according to the MS&MSCs needs in each region and sector of the country. The Secretary of Economy has already a Program of Specialized Technical Advisors, who will be part of the technology expansion network.

CONACYT has the Program to Support Links in the Academic Sector (PROVINC) [for its initials in Spanish] that offers financial support for the creation of Transfer Units and Management of Technological Services in higher education institutions. It also supports Private Sector Advice Councils in charge of making higher education institutions aware of the entrepreneurial sector needs and culture.

#### 5.4.1.4 Promote technology management

The technological development in most companies depends, to a great extent, on the abilities and creativity of the technical staff to innovate products, processes, and/or services. Training will be encouraged in the companies, as well as the integration of personnel specialized in technology, who will implement efficient technological development processes, and contribute to the link of research institutions and centers, thus

creating favorable conditions to involve the company in systematic scientific and technological breakthroughs.

CONACYT will carry out the following activities:

- ❖ Encourage cooperation and exchange programs, as well as tours among technical staff of companies, and researchers, and specialists of higher education institutions and research centers.
- ❖ Create concurrent funds to support post-graduate education in areas of interest for the company.
- ❖ Encourage communication between academic and research institutions with entrepreneurial organizations to support the S&MSCs demands.
- ❖ Efficiently use the computing platform for remote training and education.

*CONACYT will coordinate and instrument actions to develop and to innovate in companies.*

Likewise, training specialized in technology addressed to entrepreneurs and workers will be strengthened.

#### 5.4.2 Technological development and innovation

CONACYT will coordinate and instrument actions to develop and to innovate technology<sup>44</sup> in companies throughout Mexico according to the National Program for Science and Technology. It will also promote

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<sup>44</sup> The above mentioned, is according to the Law to Promote Scientific and Technological Research, published in May, 1999.

activities to support the scientific and technological development applied to entrepreneurial initiatives, in coordination with entrepreneurs, organizations, and public and private institutions, technological universities, and research and development centers.

In coordination with the Mexican Institute of Industrial Ownership (IMPI) [for its initials in Spanish], care and respect for innovations will be encouraged, in order to promote research among Mexicans.

The following specific actions will be performed:

- ❖ Promotion of cooperation, exchange, and permanence programs among technical staff of companies, researchers and higher education institution specialists, as well as research centers.
- ❖ Encourage the creation of regional or sector entrepreneurial consortiums with the cooperation of companies involved, and research centers, to solve common problems, with the objective of achieving economies of scale and access to technology.<sup>45</sup>
- ❖ Encouragement to private sector investment in research and development. Companies will be encouraged so that they devote part of their revenues to this item, for which, the Secretary of the Treasury will be asked to increase tax incentives to those who invest in this area.

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<sup>45</sup> In most cases, the companies of a same region, sector or industrial field face common technological factors and problems, that either benefit, or negatively affect them all. Association between companies and research centers, however, does not take place, especially when dealing with problems whose solution is very expensive. Therefore, regional and sector entrepreneurial consortiums will be incorporated, where involved companies and research centers cooperate to find solutions for common problems, thus achieving important economies of scale and obtaining regional and/or sector benefits.

- ❖ CONACYT will promote the creation and operation of sector funds with the Secretaries of State and other Federal Government agencies, in order to encourage the development of scientific and technological activities in specific areas, important for the society, such as health, energy, education, and training, among others. Likewise, mixed funds will be created, and they will be linked with the states, in order to support scientific and projects that strengthen technological capability. Administrative simplification will be encouraged in all these actions in order to have easy access to the support instruments for research and development.
- ❖ The National Institute of Agriculture, Forestry, and Livestock from SAGARPA, together with the Under Secretary of Agriculture and private foundations, will promote the application and use of new agricultural technologies that allow the diversification and differentiation of products of commercial interest.

#### 5.4.2.1 Create the Sector Fund for Science and Technology for the Economic Development

*The Secretary of Economy and CONACYT will create a technology fund to finance technological innovation and development projects.*

The Secretary of Economy and CONACYT will create the Sector Fund for Science and Technology for the Economic Development, in order to fund innovation and development projects offering technological solutions to the companies, especially the smaller ones. This fund will encourage and promote the use of new technologies, and will cover technical assistance actions, financing

and capital contribution for the development and consolidation of technological projects.

Among the programs and projects that will be able to receive support of the Fund, we can mention the following:

- ❖ Technological diagnosis to detect sequential action lines in order to increase technology levels, and therefore, competitiveness in the companies.
- ❖ Technical assistance specific projects, intended to reduce costs, outlines that create value, differentiation and development of new products, processes and/or services, environmental protection, etc.
- ❖ Promotion and integration of specialized technical staff in technical and engineering areas, technological development and / or research, in accordance with the company's capabilities and needs.
- ❖ High-level training for human resources in scientific and technological specialization.
- ❖ Development of research projects and joint development between companies and higher learning institutions as well as research and development centers.
- ❖ Creation, expansion and / or strengthening of areas of applied research, technologic development and company innovation.
- ❖ Creation of certification, verification and standardization centers that meet demands of the productive sector.



- ❖ Creation and strengthening of companies of high value added based on scientific and technologic knowledge.
- ❖ Development of the industry in information technology.

### **5.4.3. Technology transference through industrial sub-contracting outlines**

Technology transference will be encouraged for large companies towards MS&MSCs in the industrial sub-contracting processes establishing support systems for smaller companies that are suppliers for the large companies. This will allow MS&MSCs to adopt and to develop productive and technological processes to meet their manufacturing commitments in time and form.

### **5.4.4. Promotion of a technology culture for companies**

The concept of technology will be sent to all those sectors of the population that do not have frequent contact with it. This will be done through technological broadcasting companies within the entrepreneurial sector, using the massive media to broadcast select technological issues.

Mainstreaming of technological terms will be encouraged, as will be the organization of entrepreneurial missions to acknowledge and disseminate successful cases and the best technological practices in companies, regions and sectors.

Promotion of technology in people will be encouraged, not only in material resources.

### **5.4.5. Encourage national and international standardization outlines**

Based on the Federal Law on Metrology and Standardization, the Secretary of Economy's General Bureau of Standards (Dirección General de Normas, DGN) proposes the following actions tending to increase competitiveness for the companies in the market:

- ❖ Establish promotion mechanisms for the quality certification outlines in force.
- ❖ Offer training and technical assistance to facilitate companies to comply with the Mexican Official Standards (Normas Oficiales Mexicanas, NOMs).
- ❖ Increase participation of private organizations in evaluation activities, in accordance with NOM.
- ❖ Encourage the interest of national standardization organizations on new industrial branches.
- ❖ Increase the number of courses and seminars on standardization to promote knowledge and understanding its benefits.
- ❖ Encourage participation of higher learning institutions in Mexico and scientific as well as technology research institutions in standardization activities.

The work of the National Center of Metrology (National Metrology Center (Centro Nacional de Metrología, CENAM) will be encouraged. This institution offers technical assistance for calibration, measurement and metrology. Specially, the MESURA Program offers comprehensive advice based on specific methodologies to strengthen measurement systems in the industry and in other organizations that require certification of the validity of their measurements, thus increasing quality in their processes and products.

*Strengthening the production chain will allow for MS&MSCs development.*

## **5.5. Regional and Sector Economic Articulation and Integration**

Insufficient articulation of some of the production chains that make up the industrial network in Mexico demand urgent strengthening of the links that make up the network to transform them into triggers of regional and internal market development as well as to create more and better jobs.

The challenge is to turn agricultural and industrial, commercial and service production chains into true, strategic components within the region and the sector as well as individually by encouraging a partnering culture, creation of permanent suppliers for industry and commerce, reactivation of the sector's production chains as well as inviting greater amounts of investment to strategic regions and sectors.

In regard to vertical integration, promotion of MS&MSCs towards specific market niches where they are competitive and successful. Large size companies will not give up their key competences, but require smaller suppliers for their production. This can encourage competences for MS&MSCs improving their competitiveness as well as the large size companies' competitiveness to which they will become partners.

Strengthening of production chains is an opportunity for development for MS&MSCs because their processes are suitably specialized, instead of competing with the standardized processes of the larger companies both parties will benefit from complementing each other.

In addition to the inherent benefits of specialization, these links promote the flow of knowledge and technology

transference from the leading company to the supplier company encouraging these to become part of the innovation system.

In this sense, regional and sector economic articulation and integration will be based on the integration of production chains where the participation of agents for the creation and dissemination of knowledge (leading companies, national and international buyers, technology institutions, etc.) is of vital importance as multipliers of support. The following are the lines of action for this strategy:

## **5 Strategy**

### **Regional and Sector economic articulation and integration**

#### **Lines of action:**

- 5.1. Outlines for association of companies
- 5.2. Development of suppliers and distributors
- 5.3. Region and sector development
- 5.4. Encourage productive investment

Within the line of action targeted towards promoting association of companies, creation and strengthening of horizontal models for regional and sector integration that include the efforts of all economic agents involved in an economic activity will be encouraged. This will increase efficiency, quality, productivity and competitiveness of MS&MSCs, promoting mechanisms and projects that generate value added in processes and products, in addition to transference of knowledge among companies.

In regard to development of suppliers and distributors, the challenge is to achieve economic integration starting with the large size companies established in Mexico. Creating new alliances among companies and MS&MSCs to strengthen the

production chain from primary production to the final sale and including, as a basic goal, efficient import substitution will do this.

Outlines for association of companies and regions will be encouraged through projects that create value added and that will also be used for technology transference among companies.

*FIDECAP (Fund to Promote the Integration of Productive Chains) will support productive projects that impact regions and sectors.*

In the line of action targeted towards regional and sectorial development, projects that trigger regional economy will be identified and supported. Those strategic sectors that, because of their level of competence in the world context or because of their economic position and geographical location in Mexico, contribute to a greater national economic integration will also be supported.

The said lines of actions, through productive investment, will be increased by government actions to promote development of infrastructure and investment niches so as to take advantage of the possibilities of region and sector development.

Economic development in regions will be strengthened through the integration of production chains based on goals set in agreement with the different companies and with state and municipal governments, mainly considering the State Development Plans (Planes Estatales de Desarrollo).

To support the interaction of production chains the government will provide subsidy through resources and instruments to support their strengthening process. For this, the Fund to Promote the Integration of Productive Chains (Fondo de Fomento a la Integración de Cadenas Productivas, FIDECAP) has been created. Its resources are directed to productive projects with regional and / or sector impact presented by the companies and production organizations,

through state governments with the participation of diverse multiplication agents.

These supports, within a federalism framework, also encourage the creation of warranty funds, the creation of studies, establishing centers for company association and integration of information databases.

This outline originates from the acknowledgement of the shared responsibility among Mexico's government and the state and municipal governments, intermediate organizations and support multipliers, of the task to promote regional, sector and entrepreneurial development, specially seeking that this development should be inclusive, equal and sustainable. This will increase the quality of growth of the economy and society's elements of satisfaction.

The competitive advantages of MS&MSC's will be strengthened and increased through plans for partnering.

### **5.5.1. Company Association Outlines**

The Federal Government has the purpose of encouraging the use and development of the productive calling of Mexico's economic regions by supporting plans for company association.

In this sense, it will support strengthening and inter-company alliances, which will become production chains in search of a common goal: to reinforce and increase their competitive capabilities.

Thus, an important part of this line of action is based on the principle of promoting plans that due to their organizational nature offer flexibility, productive dynamic and adaptation capability for the changing market conditions.

These association outlines will promote productive cooperation and complementation without damaging the competition relationship between companies.

To this effect, the following specific actions will be followed:

#### *5.5.1.1. Encourage the creation of company groups*

SE (Secretary of Economy, for its initials in Spanish) will create synergies to increase production and commercial capabilities of the economic agents pertaining to one or several inter-related chains, as well as to encourage the elimination of obstacles for their commercial consolidation.

It will also promote the inclusion of manufacturers, industrialists and distributors of every size: associations, chambers and entrepreneurial organization, universities, research centers and institutions of higher learning, as well as several federal, state and municipal government agencies whose goal is to develop and productively strengthen regions, sectors or production chains.

On the other hand, the Secretary of Economy will also identify and complement productive projects that will trigger economic development, making use of comparative regional advantages and encouraging an increase in MS&MSCs' competitiveness and productivity.

#### *5.5.1.2. Promote the creation of integrative companies*

The Secretary of Economy will promote the creation of integrative companies as part of the association outline for MS&MSCs to facilitate their access to common services and to generate scale economies in joint production and marketing activities.

To that end, the Secretary's task of sensitizing company leaders on the advantages of adopting this kind of outlines as an effective way of increasing competitiveness to strengthen themselves and for introduction into different markets will be indispensable.

These companies will receive support from public and private organizations for the production projects that they jointly agree upon to be able to achieve common goals, adopt international management, production and marketing standards.

When agricultural, industrial and manufacture integration projects are directed to foreign markets; they will be specially supported so that they will comply with the quality, quantity and supply stability requirements of international markets.

In this sense, we will provide associated companies with commercial information, technical assistance and specialized advice in international logistics, technical regulations, customs procedures, packaging, and packing, among others, through the Consolidation System for Exportable Supply and of the Centers PYMEXPORTA (State Centers to Promote Exports), BANCOMEXT (National Bank of Foreign Trade), and the very Secretary of Economy itself.

Development of MS&MSCs will be encouraged as suppliers and distributors for large size companies, as maquila and exports, as well as for the public sector.

### **5.5.2. Development of suppliers and distributors**

Strengthening production chains of exporting companies and the creation of a support industry will encourage participation of new parties in the exportation dynamics.

*This line of action will promote economic integration starting with the commitment of large size companies established in Mexico as the fundamental element for smaller companies to successfully introduce themselves in a permanent commercial relationship.*

Large size companies will benefit with the development of their suppliers by guaranteeing permanent input supply and



stability in prices, due to the geographical proximity of suppliers. And, they will benefit with the development of their distributors because these are a very important link to deliver products to the final consumer.

On the other hand, a high priority task is the development of production chains for exports due to its integration effect and its regional and sector articulation, thus becoming a multiplier for the economy.

In this sense, internal supply is a key element to include new parties to international commercial activities, as well as substitution of third party imports and vertical integration of companies for exports.

Strengthening the production chains of export companies and the creation of a support industry will encourage participation of new parties in exports dynamics and will re-activate consumption and investment in the internal market.

In this line of action the large size companies that require products and services, BANCOMEXT (National Bank of Foreign Trade), NAFIN (Nacional Financiera S.N.C.), commercial banks, entrepreneurial organizations, federal, state and municipal governments and the public sector, specifically IMSS (Mexican Institute of Social Security) ISSTE (Institute of Social Security and Services for the State Workers), PEMEX (Petroleos Mexicanos) and CFE (Comision Federal de Electricidad) will converge.

With the support of multi-disciplinary and inter-institutional task forces, Secretary of Economy will coordinate development actions for suppliers and distributors at a national level, through three tools:

- ❖ An information and follow-up system on the application of several methodologies that will allow knowledge of the results and will allow

having information on success cases that will be used as examples-demonstrations.

- ❖ The creation of Company Association Centers, whose activities will include the development of suppliers so as to convince entrepreneurs of the benefits of cooperation by revealing successful examples, calling for a local dialogue to identify viable projects and to facilitate access to support and finance services.
- ❖ The supervision of the National Council for Micro, Small and Medium Size (MS&MSCs) Companies to recognize progress with specific variables such as: inclusion of suppliers to large size companies, creation of new jobs, substitutes for imported products and amounts of transactions, as well as successful business opportunities.

For all of this, four specific actions are outlined:

#### *5.5.2.1. Supplier development for companies*

*The Secretary of Economy will promote that the private sector grant technical advice benefiting supplier MS&MSCs.*

The Secretary of Economy will encourage the private sector to grant technical assistance to build capabilities for small and medium size suppliers through the use of the most advanced technology. This will promote a modern support system for supplier MS&MSCs. This system will include encouragement for financing, and technological relationships, technical assistance and the use of support institutions for MS&MSCs at a local level.

It will encourage certification of large size companies and will promote, with development and private banks, outlines for financial support.

The Secretary will promote the definition of specific methodologies for the development of suppliers for the industry that will include, among others, the automobile and auto parts sector, the electric and electronic sector, aeronautic, software, textile and garment, construction, metallurgic, industrial and agricultural industries, as well as maquiladoras, export companies, commercial franchises, the tourism sector, hotels, restaurants and franchises, hospitals, and the public sector; always keeping in mind a regional and sectorial approach.

#### *5.5.2.2. Development of suppliers for maquiladora and exports*

The Secretary of Economy will pay attention to the maquila industry for exports in a special manner so as to transform it into a firm basis and to integrate a larger national content to exportable products, specifically contributing to an efficient import substitution. This will represent a large opportunity for Mexican companies that have repeatedly shown that they can be competitive on a world basis.

The Secretary will promote the necessary conditions for the transformation of Mexican companies into the main suppliers of large exports and maquiladora companies. If necessary, it will promote the installation of foreign suppliers in Mexico in a medium scale and the development of domestic suppliers at the next levels of the chain.

It will encourage an incentive outline for large exports and maquiladora companies to promote development of suppliers and technological innovation, by using technology, knowledge, experience and the relationship between direct foreign investment and the Mexican import company.

The Secretary of Economy will support the maquila export industry seeking a greater inclusion of national input through an efficient import substitution.

#### *5.5.2.3. Development of suppliers for the public sector.*

The Secretary of Economy, in coordination with NAFIN and SECODAM (Secretary of the Comptrollership and Administrative Development, for its initials in Spanish), will support the development of suppliers for the public sector as a means to reactivate the internal market.

Specially, the Secretary of Economy will work on the development of suppliers for the public sector (government procurement), as a priority measure to reactivate the internal market. In this sense, it will promote the development of small size suppliers for public sector agencies and organizations through training, technical assistance, access to information and specialized advice.

The Federal Government will encourage access to financing plans; a greater de-centralization of its procurement; publication of the products it requires for procurement; integration of a list of suppliers for the public sector and the creation of electronic markets (e-marketplaces) for products and services that public companies acquire.

The establishment of a simple legal framework will be encouraged to induce participation of MS&MSCs; the percentage of reserve government procurement will be increased for the national industry and timely payment for companies. At the same time, they will be advised on the mechanism to bid for government procurement.

The Secretary will promote the creation of guarantee funds so that the development banks or other institutions fund MS&MSCs at a first floor level, so that these can participate in public sector bids (financing orders), at prime rates (maximum rate guaranteed) and to obtain training and technical assistance.

The program of government hiring, SECODAM's COMPRANET will broadcast available information to promote transparency and access to government procurement by MS&MSCs.<sup>46</sup>

NAFIN, through its Production Chains program, which supports small size companies through credits to finance sales to the public sector, will offer training on how to sell to the government and general assistance in the process.

Finally, the Secretary of Economy will strive to analyze, evaluate, propose, coordinate and undertake actions between the public and private sector in promotion and encouragement of procurement of government goods and services for the small and medium size companies. This will be done within the National Council for the Micro, Small and Medium Size Company action framework.

#### *5.5.2.4. Development of distributors and / or retailers.*

*The Secretary of Economy intends to complement the integration of production chains through the development of MS&MSCs included in distribution and marketing systems of large companies, using the capabilities of the latter.*

The intention is to use the capability of large companies for distributions and their knowledge of the great number of MS&MSCs that market their products and services so that

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<sup>46</sup> Currently the Regulation on Federal Government Procurement is being reviewed so that the participation of MS&MSCs will be promoted in these transactions. This proposal is the result of agreements between the President's office and Entrepreneurial Chambers; nevertheless, for this policy to be guaranteed at medium range, it is necessary to review and reformulate the Law on Procurements, Leasings and Services for the Public Sector.

MS&MSCs receive different support programs for their development, specially training programs and programs that encourage a new entrepreneurial culture.

### **5.5.3. Development for Regions and Sectors**

The idea of region and sector development, in its most ample expression, involves several issues in the economic, social, education, infrastructure, and health settings, among others. The reason for stating it as a line of action for the economic articulation and integration indicates that, all efforts made for development of corporate competitiveness and articulation among companies will help one of the economy's components directly towards development of regions and sectors.

Productive callings will be identified and investment projects that trigger regional development and create permanent jobs will be encouraged.

This line of action seeks greater proximity among the different economic agents so that they define the steps to be taken to comply with this goal.

Efforts will also be directed towards encouragement of participation processes to determine regional potential and strategies through the identification of productive callings and potential actions to be developed for each region and sector; as well as the identification and promotion of investment projects that will trigger regional development in specific areas that promote the creation of permanent jobs and guarantee sustainability.

For region development in particular, the Secretary will establish strict and permanent contact with state and municipal governments, with each region's representative corporate organizations, so as to determine which production projects will be supported and which lines will be followed, so as to trigger the region's economy based on corporate association.

In regard to sector development, the Secretary of Economy will have greater proximity with chambers and associations, as well as with entrepreneurial groups to know their perspectives on long and medium term development, also to identify and implement actions and to create alternate solutions for the problems that MS&MSCs face on the different sectors. This in coordination with the different economic parties involved, with whom they will identify growth opportunities and development of new businesses.

In this sense, the promotion and development of region and sector competitiveness will be established through the support of subsidies from the Secretary of Economy in projects for strengthening the production chains.

Regional development will have to be seen in each and every region, understood as a totality of states or municipalities, or places, or even communities, or even one of them individually.

Those sectors that contribute to the development of the productive sector, that create high value added, that contribute to increase the number of jobs, create foreign exchange and offer growth opportunities will be supported.

Sector development must focus mainly on those sectors that, because of their behavior:

- ❖ Create income that contributes significantly to the development of the national production sector.
- ❖ Create high value added in production and manufacture.
- ❖ Contribute to increase the number of permanent and well-paid jobs.

- ❖ Generate foreign exchange, and stand out because of the amount of exports or because of the import substitution.
- ❖ Offer growth opportunities because of their market potential.

Some of the sectors, which will receive special emphasis, are: automobile and auto parts; electric – electronic, software, aeronautics; textile and garment, tourism, construction, metal – mechanic, agricultural and industrial.

These sectors will be supported in close cooperation with the government agencies that specifically see to them, like SAGARPA (Secretary of Agriculture, Livestock, Rural Development, Fishing, and Feeding, for its initials in Spanish) and SECTUR (Secretary of Tourism, for its initials in Spanish) among others.

In the particular case of integration and strengthening of agricultural production chains, SAGARPA has the National Coordination Program for Integration of Priority Agricultural Production Chains. This program's goal is to motivate participation of producers to include them into production chains that will allow them to increase the value added in production – consumption process.

In the mining sector, the National Program for Mining Development 2001- 2006 (Programa Nacional de Desarrollo Minero 2001- 2006) contains the specific strategies and actions to be undertaken.

To achieve these purposes, we will work on two specific actions:



#### *5.5.3.1. Creation of region and sector diagnosis*

The Secretary of Economy will keep in constant coordination with state and municipal governments, with entrepreneurial organizations and with education and research institutions with the purpose of unifying vision, goals, strategies and actions surrounding support of MS&MSCs to trigger economy in regions and to increase competitiveness in production sectors.

In addition, the Secretary will encourage, among these economic parties, the undertaking of specific diagnosis that set the foundations to determine strategies and actions that must be implemented for each region and sector.

#### *5.5.3.2. Promote coordination for regional and sectorial development*

The Secretary of Economy will be the promoter of regional and sectorial development according to Federal, state and municipal strategic planning based on the activities that create greater growth and social profitability.

In this sense, once the diagnosis referred to in the previous action has been performed; Secretary of Economy will promote awareness of those statements whose immediate solution will allow progress towards regional and sectorial development, becoming the spokesperson for problems before the different relevant agencies.

Once the immediate statements are seen to and the development scope of each region and sector has been defined, the Secretary will establish coordination instruments with the involved parties to undertake medium and long-term actions.

#### **5.5.4. Encouragement to productive investment**

Investment will be attracted to the regions that have comparative advantages, granting privileges for the development of MS&MSCs and their articulation into production chains.

The Secretary of Economy will promote mechanisms that will create and guide investment in strategic regions and sectors because of their potential, labor availability and investment conditions.

Investment will be lured towards local economic sectors that have comparative advantages, granting privileges to the development of MS&MSCs and their articulation into production chains.

This investment must integrate areas, companies and communities into mercantile networks and currents, as well as financial, computer, information and cultural networks, domestic and international through the re-design of infrastructure and transportation, communication and information networks.

Design and definition of new districts for agricultural and industrial, industry, commercial, technological development areas, tourism and productive communities will be encouraged also encouraging productive de-centralization towards alternate growth sites.

Actions tending to attract capital to increase economic activity and regional callings will be increased so that MS&MSCs will be incorporated into productive manufacturing and transformation processes, thus creating direct and indirect jobs, as well as creating significant links for development or integration of the production chain with small and medium size companies in the region.

Implementation rests on three specific actions:

#### *5.5.4.1. Strengthen the South-Bound Program*

The South-Bound Program was created with the goal of promoting development in the southeastern region, by promoting investments that have a high impact on job creation.

The South-Bound Program was created to establish investment projects that will create permanent and quality jobs to contribute to economic and regional development in the south – south-eastern states of the federation, that represent the higher levels of economic backlog throughout Mexico.

The program identifies and promotes investment projects that have a high impact on the creation of jobs and grants economic support to investors to train workers.

In addition, we promote the use, remodeling and / or re-equipment of industrial facilities, granting economic support in direct proportion to the number of jobs created. This branch is linked to the action developed by the Puebla Panama Plan in the encouragement of infrastructure development in general.

The South-Bound Program will complement the economic support offered by states and municipalities for the different investment projects.

#### *5.5.4.2. Promote attraction of foreign investment*

We will seek to attract investment to achieve an efficient import substitution through joint ventures or direct foreign investments.

The creation and attraction of investment to promote development for the support industry will be promoted so that we can achieve an efficient substitution of input imports through joint ventures or direct foreign investment, thus

contributing to the strengthening of the production chain and the development of suppliers at second, third and fourth levels.

To keep Mexico as an attractive place for investment, it is necessary to have tools that facilitate capture tasks of direct foreign investment and that promote the advantages of our country as a safe destination for investment flows. For this, the Secretary of Economy will encourage the creation of a shared information system that allows state promoters to keep in touch with interested investors.

This system will be based on the quality and opportunity of relevant information for the investor that allows him to compare installation costs for Mexico or in any other place, guiding him through the selection process for the best place to get established Mexico.

For that purpose, the Secretary of Economy will coordinate its actions with other agencies of the Federal Government such as: INEGI (National Institute of Statistics, Geography, and Information, for its initials in Spanish), CFE, CNA (National Water Commission, for its initials in Spanish), SCT (Secretary of Communication and Transportation, for its initials in Spanish), SEP (Secretary of Public Education, for its initials in Spanish) and STPS (Secretary of Labor and Welfare, for its initials in Spanish), among others; as well as state governments, thus insuring that the system's location map includes the most relevant information for all users.<sup>47</sup>

#### *5.5.4.3. Establish industrial and commercial parks and facilities*

The Secretary of Economy will promote funneling of resources through state and municipal government towards modernization of industrial and commercial parks and facilities, towards the improvement of the Mexican Standards for Industrial Parks, certification of industrial parks and will also

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<sup>47</sup> Specific information on attraction of foreign investments can be found in the Foreign Trade and Investment Promotion Plan 2001-2006.

apply support mechanisms for MS&MSCs to facilitate their establishment in this kind of infrastructure.

The Federal Government will promote, among its different agencies, with the bank for development banks, commercial banks, academic and other public and private institutions, attention to meet the infrastructure needs of industrial and commercial parks and facilities, broadcasting the supply of industrial facilities that facilitate investment flow towards Mexico, as well as shopping malls that promote this activity through the Mexican System for the Promotion of Industrial Parks and Ports (Sistema Mexicano para la Promoción de Parques Industriales y Portuarios, SIMPPI).

To complement, we will also support this action, especially in medium size cities, as a mechanism to promote consolidation of production chains and regional development.

## ***5.6. Market Strengthening***

Concrete possibilities to sell input, products or merchandises that a manufacturer produces or distributes are the main motivator of corporate activity.

This item states the mechanisms to expand companies' possibilities to make business contacts and increase their sales.

We will promote and encourage development of instruments that allow the use of information on business opportunities and specialized spaces for marketing, combined with outlines for guidance, corporate assistance and advisory systems specialized in marketing.

In the promotion of these strategic instruments, the role of state and municipal governments is paramount, jointly with the efforts and experience of corporate organizations, research centers and institutions for higher learning.

The Secretary of Economy will promote and encourage the creation of Centers For Association of Companies that integrate, in one space, training of corporate skills, relationship with technological development, use of information, promotion of inter-regional and state business, market information and promotion of exports PYMEXPORTA (State Centers to Promote Exports, for its initials in Spanish).

*The Secretary of Economy will support development of instrument that allows the use of information on business opportunities through Centers For Association of Companies.*

These centers will be developed based on a subsidy and complementation outline in their equipment, operation and service rendering, technical assistance, consultancy as well as basic and specialized training, considering callings and productive capabilities of locations and regions.

The fundamental principle for implementation, start-up and consolidation of these spaces is Federal co-responsibility and of state governments in supply of seed resources that allow to strengthen these centers at medium range so that later they can be assigned to entrepreneurial organizations and entrepreneurs that guarantee their efficient operation.

Based on the latter statement, the axis that articulates the strategy will be the promotion of business opportunities, starting with the efficient use of information for decision-making and the efficient use of spaces for the benefit of promotion and product marketing based on the following lines of action:

## **6 Strategy**

### **Market Strengthening**

#### **Lines of action:**

##### **6.1. Business promotion in internal market**

## 6.2. Consolidation and promotion of exportable propositions

### **5.6.1. Business Promotion in Internal Market**

The Secretary of Economy will promote and support the design, development and implementation of instruments that allow to know production, distribution and sale capabilities of the different economic parties, linking offer and demand through a series of mechanisms that unite physical spaces, promotional events and use of technical and technological progress in communication issues.

These specific actions are to strengthen the latter:

#### **5.6.1. *Promotion of business in internal market***

*Databases with information on products, inputs and services required by companies will be made available for entrepreneurs.*

##### *5.6.1.1. Create information systems for national marketing*

To use comparative advantages that offer information and communication technologies, within the framework of a new entrepreneurial culture on development that will allow MS&MSCs to have new, necessary tools to plan their business, and in itself, to make business, the Secretary of Economy will develop and make available for owners and managers of smaller companies databases on products, input and services required by large companies, jointly with their purchase policies.

Lists of suppliers with their references will be included in existing databases, such as Contacto MPyME and SIEM (Mexican Entrepreneurial Information System, for its initials in Spanish). The lists will include different information, such as certification, and who are their main clients, seeking that suppliers themselves update their information by considering this tool as a selling point for their company.

Marketing system coverage will be modernized and expanded through the National Market Information System (Sistema Nacional de Información de Mercado, SNIM) and will be included in the industrial sector with a homogenic focus on information on commercial and industrial opportunities.

Promotion actions will be increased on the different electronic mechanisms and databases at a state and regional level so as to improve updated and quality information transference as well as to create links between supply and demand.

In addition, the Secretary of Economy, in coordination with the Secretary of Communication and Transportation, will encourage the use and consolidation of the program e-Mexico in the area dedicated to commerce to offer small and medium size companies information on regulations and rules on electronic commerce.

#### *5.6.1.2. Strengthen physical infrastructure for marketing*

The Secretary of Economy will promote and support the creation and modernization of commercial spaces that contribute to business development and functionality of commercial infrastructure. This will be done jointly with state and municipal governments.

To this effect, the Secretary itself will respond to regional and local balance criteria stated in state development plans and to the creation of commercial units with competitive advantages.

#### *5.6.1.3. Encourage development of expos and promotional events*

Business contacts for MS&MSCs will be identified and promoted. To that end, national marketing meetings will be held as well as supplier development and regional and sectorial entrepreneurial exhibitss.



The organization of business meeting for commercial, industrial and service sectors will be promoted, taking into consideration the MS&MSCs' need to find buyers for their products, processes or services. We will also encourage the undertaking of regional business meeting circuits with corporate organizations.

Specially, considering the large number of families that depend on handcraft activity in our country, the Secretary of Economy will promote meetings to market handcrafts so as to create business opportunities for this important sector.

*National marketing meetings will be encouraged, as well as supplier development and corporate exhibits at a regional and sectorial level.*

### **5.6.2. Strengthen and promote Exportable Supplies**

The action line to strengthen and promote Exportable Supply has as its goal to achieve technical assistance, training and specialized consultantships for MS&MSCs, in accordance with their development level, so as to strengthen their productive capability, support the design of exports projects and increase their opportunities to have access to complementary guarantee funds that facilitate the achievement of financial resources.

To achieve this, we propose five specific actions:

#### *5.6.2.1. Create a competitive environment that promotes development of exports*

Technical and management requirements that exporters have to comply with will be simplified. These requirements can sometimes become real obstacles that discourage the corporate leader. The competitive advantages that the different treaties and commercial agreements that Mexico has with other countries will be used.

The legal framework of the Mixed Commission to Promote Exports (COMPEX, for its initials in Spanish) will be strengthened to increase resolution capabilities and will include the promotion of MS&MSCs' Exportable Supplies with the participation of different Federal Government agencies, state and municipal governments as well as entrepreneurial organizations.<sup>48</sup>

Compliance with legal and management ordinances will be promoted, as will be compliance with public policies to support foreign trade in a framework of dialogue and agreement surrounding foreign trade with states and with the private sector.

The Secretary of Economy will implement and operate specialized work groups for issues of general interest for exporters and /or that imply legal modifications, changes in procedures or international negotiations.

The establishment of customs and fiscal legislation will be promoted to facilitate logistics of foreign trade encouraging incorporation of MS&MSCs to Exportable Supply and to favor modernization of the customs system to simplify operations of foreign trade.

*Creation of an adequate legal framework will be promoted so that it will strengthen export development.*

#### *5.6.2.2. Create easy access to information on foreign trade*

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<sup>48</sup> Participating among others in the Federal Government, Secretaries of Economy, Foreign Affairs, Secretary of Finance, Electricity, Agriculture, Livestock, Rural Development, Fish and Food, Communications and Transportation, Health, Labor and Social Welfare; Environment and National Resources, as well as NAFIN and BANCOMEXT. On behalf of entrepreneurial organizations: Entrepreneurial Cooperation Council, National Confederation of Employers of Mexico, National Chamber of the Transformation Industry, Confederation of Industrial Chambers, National Confederations of Chambers of Commerce, among others.

The Secretary of Economy and BANCOMEXT (National Bank of Foreign Trade) will expand and broadcast coverage of information services, guidance, basic and specialized advice on foreign trade through a strong network for personalized service to exporters.

Access and coverage of information systems on foreign trade will be increased and updated for company leaders, entrepreneurs, researchers and students that require basic and specialized information on the subject through the Stands for Guidance for Exporters and through the Centers for Export Development of BANCOMEXT (National Bank of Foreign Trade).

In this context, BANCOMEXT (National Bank of Foreign Trade) will encourage the training of human resources who will become increasingly specialized to give advice to entrepreneurs interested in positioning their products on foreign markets.

The Secretary of Economy and BANCOMEXT (National Bank of Foreign Trade) will support the modernization of the Mexican System for External Promotion (Sistema Mexicano para la Promoción Externa, SIMPEX), to be able to provide to the entrepreneurs timely information on the international demand for Mexican products through the new page EXPORTANET.

Based on the advantages that information technologies offer, the Secretary of Economy and BANCOMEXT (National Bank of Foreign Trade) will expand coverage of advice for exporters and telemarketing services.

The Secretary of Economy will make available, for potential and solid exporters, information on relative and competitive advantages of markets, mainly in countries with which we have commercial treaties.

To achieve its goals, the Secretary and BANCOMEXT (National Bank of Foreign Trade) will keep in permanent cooperation with state and municipal governments, higher learning institutions and entrepreneurial chambers.

#### 5.6.2.3. *Strengthen international promotion actions*

Encourage MS&MSCs participation in national and international events that favor commercial exchange, bilateral and multilateral agreements on entrepreneurial cooperation, and creation of strategic alliances with foreign companies and the development of exports projects.

For exporters, strengthening business abroad and to facilitate capture of foreign investment, BANCOMEXT (National Bank of Foreign Trade) will continue with international promotion tasks through business agendas abroad, market research and research on distribution channels and undertaking international entrepreneurial fora and meetings.

*Participation of MS&MSCs in commercial exchange meetings and the creation of strategic alliances with foreign companies will be encouraged.*

Broadcasting of promotional event as well as bilateral and multilateral cooperation agreements will be expanded, thus encouraging strategic alliances between Mexican and foreign companies through entrepreneurial meetings in Mexico as well as abroad.

#### 5.6.2.4. *Promote cooperation agreements with organizations and agencies for economic cooperation and development.*

Agreements favor cooperation and reciprocal help outlines for merchandise exchange, technical assistance programs, technology transference, financial support and development of human resources.

Mexico will coordinate its participation in international economic fora linked with MS&MSCs, such as Organization for Economic Cooperation Development (ECDO), Asia Pacific Economic Council (APEC), and World Trade Organization (WTC).

The Secretary of Economy will encourage financial, technological and labor training cooperation with agencies from the European Union, Japan and the United States, such as Japan International Cooperation Agency (JICA), and Small Size Business Administration (SBA), among others.

The use of Eurocentres for International Cooperation and Nafin's European Community Investment Partners (ECIP) will be promoted. These are designed to increase competitiveness of export companies.

#### *5.6.2.4. Create spaces to promote and market abroad.*

The Secretary of Economy will promote and support development of infrastructure for distribution and marketing of Mexican products in areas of high consumption capability. With this, MS&MSCs will be able to use the market niches based on their products' competitiveness.

This action relies on the participation of the Secretary of Foreign Affairs (SRE), as well as BANCOMEXT (National Bank of Foreign Trade), NAFIN, SAGARPA, state and municipal governments, and the Representation Office for Mexicans Abroad and in Mexico – Americans of the President's Office.

In addition, we will create and strengthen physical infrastructure for marketing and distribution of MS&MSCs' Exportable Supply, promoting the consumption of Mexican products in the United States based on a dynamic marketing outline that is mainly supported by Mexican residents in the United States.

The Secretary of Economy will promote and support, with BANCOMEXT (National Bank of Foreign Trade), the increase in commercial flow towards the Caribbean. This region is characteristic of a high consumption potential for perishable and manufactured products, targeted mainly to the tourism sector.

We will establish factorage mechanisms and / or financing outlines that support supply companies without fiscal damage and we will strengthen and expand the insurance system for freight, transport and cargo operation.

Finally, in addition to the specific sector policies proposed, The Secretary of Economy will promote a dynamic and permanent process towards competitiveness, encouraging facilitating instruments for entrepreneurial groups with an intense regional focus that, in addition to active participation in the different economic agencies, public and private, develop corporate and institutional agendas to achieve competitiveness for our companies and to achieve an adequate regional balance throughout the country.

## **6. How do we measure progress?**

## 6. How do we measure progress?

*Public evaluation will be used to improve support systems and to identify areas of opportunity, thus granting certainty to the population on the efficient use of resources.*

One priority for this administration is public, systematic and objective evaluation of the actions implemented to increase competitiveness in companies that allows for:

- ❖ Permanent improvement of the support outlines and allows identification of areas that require change in programs, instruments or actions for entrepreneurial support.
- ❖ Grant certainty for the population that public resources are being correctly used, insuring efficiency and maximum social benefit on every peso spent.

This activity will result from joining efforts and from a permanent dialogue between:

- ❖ Federal Government
- ❖ State and municipal governments
- ❖ Private sector, through organizations related to the sector
- ❖ Research and higher learning institutions

The evaluation system for entrepreneurial support programs will be based on five large strategies:

- ❖ Define a system of strategic indicators that allow evaluation of program performance.



- ❖ Design adequate and sufficient control mechanisms
- ❖ Create coordination and participation mechanisms for the evaluation
- ❖ Present accounting reports and present information periodically
- ❖ Establish systems for continuing improvement to correct deficiencies and deviations.

### *6.1. Strategic indicators to evaluate program performance*

*Indicators that adequately reflect the scope of supports, impact of resources and areas to improve will be defined.*

The indicators that reflect most adequately the scope of supports, as well as the impact of allocated resources, and that also allows identification of improvement opportunities will be defined within the framework of the National Indicator System.<sup>49</sup>

In this sense, seven indicators are determined and these must be considered for programs, instruments and support actions in entrepreneurial support issues.

### **INDICATORS FOR PROGRAM EVALUATION**

<b>INDICATOR</b>	<b>DESCRIPTION</b>
<b>Entrepreneurial development</b>	Evaluates the effect of support on the performance of companies. For example, average exports credited to program, instrument or action support.

<sup>49</sup> The National Development Plan 2001-2006 establishes that a National Indicator System will be created. In said system, each Secretary and organization must define the indicators that show progress in their different programs and that allow to implement a continuing improvement process.

<b>Impact</b>	Evaluates the results of goal fulfillment. For example, number of companies that achieved their goal of the total considered.
<b>Coverage</b>	Evaluates volume of service to target population. For example, number of companies supported among the program's target population.
<b>Efficiency</b>	Evaluates use of resources. For example, cost of program management with its own resources.
<b>Self-sufficiency</b>	Evaluates the level of the user's self-sufficiency. For example, income or resources according to the total costs of the program.
<b>Quality</b>	Evaluates user satisfaction. For example, number of customers satisfied by the service provided by the program.
<b>Environmental</b>	Evaluates improvement in efficient use of material and energy resources as well as decrease in emissions and wastes from companies benefited by the support program. For example, percentage of companies that reduced their emissions among the number of companies supported and percentage of companies that increased their efficiency in use of input among the number of companies supported.

Specially, it is necessary to have indicators that approximately measure the impact of support programs and instruments on companies as well as indicators that measure

the efficiency of support programs and instruments so as to implement outlines for continuing improvement that meet the needs of the company sector.

## **6.2. Adequate and sufficient control mechanisms**

*The academic sector will evaluate the Federal Government programs so as to guarantee transparency in all processes.*

Support programs, mainly those that grant subsidies, will have adequate internal control mechanisms to avoid inefficient allocations or deviation of resources.

This will be achieved through outlines to evaluate the Federal Government support program's design, implementation and results. This task will be undertaken by the academic sector so that each process will be transparent and has individual follow-up mechanisms that guarantee that the resources allocated to the companies are being used for what was agreed upon in established time and manner.

The goal of program evaluation is to know, among other things, the following parameters:

- ❖ Increase in number of jobs
- ❖ Decrease mortality for MS&MSCs
- ❖ Establishment of new companies
- ❖ Greater integration of MS&MSCs in production chains
- ❖ Commercial balance of the production chain
- ❖ Chain productivity
- ❖ Greater participation of MS&MSCs in exports and in new markets

- ❖ Regional growth
- ❖ Increase in the country's level of competitiveness

### *6.3. Coordination and participation for evaluation*

To comply with their task, evaluation duties must consider participation of the parties involved. In this sense, follow-up and evaluation of performance will be undertaken at two levels.

#### **6.3.1. At an internal level, with secretaries and Federal Government organizations**

*Inter-Secretary Commission of Industrial Policies (CIPi, for its initials in Spanish) will undertake follow-up and comprehensive evaluation of support outlines for companies at an internal level so as to know their performance and backlog in public policies implemented for their own benefit.*

CIPi<sup>50</sup> will undertake follow-up and comprehensive evaluation of support outlines for agencies of the Federal Government to know their performance and their backlog in public policies implemented to benefit Mexican companies. To this end, agencies and Federal Government organizations will:

- ❖ Report to the commission every three months on their progress on programs, benefited companies and impact indicators, and
- ❖ Will provide the results of their internal and external evaluations

This result will be delivered to Congress and to the institutions that have entrepreneurial support programs.

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<sup>50</sup> Which will become the Inter-Secretarial Commission for Company Development, CIDEM, which will have all the necessary attributes to comply adequately with this coordination and evaluation procedure.

### **6.3.2. At an external level, with society's participation**

We will encourage participation of the company sector, universities as well as state and local governments in follow-up and performance evaluation of the entrepreneurial support programs, instruments and actions.

To that end, the participation of the National Council for Micro, Small and Medium Size Companies is basic because it is an opinion and an agreement forum made up of representatives of the public and private sectors.

In this sense, its participation will focus on the analysis of program results based on what entrepreneurs and specialists perceive, as well as the results of the internal evaluation. That will originate recommendations that will allow to re-design entrepreneurial support programs, actions and instruments, thus meeting quickly and efficiently the needs expressed by companies.

The project for MS&MSCs Observatory will be implemented to follow-up PDE. The information generated by the Observatory will enable written evaluations on the impact of Federal Government instruments, actions and programs.

#### *MS&MSCs Observatory*

*To follow-up PDE the MS&MSCs Observatory will be implemented. This Observatory will provide information to evaluate the actions of the Federal Government.*

In many European countries, and recently in Latin America as is the case in Argentina, a center called Observatory for the Micro, Small and Medium Size Company (MS&MSCs Observatory) has been developed. This observatory, through the follow-up of a statistically significant sample of companies, is capable of:

- ❖ Generating a reliable and exact database on the state of companies that have been inquired upon. This, in itself, will promote a real image of national company performance.
- ❖ Identify exactly specific regions, sectors and groups already established or in full development.
- ❖ Get a clear idea of the specific needs of companies at a regional, local or sectorial level.

With this, the design of new support programs from the different parts of government will be undertaken making reference to specific problems and particular needs of companies in Mexico, thus generating a system to detect entrepreneurial needs in regions and sectors.

In addition, the MS&MSCs Observatory will be strengthened to function as an important tool to evaluate the impact of Federal Government support programs by comparing control groups statistically. Differences in performance in companies that receive programs and those that do not receive them will enable them to create a more accurate estimate of the program's impact and efficiency.

Finally, local governments will be invited to issue recommendations on the effectiveness of programs at state and municipal levels, as well as support policies in general.

#### *6.4. Continuing Improvement Systems for the Programs*

*Support programs will have follow-up mechanisms that will identify deficiencies and will enable to correct them adequately.*

Support programs will have internal mechanisms for follow-up that identify deficiencies and corrects them adequately on a timely basis, as well as strengthen successful programs

and re-set those whose results are less than what was expected. The latter implies that enough information must be generated on: beneficiaries, time that will take for each of the steps in the service process, impact on jobs and increase in sales and utilities, as well as recommendations from companies who have received these services.

A fundamental support for this system of continuing improvement is permanent analysis and diagnosis of the sector's real economic performance based on information systems and common indicators for all sectors.<sup>51</sup>

### 6.5. *Accounting reports*

*To make Federal Government actions transparent, we will render accounting reports to Congress on progress and results of programs.*

As part of transparency in Federal Government actions, we will inform Congress and society of progress and results from each of the implemented programs. To comply with this goal, we will promote with agencies and Federal Government organizations publishing obtained results in several communication media.

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<sup>51</sup> This Indicators must make reference to national economy as a whole, as well as to each of the production chains, so as to know inside each chain progress in production, jobs, wages, productivity, profit, importance for internal and foreign markets, as well as the company's competitiveness that make up each of the segments of value in the chain.

## **ANNEXES: ENTREPRENEURIAL SUPPORT PROGRAMS**

### **A.1 FEDERAL PROGRAMS**



## I. FISCAL SUPPORT AND ENCOURAGEMENTS

<b>SECRETARY</b>	<b>NAME OF PROGRAM</b>	<b>PROGRAM DESCRIPTION / REMARKS</b>
<b>SHCP (Secretary of Finance)</b>	Fiscal support for general deposit warehouses	The value of real estate assets used for storage, warehouse or conservation of goods or merchandises will be determined according to fraction II of article second of the Law on Asset Tax and will be multiplied times 0.2 factor. The resulting amount will be the one used to determine the value of the asset.
<b>SECRETARY OF FINANCE</b>	Fiscal support for the Livestock and Forest Sector	Taxpayers for the livestock and forest sector can credit investment against an equivalent amount of asset tax determined in the fiscal exercise in force.
<b>SECRETARY OF FINANCE</b>	Fiscal support for the Primary and the Agro – industrial Sector	The Secretary of Finance offers the following supports: <ul style="list-style-type: none"> <li>• Corporate taxpayers exclusively devoted to agriculture, livestock, fishing or forestry have an additional 25% reduction in Income Tax.</li> <li>• In addition, they have another deduction aside from the latter of 25% off Income Tax when they industrialize or market their products.</li> </ul>
<b>SECRETARY OF FINANCE</b>	Fiscal Support for Small Taxpayers with Entrepreneurial Activity	Fiscal encouragement is granted for individual taxpayers that contribute, according to Section III, Chapter VI, and Title IV on the Income Tax Law, enforced yearly. This encouragement consists of the Asset Tax accrued.
<b>SECRETARY OF FINANCE</b>	Fiscal Support for Air and Sea Transportation	Taxpayers resident in Mexico devoted to transportation of people or goods by air or sea, with airplanes or ships, that have Federal Government concessions or permits for commercial exploitation receive the following fiscal support on asset tax: <ul style="list-style-type: none"> <li>• If airplanes or ships are rented, they will credit tax the Income Tax that would have been charged upon</li> </ul>

		<p>application of the 21% rate instead of the 5% rate, against asset tax established on article 149 on the Income Tax Law for payments of use of said goods.</p> <ul style="list-style-type: none"> <li>• If the taxpayers owns airplanes or ships, the value of the assets that is determined according to fraction II, article 2 of the Law on Assets will be multiplied times 0.2 factor and the resulting amount will be used to determine the value of the asset.</li> </ul>
<b>SECRETARY OF FINANCE</b>	Fiscal support for Technology Research and Development Projects	<p>Secretary of Finance offers the following supports:</p> <ul style="list-style-type: none"> <li>• Deduction on Income Tax of contributions destined to research and development of technology up to 1.5% of the contributor's income and 1% when allocated to training programs.</li> <li>• Grant of fiscal credit for undertaken research and development projects. Said credit will be 20% of the difference resulting from subtracting the amount for items referred to in this program, undertaken during 2001. Total average amount updated with investments and expenditures for said items during 1999 and 2000, if and when the first amount is higher than the second.</li> </ul>
<b>SECRETARY OF FINANCE</b>	Exemption from Tax on New Cars for Compact Cars of Popular Consumption	Exemption from Tax on New Cars for individual or corporate taxpayers that purchase compact cars of popular consumption.
<b>SECRETARY OF FINANCE</b>	Administrative help to Comply with Fiscal Obligations	Taxpayers that up to 1997 or 1995 have contributed according to administrative help for the Simplified Administration Sector on the Income Tax Law enjoy administrative help to comply with fiscal obligations.
<b>SECRETARY OF FINANCE</b>	Fiscal Strengthening	Controlling companies resident in Mexico, that own 50% of shares with a right to vote in one or other controlling associations have the

		possibility to receive fiscal support.
<b>SECRETARY OF FINANCE</b>	Fiscal support for Taxpayers that have contracts with de-centralized Public Organizations	Fiscal support on Asset Tax for the total amount of said tax that is derived from owning accounts to be paid that originate in contracts that taxpayers have with de-centralized organizations of the Federal Government with regard to infrastructure investments destined to priority activities.
<b>SECRETARY OF FINANCE</b>	Fiscal Support for the Agriculture, Livestock, Fishing and Mining Sectors	Fiscal support for taxpayers in the agriculture, livestock, fish and mining sectors that buy diesel for final consumption, if and when said fuel is not for automobile use in vehicles destined to transport people in highways or roads.
<b>SECRETARY OF FINANCE</b>	Fiscal Support for the Forestry and Livestock Sectors	People that use diesel for final consumption in livestock or forestry activities will be able to credit against Income Tax, IMPAC and Tax on Value Added, for an equivalent amount, the resulting amount from the application of the price of acquisition for diesel in service stations and that is stated in the corresponding receipt, included in the value added tax, by factor 0.355, instead of applying what is stated on item 6, article 15 of the Income Tax Law.
<b>SECRETARY OF FINANCE</b>	Return of Excise Tax to the Livestock and Forestry Sectors	People that use diesel for final consumption in livestock or forestry activities will be able to ask for the return of accrued IEPS (Excise Tax on Production and Services) in the terms of fraction VII of the same article instead of crediting it as the article states, if and when they comply with the corresponding requirements.
<b>SECRETARY OF FINANCE</b>	Exemption from payment of Asset Tax	Taxpayers whose income, as stated in the Income Tax Law, of the previous year did not exceed \$14,700.000 are totally exempt from paying Asset Tax. This program is enforced yearly and is granted by Presidential Decree.
<b>Secretary of Economy</b>	Foreign trade Companies ECEX	The Foreign trade Company Registry is a promotion instrument for exports. Through this instrument marketing companies will be able to have access to international markets with administrative help and financial support from the development bank.
<b>Secretary of Economy</b>	Temporary Import Program for Production of Articles	Those who temporarily import merchandise have to pay the general import tax in a mandatory fashion if

	for Export PITEX	and when those merchandises are: a) later exported or returned to the United States or Canada; b) Used as material to produce other merchandise that will later be exported or returned to the United States or Canada; or c) Substituted for an identical or similar merchandise used as material to produce another merchandise that will later be exported or returned to the United States or Canada. To pay the general tax on imports the rate established on the Programs for Sector Promotion can be applied.
<b>Secretary of Economy</b>	Companies with Elevated Exports ALTEX	The ALTEX Registry allows for the return of balance in favor of Tax on Value Added the fast track. It also allows access to the Commercial Information System managed by the Secretary of Economy, as well as administrative simplification in customs.
<b>Secretary of Economy</b>	Return of Taxes on Imports for Exporters DRAWBACK	DRAWBACK grants return of the general tax on imports paid on goods incorporated to export merchandises or by merchandises returning to the same state and that have been subject to repairs or alterations.
<b>Secretary of Economy / SECRETARY OF FINANCE</b>	Program for Exports of Maquila	Makes it possible to temporarily import goods used in industrial processes without paying Tax on Value Added, countervail fees applicable to final imports and general tax on imports at the time of import and will only be mandated to pay these contributions 60 days after making the export or return.
<b>SEMARNAT (Secretary of Environment and Natural Resources)</b>	Zero Rate for Anti-pollution Equipments	Exemption from import taxes for anti-polluting equipment if and when it is not competently manufactured in Mexico. This support is subject to previous authorization of the Secretary of Economy through a list authorized by the environmental authorities.
<b>SEMARNAT / SECRETARY OF FINANCE</b>	Accelerated Depreciation for Pollution Control and Prevention Equipment	Fiscal support where the entrepreneur that acquires equipment destined to prevent and control environmental pollution, previously authorized by INE, will be able to depreciate his equipment from 95.7 to 100% of the purchase value of the asset in compliance with the corresponding legal resolutions is of 100%.

## II. EXCLUSIVE ACTIVITIES OF GOVERNMENT OFFICES AND AGENCIES

<b>SECRETARY</b>	<b>NAME OF PROGRAM</b>	<b>PROGRAM DESCRIPTION / REMARKS</b>
<b>SECODAM (Secretary of the Comptrollership and Administrative Development)</b>	Government Hiring of COMPRANET	SECODAM manages the Electronic System for Government Hiring COMPRANET to facilitate and update the hiring process for goods, rents, services and public works for Public Administration.
<b>SECODAM</b>	Broadcasting Regulations of	SECODAM manages an electronic page that includes regulations relative to the following matters. The Public Administration must adhere to these regulations when hiring and purchasing goods.
<b>SECODAM</b>	Federal Transaction Registry (RFT)	SECODAM manages an electronic page that allows entrepreneurs access to information on 110 government offices and agencies of the Public Administration on more than 2500 transactions and services, approximately 400 legal resolutions, location of more than 2500 public servants, their organization structures as well as the system for complaints of each institution.
<b>SECRETARY OF FINANCE</b>	Contributor Assistant Service	The Secretary of Finance provides different information services, guidance and assistance with the goal of facilitating compliance with fiscal obligations as well as the exercise of rights.
<b>Secretary of Economy</b>	Mexican Exports Expos (FEMEX)	The Secretary of Economy grants FEMEX certification, which gives the opportunity to its high-ranking officials to have access to financial support, administrative and promotional help from BANCOMEXT (National Bank of Foreign Trade).
<b>Secretary of Economy</b>	Mixed Commission for Promotion of Exports (COMPEX)	COMPEX is a promotional organization for exports made up of representatives from the public and private sectors whose mission is to coordinate actions between these sectors to simplify administrative and technical obstacles of foreign trade, provide information and

		promote an exporting culture.
<b>Secretary of Economy</b>	Broadcast of Practical Commercial Standards	Guidance and advice on Mexican Official Standards in force for the commercial sector.
<b>Secretary of Economy</b>	National Quality Award (PNC)	This award is a promotional instrument and an encouragement to adopt comprehensive quality processes. The award was created in 1989 and is granted to organizations that stand out because they have the best policies for total quality.
<b>Secretary of Economy</b>	National Exports Award (PNE)	PNE is a promotional instrument whose goal is to promote diversification of the export activities of Mexican companies.
<b>Secretary of Economy</b>	National Quality Program	Promotes the culture of quality among companies.
<b>Secretary of Economy</b>	Automated Certification System	The Secretary of Economy grants, through an automated system, certificates for compliance with Mexican Official Standards (NOM) in branches or sectors where no such certification organization exists.
<b>STPS (Secretary of Labor and Welfare)</b>	Scholarship funds to provide economic support for training previous to hiring. (PROBECAT)	Companies that require training their aspirants for operational positions as a previous requirement for their hiring. Support consists of providing scholarships for economic support for these aspirants during the training period.
<b>STPS (Secretary of Labor and Welfare)</b>	Work Regulations	Provides advice services and technical guidance for companies and workers on how to comply with work regulations.
<b>STPS (Secretary of Labor and Welfare)</b>	Self-management of safety and hygiene at Work	Provides technical assistance and / or advice to promote inclusion of safety and hygiene into a company's comprehensive management system.
<b>STPS (Secretary of Labor and Welfare)</b>	Services of pre-selection of staff for entrepreneurial positions.	It offers support to entrepreneurs in the search for candidates for positions through a linking system that binds labor with entrepreneurial offer.
<b>SEMARNAT (Secretary of Environment and Natural Resources)</b>	Single Environmental License (LAU)	Groups and simplifies steps that industrial plants have to comply with in environmental issues before INE and CNA. The evaluation is united in one single process, resolution, follow-up and environmental steps.
<b>SAGARPA (Secretary of Agriculture, Livestock, Rural Development, Fishing, and Feeding)</b>	Standardization of Fresh Agricultural Products	Guidance and advice to create Mexican Standards and / or review and update existing standards. The goal is to guarantee adequate and efficient marketing of products.

<b>SEMARNAT</b>	User Assistance Program	SEMARNAT, through the National Water Commission (CNA) offers information and assistance on formalities that are offered to users of water and of public goods inherent to the legal framework in force.
<b>SAGARPA</b>	International Animal Health Certification for Vegetables, Products and Sub-products	Basic guidance and advice on bi-national agreements, work plans and requirements of different countries for Mexican export products such as vegetables, products and sub-products to be able to obtain the International Animal Health Certification.

### III. INFORMATION SYSTEMS

<b>SECRETARY</b>	<b>NAME OF PROGRAM</b>	<b>PROGRAM DESCRIPTION / REMARKS</b>
<b>Secretary of Economy</b>	Mexican Entrepreneurial Information System (SIEM) <sup>52</sup>	Information system via internet, directed to broadcast entrepreneurial information, to promote business opportunities and to broadcast existing support programs in the Secretary.

### IV. GUIDANCE SERVICES

<b>SECRETARY</b>	<b>NAME OF PROGRAM</b>	<b>PROGRAM DESCRIPTION / REMARKS</b>
<b>Secretary of Economy</b>	First Contact	Guidance system created to provide information on the Secretary of Economy's supports. The program works through a hotline,

<sup>52</sup> This system includes the following support systems: Informatics System for Self-Diagnosis (Sistema Informático de Autodiagnóstico), Evaluation System of Competitive Entrepreneurial Guides, Industrial and Commercial Opportunities Exchange, Industrial and commercial Sub-Contracting System, International Meeting Program, Expo-Mexico. Expo and Exhibition Schedule, Technological Information Services Program, Mexican System for Promotion of Industrial Parks and Ports, National Market Information and Integration System, Sectorial Information Bank, Mexican System for External Promotion, Technical Guides for Self-management, System for Scientific and Technological Projects Information, Knowledge and Learning System, Production Technologies and Market Trends System.

		the internet and fax.
<b>BANCOMEXT</b> <b>(National Bank of Foreign Trade)</b>	Guidance and Information Services	Specialized guidance and information program for foreign trade and investment. The service works through conferences with entrepreneurs and analysis of specific cases.
<b>BANCOMEXT</b>	BANCOMEXT Eurocenter	Comprehensive advice program to support projects for conversion, strategic alliances and / or technology transference among European and Mexican companies. This center is located in Monterrey.
<b>NAFIN</b>	Entrepreneurial Cooperation Eurocenter NAFIN-Mexico	Comprehensive advice program to support projects for conversion, strategic alliances and / or technology transference among European and Mexican companies (mainly manufacturing companies). This center is located in Mexico City.
<b>SAGARPA</b>	Exports Support and Encouragement Program (PROAFEX)	Basic guidance and advice for Mexican producers of fruit and vegetable exports.
<b>BANCOMEXT</b>	Promotion Services	Promotion services include a large number of activities such as the inclusion of exporters in international lists and databases, performance of market studies, mercantile condition and trend advice, etc.
<b>BANCOMEXT</b>	On Line Call Center	Hotline created to give out information on BANCOMEXT's services.
<b>Secretary of Economy</b>	National Guidance Service for Exporters (SNOE)	The National Guidance Service for Exporters includes a network of Guidance Stands for Exporters (MOE) that gives out basic and specialized guidance and advice in matters of exports promotion for entrepreneurs interested in exporting or strengthening in foreign markets.
<b>NAFIN</b>	Strategic Alliances	Support for the creation of



		international strategic alliances among Mexican and foreign companies as a means to increase competitiveness for Mexican companies.
<b>NAFIN</b>	European Community Investment Partners (ECIP)	Support for Mexican and European companies that are interested in developing joint ventures and for Entrepreneurial Associations and Chambers whose purpose is to identify investment opportunities for their members through entrepreneurial meetings.

## V. TRAINING, TECHNICAL ASSISTANCE AND ENTREPRENEURIAL CONSULTANTSHIP.

SECRETARY	NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
I. TRAINING (Services have fees).		
<b>BANCOMEXT</b>	Training Services	Training for management level on foreign trade issues and practical workshops for export projects.
<b>SEP (Secretary of Public Education)</b>	Work Training	Work training. The program is an extension of the National System for Technological Education and it is also part of the actions undertaken in all technological institutes throughout Mexico.
<b>SEP</b>	Training for Work Competence	Training for management level and labor. The program is an extension of the National System for Technological Education in coordination with STPS. The Secretary of Education provides services that vary according to the location and the region where the technological institution in question is located.
<b>SEMARNAT</b>	Training Program for the report of the Yearly Operation Certificate	Training courses to create the report for the Yearly Operation Certificate (COA).
I. TRAINING (Free of charge)		
<b>Secretary of Economy</b>	Training and	PROMODE promotes

	Modernization Program for Retail Trade (PROMODE)	competitiveness for the small and medium size company through basic training workshops for entrepreneurs in the commercial sector. The Program has Entrepreneurial Development Centers that work as incubators for companies providing training, advice and consultancy services to develop projects.
<b>SAGARPA</b>	National Institute for Forestry, Agricultural and Animal Research (INIFAP)	Research for increasing efficiency in management of resources, improvement of productivity and mechanisms for agricultural, animal forestry technology transference, inclusion and adaptation for national producers.
I. Training (Others)		
<b>STPS</b>	Comprehensive Quality and Modernization (CIMO)	The program grants economic support to undertake labor-training activities.
<b>BANCOMEXT</b>	International Meetings	Training and financial support as well as subsidies to cover costs related to the participation of companies that have export potential in international meetings, samples of Mexican products abroad, exporter missions, etc. BANCOMEXT subsidizes between 50 and 75% of the costs associated with the creation of stands, participation fees, etc. BANCOMEXT's contributions are non-reimbursable.
<b>NAFIN</b>	Training Program	Encourage through training actions a new entrepreneurial culture, promote a healthier and more competitive operation for micro, small and medium size companies, and diminish credit risks for financial intermediaries.
II. TECHNICAL ASSISTANCE AND CONSULTANTSHIP (Fees for services)		
<b>CONACYT (National Council for Science and Technology)</b>	Technological Centers belonging to the SEP-CONACYT System	Consultantship and training services for the industrial sector. CONACYT provides these supports through 7 specialized technological centers located throughout Mexico.
<b>CONACYT</b>	Comprehensive Programs	Technical assistance for

	for Regional Research Systems SEP-CONACYT	companies and producers interested in using the results of technological research and / or development projects of the Regional Research Systems.
<b>Secretary of Economy</b>	Program to establish quality insurance systems in micro, small and medium size companies (ISO 9000)	Basic technical assistance to adopt quality systems.
<b>Secretary of Economy</b>	National Technological Productivity and Innovation Committee, A.C. (COMPITE)	Technical assistance to improve production lines in non-automated companies of the manufacturing sector.
<b>Secretary of Economy</b>	MESURA Program	Technical assistance in metrology and measurement.
<b>Secretary of Economy</b>	Mineral Resources Council (COREMI)	Technical assistance for the mining sector. COREMI creates, interprets and broadcasts Mexico's geological – mining information and performs physical and chemical analysis, applied metallurgic research, evaluates mineral rendering processes, evaluates mining processes, etc.
<b>Secretary of Economy</b>	CETRO – CRECE Network	Entrepreneurial consultantship and technical assistance for the management of micro, small, and medium size companies in every sector. CRECE is a private trust fund that receives donations from the Secretary of Economy.
<b>SEP</b>	External Service	Technical assistance provided by SEP to production units through the National Technological Education System by an agreement of each technological institution with the company requesting support.
<b>SEP</b>	Technological Research and Development	Technical assistance to create, innovate, apply, modify and adapt technology through the National Technological Education System by an agreement of each technological institution with the company requesting support.
<b>BANCOMEXT</b>	Mexico Exports	Supports the development of projects of Mexican companies by joining the services of the institution in terms of information, specialized advice,

		training, technical assistance, entrepreneurial surveys, international meetings, market profiles and missions to foreign countries.
<b>BANCOMEXT</b>	Technical Assistance and Advice Services	Provides advice to evaluate the requirements to be able to export as well as technical assistance for companies to adapt processes.
<b>SEMARNAT</b>	National Environmental Auditing Program (PNAA)	Voluntary audits (environmental inspectors) of facilities. These audits inspect productive processes and facilities in relation to the risk and level of pollution, compliance with Regulations and best operation and engineering practices. Once the consultancy is performed, a Plan of Actions is developed so that when this Plan is performed, the company can receive recognition as "clean industry" through a certificate.
<b>SAGARPA</b>	National Inspection and Certification Services for Seeds (SNICS)	Technical assistance to comply with legal regulations on seeds and vegetable varieties through: verification (inspectors) and certification of origin (laboratories) and quality of seeds, protection of intellectual property and the issuance of recommendations on varieties for each productive region and agricultural cycle.
<b>SAGARPA</b>	Input Analysis Certification for Vegetable Nutrition	Analysis of the composition of vegetable nutrition inputs through National Fertilization Laboratories with lower fees than those offered by private laboratories.
<b>II. TECHNICAL ASSISTANCE AND CONSULTANTSHIP (Subsidies)</b>		
<b>CONACYT</b>	Technological Modernization Program (PMT)	Federal non-reimbursable contributions to contract entrepreneurial technical assistance services. CONACYT supports companies with 50% (up to 50,000 dollars) of the associated costs of an initial technological evaluation and the costs of technological improvement projects. Consultants outside CONACYT perform technical evaluation

		and projects.
<b>BANCOMEXT</b>	Technical Assistance and Image Campaign Program (PATCI)	PATCI's mission is to support small and medium size companies; direct, indirect and potential exporters funneling economic resources that allow to improve productive processes, compliance with international regulations and certifications and it also develops international market studies as well as performing image campaigns to improve quality and competitiveness of Mexican products.
<b>II. TECHNICAL ASSISTANCE AND CONSULTANTSHIP (Others)</b>		
<b>NAFIN</b> <b>(Nacional Financiera S.N.C.)</b>	Technical Assistance Program	Encourage a new entrepreneurial culture through technical assistance actions and promote a healthier and more competitive operation for micro, small and medium size companies.

## VI. CREDITS, VENTURE CAPITAL AND SUBSIDIES

<b>SECRETARY</b>	<b>NAME OF PROGRAM</b>	<b>PROGRAM DESCRIPTION / REMARKS</b>
<b>CREDITS</b>		
<b>CONACYT</b>	Research and Development Fund for Technological Modernization (FIDETEC)	Direct credits with no interest or venture capital for investment projects in "pre-commercial stages". CONACYT contributes between 50 and 80% of the project with a maximum amount of 1.5 million dollars.
<b>SEDESOL (Secretary for Social Development)</b>	First Step Production Program	Direct contributions, reimbursable for their face value, for social groups that perform profitable activities that generate jobs. The contribution will be used to pay wages, inputs or operations necessary to perform production activities. In case of micro-companies they can also make machinery and

		equipment.
<b>VENTURE CAPITAL</b>		
<b>SEDESOL</b>	Venture Capital Program for Social Enterprises	Contributions (up to 40% of the project's value) to create, expand, reactivate or strengthen a production project or a social company through the model of partner participation. The amount is reimbursable in its face value, and it is granted depending on the technical, financial, legal and social feasibility of each project and the contribution will be used to increase the fixed asset or working capital (excluding the payment of liabilities).
<b>SUBSIDIES</b>		
(A) To encourage relationships among higher learning institutions and the private sector		
<b>CONACYT</b>	Program to Support Relationships in the Academic Sector (PROVINC)	Non-reimbursable contributions to establish Units for Technology Transference and Formalities Services (UGST) in higher learning institutions as well as Advisory Councils for the Private Sector (CASP). These will be in charge of sensitizing institutions of higher learning of the needs and culture of the entrepreneurial sector. CONACYT will contribute up to 20,000 dollars per UGST and CASP in a two-year period.
<b>CONACYT</b>	Program to Support Joint Development Research (PAIDEC)	Non-reimbursable contributions to: a) finance development of industrial research and development projects performed jointly between companies and institutions for higher learning and b) to finance the performance of technological actions organized by an entrepreneurial group, chambers or associations. For joint research projects, CONACYT finances 50% of

		the project up to a maximum of 250,000 dollars in a two-year period. For fora, contributions go up to 20,000 dollars per meeting.
(B) For Forestry Development		
<b>SEMARNAT</b>	Commercial Forestry Plantation Program (PRODEPLAN)	Non-reimbursable contribution to establish and develop commercial forestry plantations that contribute to improve environmental conditions, provide forestry input with more competitiveness to promote regional sustainable development. Subsidies are granted up to 65% of the investment made by the beneficiary during a maximum time of 7 consecutive years.
<b>SEMARNAT</b>	Forestry Development Program	Grants subsidies to owners of forests, jungles and areas of arid vegetation for technical assistance, for actions to recover productive capability of forest ecosystems, to support development of road infrastructure, use of forests and industrial transformations. Subsidies are granted up to 90% for potential producers, up to 80% for producers that market on foot, up to 65% for producers of forestry input and up to 50% for producers with transformation and marketing capability.
<b>SEMARNAT</b>	National Re-forestation Program (PRONARE)	The President of Mexico created PRONARE, whose priority is to increase forest coverage throughout Mexico, in addition to restoring, maintaining and protecting, damaged ecosystems. PRONARE plants species according to the diverse environmental conditions of Mexico's ecosystems. These tasks are coordinated by

		SEMARNAT with participation of the Secretary of Defense, SAGARPA, SEDESOL, SEP, as well as state and municipal governments and the social sector.
<b>CONTRIBUTIONS FOR THE DEVELOPMENT OF SOCIAL ENTERPRISES</b>		
<b>SEDESOL</b>	Funds for Social Enterprises Program	Contributions to form or expand funds jointly with state and municipal governments, social and economic organizations that represent a production branch that will be destined for funding, guarantee and investment, re-investment, or to expand the patrimony of funds already established.
<b>SEDESOL</b>	Solidarity Funds	Contributions up to 100,000 pesos, reimbursable at medium range, for pre-operational expenses in the establishment of solidarity funds. In no case will there be contributions neither for starting capital nor for building facilities.

## **VI. CREDITS AND FINANCIAL SERVICES GRANTED BY DEVELOPMENT BANKS.**

<b>SECRETARY</b>	<b>NAME OF PROGRAM</b>	<b>PROGRAM DESCRIPTION / REMARKS</b>
<b>BANCOMEXT</b>	Credits for Sale of Exports	Credits to facilitate foreign trade transactions.
<b>BANCOMEXT</b>	Credits for the Production Cycle	Credits to guarantee continuing production process for exporters.
<b>BANCOMEXT</b>	Credits to the Buyer of Mexican Exports	Credits to facilitate foreign trade transactions.
<b>BANCOMEXT</b>	Credits to Acquire Equipments Units	Credits to guarantee continuing production process for exporters.
<b>BANCOMEXT</b>	Credits for Investment Projects	Credits to guarantee continuing production process for exporters.



<b>NAFIN</b>	Credit on First Floor Level	Credit granted directly by Nacional Financiera has a selective characteristic and will not be applicable to projects whose goal is long-term funding.
<b>NAFIN</b>	Fixed Rate Credits	Nacional Financiera establishes an Outline for National Currency Funding at Fixed Rates to support development of micro, small, medium and large size companies by granting certainty on payments due and by allowing them to program investments.
<b>NAFIN</b>	Credit Transactions at Second Floor Level	This program includes several types of credits with different goals, such as: (a) Infrastructure improvement, (b) Guaranteeing continuing production process, (c) Technology innovation and environmental improvement, (d) Infrastructure improvement for companies, (e) Improvement of companies' financial position, (f) re-location, and (g) improvement of production structure and environmental protection.
<b>NAFIN</b>	Environmental Improvement Plan	Nacional Financiera has established a program that contributes to the improvement of the environment using resources from the Japan Bank for International Cooperation (JBIC) with the purpose of funding investment projects for companies whose mission is to control, mitigate, eliminate or avoid pollution of water, air and /or soil throughout Mexico.
<b>NAFIN</b>	Ozone Layer Protection Program	The World Bank granted Nacional Financiera resources that originate in the Multi-lateral Fund for the Montreal Protocol (FMPM) to support projects

		from public agencies and private companies whose purpose is to diminish and / or eliminate the use of substances that damage the ozone layer in Mexico.
<b>NAFIN</b>	Guarantees	It complements the amount of guarantees that banks require to finance new projects.
<b>NAFIN</b>	Dollar Auction	Grants resources to the intermediation network in competitive and market conditions to support companies' expansion and growth plans.
<b>FINANCIAL SERVICES</b>		
<b>BANCOMEXT</b>	Fiduciary Services	Financial services in fiduciary and appraisal issues.
<b>BANCOMEXT</b>	Credit Portfolios	Financial services to facilitate foreign trade transactions.
<b>BANCOMEXT</b>	Guarantee Program	Financial services to facilitate foreign trade transactions.
<b>BANCOMEXT</b>	Investment Bank	Services that support financial management in companies.
<b>NAFIN</b>	Financial Services for Foreign Trade	Financial services to facilitate foreign trade transaction in 3 branches: <ul style="list-style-type: none"> <li>• Letters of Credit</li> <li>• Short-term foreign trade Lines</li> <li>• Global Credit Lines</li> </ul>
<b>NAFIN</b>	Industrial Fiduciary and Appraisal Services	NAFIN provides fiduciary services to meet the needs of industrial and entrepreneurial economic activities as well as professional technical appraisal with an expert registry (expert services) and diagnosis of goods and/or rights or over industrial and real estate assets.
<b>CREDITS AND FINANCIAL SERVICES</b>		
<b>BANCOMEXT</b>	Development of Suppliers	BANCOMEXT supports the inclusion of small and medium size companies to

		the export chain as suppliers for large export and maquiladora companies established in Mexico.
<b>NAFIN</b>	Program for the Development of Suppliers for the Private Sector	Credits and financial services to strengthen commercial relationships between the large company and its small size suppliers.
<b>NAFIN</b>	Program for the Development of Suppliers for the Public Sector	Credits and financial services to strengthen commercial relationships between government agencies and their small size suppliers.
<b>NAFIN</b>	Industrial Sub-contracting Program	Credits and financial services to guarantee a process of continuing production for sub-contracting companies.
<b>Secretary of Economy</b>	Mining Promotion Trust Fund (FIFOMI)	Credits and financial services for the development of projects that have technical – economic feasibility in the mining sector.
<b>VENTURE CAPITAL</b>		
<b>NAFIN</b>	Investment Projects	Financial Services to support financial management in companies.
<b>OTHERS</b>		
<b>BANCOMEXT</b>	Treasury Services	Technical and financial assessment to support exporting companies.

## VIII. REGIONAL DEVELOPMENT AND PRODUCTION LINKING

<b>SECRETARY</b>	<b>NAME OF PROGRAM</b>	<b>PROGRAM DESCRIPTION / REMARKS</b>
<b>Secretary of Economy</b>	Development of Suppliers and Distributors	Offers a group of tools to support the creation of companies as suppliers and distributors for large companies in the public and private sectors.
<b>Secretary of Economy</b>	Integrative Companies	Promotes the association of MS&MSCs to facilitate their access to common services and to create scale economies in joint production and marketing activities. This partnering outline creates greater competitiveness between associated companies to become stronger and to enter into different markets.
<b>Secretary of Economy</b>	Technological Fora	Fora to facilitate companies' the access to information and to create relationships with the main applied research institutions and with the institutions for technological development in Mexico. In addition, the companies participate in seminars on relevant issues on technology matters.
<b>Secretary of Economy</b>	Handcraft Promotion <sup>53</sup>	Entrepreneurial surveys, advice, training in design and acknowledgement with the purpose of promoting the handcraft sector.
<b>Secretary of Economy</b>	Entrepreneurial Partnering	Its purpose is to create the necessary synergy among all economic parties belonging to one or more inter-related links with the goal of identifying and complementing

<sup>53</sup> This program includes two supports: (1) Support Program for Entrepreneurial Design (advice) and (2) Handcraft exhibits and meetings.

		production projects that trigger economic development using regional comparative advantages and promoting the increase in MS&MSCs' competitiveness and productivity.
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## IX. NEW PROGRAMS SECRETARY OF ECONOMY

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Fund for the Support of Micro, Small and Medium Size Companies (FAMPyME)	<p>With the goal of giving comprehensive support to the micro, small and medium size companies' competitiveness, the Deputy Secretary for the Small and Medium Size Companies is implementing FAMPyME. This fund has these support lines:</p> <ul style="list-style-type: none"> <li>• Training, advice and consultancy for MS&amp;MSCs</li> <li>• Training to become consultants, advisors and promoters.</li> <li>• Creation of guarantee funds.</li> <li>• Perform studies of MS&amp;MSCs' competitiveness.</li> <li>• Creation of entrepreneurial association centers.</li> <li>• Integration of databases.</li> </ul> <p>The actions being undertaken by the Secretary through FAMPyME are in coordination with state and municipal governments, the private and academic sectors and several public and private institutions.</p>
Fund to Promote the Integration of Productive Chains	<p>FIDECAP's goal is to support development of production projects that benefit micro, small and medium size companies to create the conditions that allow them to enter into the production chain: industrial, commercial and services. By funneling the fund's resources we seek to contribute to the creation of permanent and well-paid jobs, encourage integration</p>

	<p>and entrepreneurial association and to support high impact projects that contribute to strengthen several production sectors or regions in Mexico. The fund's resources are destined to the following lines of support:</p> <ul style="list-style-type: none"> <li>• MS&amp;MSCs production projects</li> <li>• Contribute to guarantee funds</li> <li>• Perform studies</li> <li>• Create Centers of Entrepreneurial Association, and</li> <li>• Integrate information databases</li> </ul>
South Bound Project	Grants support for training and installation of projects in the states of Chiapas, Campeche, Guerrero, Oaxaca, Tabasco and Veracruz.
Distribution Centers in the United States	Facilitates and promotes exports of manufactured goods to the United States through the financial support for payment of promotional and storage spaces. It also includes performing training and technical assistance courses.
Portal CONTACTO PyME	Information system through INTERNET that works as a technical assistance element for MS&MSCs' entrepreneurial activity.
CONSULTE Program	Its goal is to train university consultants by theoretical – practical training during one year for senior students, for recently graduated students and professors of the following careers: engineering and economics – management. Their certification based on the consultantship regulation of CONOCER will be promoted by the end of training.
Specialized Technology Consultantship	Encourage technological innovation in small and medium size companies by training, advice and association services through Entrepreneurial Technological Advisors (ATE's) directed towards the metal-mechanic, automobile and software sectors. Technical assistance consists of diagnosis, growth plan, development and association with support institutions.
Training for Entrepreneurial Technological Advisors (ATEs)	In coordination with the Mexico- United States Foundation for Science a program to train 32 consultants specialized in technical assistance for MS&MSCs is being developed. These advisors will promote development in technology intensive sectors and will facilitate the creation of innovative technology in

	MS&MSCs.
Training for the Health Sector	Training and advice for private hospitals to increase efficiency in hospital services and to prepare them for the quality certification in process established by the Secretary of Health.
National Development Program for Entrepreneurial Culture for Competitiveness	Workshops for entrepreneurial training for competitiveness directed to entrepreneurs, chamber presidents, state and municipal staff. The goal of training is that the entrepreneur guides his company's management strategies towards modernization, to promote and facilitate change and continuing improvement.
Creation of Centers for Entrepreneurial Association	Integrate a network of centers for small and medium size companies as an instrument to induce entrepreneurial culture for competitiveness through training and advice.
Quality Congress	Yearly meeting to broadcast quality trends of MS&MSCs through conferences of internationally and nationally renowned speakers.
Production Sectors	Promotes sectorial development and competitiveness unifying visions, goals, strategies and actions that, in the short and medium range, promote the sustainable development of all parties involved and contributes to strengthen production chains. It also promotes actions and solution alternatives for problems that micro, small and medium size companies face in the different sector in coordination with public and private agencies so as to encourage growth.
Business Opportunities	Its purpose is to learn to identify and promote business contacts for MS&MSCs. To this end, mechanisms such as national meetings for development of suppliers and the creation of databases like the Industrial Sub-contracting System and the Opportunities Exchange are used to broadcast supply and demand.
International Expos and Commercial Missions	Contributes to make Mexican companies international by increasing exports, access and development of new markets and encouraging strategic alliances.
Exports Facilitators	It grants basic advice and specialized consultantship for the development of export projects in coordination with state governments. This with the purpose of contributing to the development of export projects as well as encouraging an export

	culture in the state.
State Organizations for Promotion of Exports	Provides comprehensive services in foreign trade matters according to the specific needs of each company with the goal of including a larger number of small and medium size companies into the export chain.
Sectorial Promotion Program (PROSEC)	PROSECs are instruments aimed at companies that manufacture certain merchandises through which they can import different goods with a prime ad-valorem rate (General Import Tax). These goods will be used to manufacture specific products; independently of whether the merchandises to be produced are destined for export or for the domestic market.
National Technology Award	The National Technology Award is a promotional instrument used to promote the adoption of technological management systems-
Women's Production Development Program	Supports the creation, strengthening or expansion of production projects with: investment expenditures, working capital and training for peasant, native Indian and urban women in conditions of poverty.
Peasant Women Program	Promotes organized participation of peasant women involving them in the development and improvement of their community by financing sustainable and recoverable production projects at short and medium terms that create goods and services that contribute to the well-being of the peasant family.

## FOREIGN TRADE NATIONAL BANK

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Entrepreneurial Creative Youths	Supports with temporary contributions of capital projects and companies for young professionals so that, with the participation of officially recognized learning institutions, they successfully create or strengthen their small size companies that have potential and that are economically feasible.
PyME Financing	Offers credits to finance equipment and working capital for small and medium size companies directly or indirectly related to



	exports.
Insurance for Export Credit	Protects the exporter against risks of lack of payment from his buyers.
Job Exchange	Offers a job exchange specialized in international business.
Production Chains	Support instrument to obtain immediate liquidity through an electronic discount of bills when the company is integrated into a production chain. It also offers value added services such as: training and technology.

## SECRETARY OF TOURISM

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Program for the Modernization of the Small and Medium Size Tourism Company	Its purpose is to provide access to models of management by quality, technology innovation and professional administration for hotels, restaurants and travel agencies. It also facilitates funding instruments that promote modernization of tourism MS&MSCs.
Program to Reactivate Financing for the Tourism Sector	Facilitate access to bank credits for the tourism company and state and municipal governments with the financial, technical and market supports that allow to promote participation of banks in granting credits for priority destinations and sectors.

# **ANNEXES: ENTREPRENEURIAL SUPPORT PROGRAMS**

## **A.2 STATE PROGRAMS**

## AGUASCALIENTES

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Initial Diagnosis	Advisors from the Bureau of Support for the Micro and Small Size Companies will visit companies to perform a survey that will allow to know the current situation of companies in the main 5 areas: Management, Marketing, Accounting and Finances, Human Resources and Production. With this it will be possible to suggest with more certainty the government and private programs that will help to solve their problems.
State Award for the Entrepreneur	Promote the creation of new business in the state by promoting the entrepreneurial culture through stimulation, training and financing projects from universities and from the general public.
Productivity and Competitiveness Management (APC)	Strengthen and increase competitiveness in MS&MSCs through management of productivity and quality with a continuing improvement approach. This is a program designed to support and help MS&MSCs in a practical manner, easy to implement, by a qualified instructor, so as to maintain quality and continuing improvement outlines within all the operational and management activities in the business.
Business Opportunities	MS&MSCs refer to business opportunities through personalized service outlines, Sectorial association, promotional trips, opportunity bulletins, production chains and development of suppliers. This will achieve an adequate entrepreneurial development for each one of the companies.
Sectorial Entrepreneurial Comprehensive Development Program for Strategic Sectors (PRODESEC)	Promote competitive development of Strategic Partners in Aguascalientes by diagnosing their needs in organization, technical-production, finance, and marketing. With this diagnosis a program for training and technical assistance can be defined.
Participation in the Aguascalientes Fund to Finance MS&MSCs	Offer a support mechanism that is agile and timely, with preferential conditions for MS&MSCs in the state of Aguascalientes that has production capabilities. These supports should allow them to enter into production chains, thus helping to create

	and sustain more and better jobs.
Guarantee Fund to Finance Micro and Small Size Companies	Establish a guarantee fund for smaller size companies that facilitate access to the different funding programs in commercial and promotional banks.
Specialized Consultantship and Training to Develop Exportable Supply for Small and Medium Size Companies	Develop exportable supply of products and services of the productive sector of the State of Aguascalientes. The Foreign Trade Management will train specialized staff in foreign trade per sector so as to grant specialized advice to the export community.
Aguascalientes' Institute for Entrepreneurial Competitiveness	Create an institution that defines and certifies mechanisms adhering to a quality system that allows to support MS&MSCs in their development to obtain the acknowledgement "Proudly from Aguascalientes."
Development of Technology Based Companies	Promote the establishment of companies that develop their products with a high technological content, that enter into production chains and that can substitute imports thus contributing to increase the degree of national integration.
Training Human Resources to Assimilate New Technologies in Companies	Promote a culture for technological modernization and innovation in MS&MSCs that contributes to their efficient and permanent development as well as their efficient introduction to production chains in priority sectors in Aguascalientes.
Aguascalientes' Entrepreneurial Innovation Center (CIEA)	Support new companies so that they have more chances for success, to start with less difficulties, avoid common mistakes in new entrepreneurs, diminish initial operational costs and have a business plan so that their company can get strong and remain in the market.
Technology Improvement Program for the Production of Bricks	Support brick manufacturers including technological improvements in their production and management processes.
Management and Diagnosis System (SAD)	Have an information system, available through Internet that allows to follow-up the development of each of the companies that requested some kind of support from some state agency.
Information Bank of Services for the Manufacture of the Automobile and Auto-parts Industry	Have a database of strategic information on the companies that have manufacturing services and that can potentially be included as suppliers for local and domestic companies, mainly in the automobile and auto-parts sector.
Technological Information Bank for the Garment Industry	Promote the development of a new entrepreneurial culture in the garment

	industry facilitating access to knowledge and the inclusion of new technologies as well as implementing a specialized information system on fashion trends, supplies and technology.
Support for Exports	Comprehensive support, service and follow-up with all government and private institutions seeking to benefit exporters within the legal framework.
Abroad Promotion Meetings	Search of new market niches and promotion of exportable supply. Through this program, the Foreign Trade Management seeks to promote the products of Aguascalientes at an international level.
Promotion to Implement a Quality System in ISO 9000 in the Micro, Small and Medium Size Company	Encourage MS&MSCs to adopt quality processes and systems to improve their productivity in an agile and fast manner as well as guide companies on supports for modernization offered by the private and public sectors.
Asunción Institute for Entrepreneur Training	Training in self-employment activity for beneficiaries of the Asunción Credit Fund.
Credit for Self-Employment	Grant serial credits for solidarity groups for self-employment activities. Funding is granted for the poorest classes so that they can create their own dignified and profitable employment.
Expos, Exhibits and National Promotion Trips	Find new market niches for products from Aguascalientes.
Suma	Provide family sewing machines for self-employment activities.
Market Products from Aguascalientes in Self-Service and Department Stores	Promote marketing of products from Aguascalientes in the commercial chains affiliated to the National Association of Self-Service and Department Stores.
Promotion for Training and Productivity project (Self-management)	Contribute for MS&MSCs to be in the possibility of establishing actions tending to make their production processes more efficient, develop human resources and improve payment for staff.
Worker Placement Program	The worker placement program's goal is to relate in an agile, efficient and timely manner job applicants with job opportunities created in the state. The placement will be done through recruiting procedures, pre-selection and then aspirants will be sent to cover vacancies.
Fund to Support Municipal Production Employment in Aguascalientes	Grant credits to companies that have a viable project to create and preserve jobs.
Venture Capital	Grant a contribution in solidarity with social enterprises that are legally constituted to create, expand, reactivate or strengthen a production project

	through participation in association.
First Productive Step	Grant a contribution in solidarity to groups of women, native Indian or in poverty conditions that have productive capability and are not legally constituted to create job opportunities and, at medium term, sufficient income to re-integrate said resource to FONAES.
Program for Productive Development For Women	Provide development opportunities that increase the quality of life for women who inhabit backward and segregated areas, as well as promote development of priority activities of general interest through the execution of production actions and projects.
FOGACINTRA	Promote economic development in Aguascalientes with funding for feasible production projects focused mainly on the industrial sector.
Revolving Fund for the State Government Trust Fund (FFOREGOA) (Granting of bridge credits)	Grant credits that give the opportunity for investment projects of livestock, agricultural, industrial, forestry and fish producers and marketing with the goal of increasing productivity in the rural areas through start-up credits, credits for parts and for garments requested from BANRURAL and BANXICO.
Grant Guarantees or Endorsers	Grant complementary guarantees required for profitable rural economic activities of companies: livestock, forestry, fish, industrial, commercial, extraction, and services as well as to encourage Aguascalientes' development.
Enterprising Success Exhibit	Promote self-employment and creation of business as an alternative to improve family economy by offering several adequate options to the needs of the poor population that requires more income.
Comprehensive Consultantship	Support MS&MSCs in Aguascalientes with Comprehensive Consultantships by applying measures to improve Management, Human Resources, market, Production and Finance by providing the adequate tools to strengthen their operation so that they can guarantee their own permanence, development and market strengthening.
Pattern Design and Creation of Samples	Design lines and collections of garment for all categories under current fashion trends world wide and competitive within the market.
Technology Trends and Materials	Perform a comparative analysis and panoramic vision of the evolution and use of machinery and new materials. This

	will allow to focus guidance on those basic aspects of competitiveness within the sector.
Compuempresa Program	Provide MS&MSCs with the opportunity of acquiring computers and training through an easy access a financing plan.
Equipment for Agro-industries	Support micro and small size agro-industries in obtaining the necessary machinery and equipment to develop their activity as well as to apply market studies, technical, feasibility and financial studies that allow incursion into more demanding markets.
Opportunities' Space Bulletin for MS&MSCs	Keep the MS&MSCs' entrepreneur informed of the support programs that the government is undertaking and updating him on issues of interest to strengthen his entrepreneurial culture.
Participation and Promotion in Expos and Exhibits	Promote participation of livestock and agro-industrial producers in Aguascalientes in several exhibitions and expos, local, national and international, so that they can obtain better marketing channels and larger profits by promoting their products.
Creation of Investment Projects	Support livestock and agro-industrial producers in Aguascalientes, and any other legal production activity within the rural area, to create and evaluate their investment projects as well as to select their source of funding.
Training and Development	Promote development of a new entrepreneurial culture by encouraging conferences, fora, colloquia, and practical courses with the best speakers in the area.
Entrepreneurial Education	Provide basic knowledge and tools that enable the entrepreneur to analyze his business' behavior in numerical terms and achieve understanding of these to make adequate decisions that will be guided towards growth.
Introduction to Handling and Programming Machines Controlled by Numerical Controls	Assistants will be able to program any kind of bi-dimensional figure in Numeric Control ISO programming language. Training courses will be organized so that the staff of the furniture sector knows how to operate machines with numerical control with economic support from the government.
Paints varnishes, defects in finishes in furniture and wood industries	Identify the characteristics of products and basic materials used in furniture finishes, of the different application systems, as well as most common causes

	of defects in finishes and their possible solutions for furniture companies.
Development and Training for Agro-industrials (Development of Exporting Companies)	Identify the characteristics of products and basic materials used in furniture finishes, of the different application systems, as well as the most common causes of defects in finishes and their possible solutions for furniture companies.
Creative Design	Design garment lines and collections for all categories under current fashion trends around the world and competitive within the market.
Exhibit-opportunities Bulletin	Communicate and broadcast demands in foreign markets and inform state entrepreneurs on foreign trade.
Program for Credit on Second Floor Level (PROCRESE)	Support investment projects for micro, small, medium and large size companies in the industrial, commercial and service sectors whose object is to: expand or modernize their facilities, build or strengthen their working capital so as to maintain or expand their levels of operation. Re-structuring of passive assets with the goal of strengthening financial structures in companies, investments that innovate, adapt or update technologies as well as investments to prevent or eliminate emissions of polluting substances and elements into the environment, recycling of polluting substances as well as rationing water and power consumption.
Guarantee Program	Facilitate access to financial resources for companies in the industrial, commercial and service sectors; mainly micro, small and medium size companies, to finance investments for fixed assets and working capital, development of investment projects to expand or modernize their facilities, as well as for projects for technologic development and for environmental improvement.
Production Chains Program	Nafin's Production Chains' goal is to draw clients and suppliers nearer to each other, to offer financial products to strengthen development of suppliers. It is also an on-line communication tool among participants.



## BAJA CALIFORNIA

<b>NAME OF PROGRAM</b>	<b>PROGRAM DESCRIPTION / REMARKS</b>
FIDEM	Not available.
EMPRENDE	Not available.
CREDICERE	Not available.
FODEMIT	Not available.
Mining Fund	Not available.
Rural Aquaculture Program	Not available.
Program for Suppliers and Exporters for Micro and Small Size Industry	Not available.
Baja Export's Program	Not available.
Exporting Merit Award	Not available.
CEPROMAQ	Not available.
Review of the Entrepreneurial Regulation Framework	Not available.
Advice for Opening and Operation of Companies	Not available.
Basic Statistics	Not available.
Economic Analysis and Studies	Not available.
Entrepreneurial Directory	Not available.
Job Exchange	Not available.
Expo Employment	Not available.

## BAJA CALIFORNIA SUR

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Unique Window for Entrepreneurial Management	Free program that grants guidance and advice on any formalities, management of formalities and information on special formalities for the establishment of companies through a simplified legal figure.
Visitor Service and Possible Investors	Free program to promote the State paying service and guidance for possible investors and visitors that have the purpose of investing or of making diplomatic business liaisons.
Investment Projects	Free program whose goal is to gather information on the Identification Certification for Investment Projects so as to provide statistics for investment and job creation for entrepreneurs.
Operation Application of the Law on Economic Support for the State of Baja California Sur	Program that seeks to strengthen the production sector by tax exemptions, reductions and returns.
Entrepreneurial Liaisons	Free program aimed at companies that want to increase their advantages and those whose input is supplied by state companies.
Promotional Material	Free program that broadcasts existing State support through promotional material among the entrepreneurial community.

## CAMPECHE

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Continuing Improvement of Regulations	The goal of this program is to simplify or eliminate obstacles that the entrepreneurial community faces to create, open and start new companies.
Unique Window for Entrepreneurial Management	This program supports corporate or individual taxpayers that want to start or strengthen businesses by providing information, guidance and help with formalities before federal, state and municipal agencies.
Marketing of Products from Campeche	Free program to support micro and small size industrials to introduce products originated in Campeche into organized trade.
Productive Development of the State's Handcrafts	Free program aimed at handcraft producers registered in the Handcraft State Registry that promotes development in marginal places and groups by strengthening participation of artisans by providing training and marketing supports.
Attraction of Promotion and Investments	Program for the promotion of the State aimed at domestic and foreign entrepreneurs that want to invest in the State using local labor and state inputs to create economic impact on Campeche.
Industrial Promotion Program	Program to promote industrial activity with a criterion of profitability and creation of well-paid jobs.
Micro-entrepreneurial	Program that supports, promotes and encourages the development of micro-companies by granting financial services at prime rates.
Handcraft Promotion	Program that promotes handcraft activity by granting credits.
Buenaventura	Communicate and broadcast foreign market demands, as well as information on foreign trade for entrepreneurs in Campeche.
Impulsa XXI	Program designed to support micro and small size companies. This program is related and financed in a joint and coordinated fashion with the State Government through the Secretary for Industrial and Commercial Promotion and several public and private agencies.



## COAHUILA

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Guarantee Fund to Encourage Micro-companies in the State of Coahuila (FINCOAH)	It is a Trust Fund created by the State Government in Nacional Financiera, S.N.C., to grant direct financial support for micro size companies to help in their development. Other supports: Guarantee participates in credit ventures up to 20% in credits granted by banks to subjects of support in the form and time established by FINCOAH.
Saltillo's Industrial Plaza	It is a project aimed at housing micro and small size companies in warehouses of approximately 450m <sup>2</sup> and 900m <sup>2</sup> that have the necessary infrastructure for these companies to start operating immediately.
Plant that profits from Desert products to support rural communities in Coahuila	Reactivate rural production units by organizing collectors in production units so as to concentrate raw material and achieve improved control over it.
Incubator for the creation and development of micro size companies that provide value added to natural resources of Coahuila's central region	Implementation of an entrepreneurial incubator coordinated by the HOMEX Foundation that represents the region's most important companies as well as Government agencies.

## CHIAPAS

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Fund to support young entrepreneurs in	Program that supports young

Chiapas (FONAJECH)	entrepreneurs in Chiapas by granting preferential financial supports.
Financing fund for solidarity companies in the handcraft sector of Chiapas (FOFESSA)	Program that supports marketers, artisans and micro size entrepreneurs by granting financing.
Fund for the Industrial Development in Chiapas (FIDEN)	Program that supports micro, small and medium size entrepreneurs in industrial and maquiladora development in Chiapas by granting financial supports.

## CHIHUAHUA

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Unique Window for Entrepreneurial Management	Legal constitution of micro industries through legal figures as: individual taxpayer with micro-industrial activity, Micro-industrial Association with Limited Liability. Guidance and advice on the tax program. Performance of Formalities to Obtain the Bar Code as well as Health formalities.
Entrepreneurial Assistance Module	Provide information, advice and consultancy for MS&MSCs according to their needs and trying to promote their competitiveness.
Center for the Development of Small Size companies	Provides advice and technical assistance in areas of interest in academic disciplines in schools and universities, with the advantage of having the possibility of integrating several technologies in the creation of a company that produces goods and / or services, their distribution, as well as issues on human resources, legal and tax, among others. Services provided: training for entrepreneurs, advice and liaison. Development of new entrepreneurial products, entrepreneurial diagnosis, feasibility studies, analysis of processes.
Fund to Support Productive Social Development (Chihuahuan Women, Backward Rural Areas, Medium Urban Areas with backward)	Credit program for fixed time loans with a fixed interest rate.

## DURANGO

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
State Committee for Regulatory Improvement	Not available.

State Registry for Entrepreneurial Formalities	Not available.
State Council for the Promotion of Industry and Foreign Trade	Not available.
Support for Handcraft Design	Not available.
Leaflet for the Promotion of Durango's Handcrafts	Not available.
State Exhibit to Market Handcrafts	Not available.
Promotion of the Operation of the Mexican Regulatory Council for Mezcal Quality, Durango Branch, A.C.	Not available.
Seminars and Workshops	Not available.
Production Linking of the Garment and Textile Industry	Not available.
Production Linking of the Forestry Industry	Not available.
Establishment of Industrial Activities in the Rural Environment	Not available.
Production Projects in Urban Areas	Not available.
Production Projects in Rural Areas	Not available.
Entrepreneurial Management Programs	Not available.
Participation in National and International Expos and Exhibits	Not available.
Infrastructure Inventory and Territorial Reserves for Commercial and Industrial Use	Not available.
Entrepreneurial Missions and Tours of Consuls	Not available.
Promotion of Strategic Alliances for Investment	Not available.
Programs to Support Technical Assistance to Increase Productivity	Not available.
Geological Mining Cartography, Geochemistry, and Geophysics of Durango	Not available.
Financing for Mining	Not available.
Training and Instruction for the Small size Miner	Not available.
National and International Promotion of Mining	Not available.
Support for Social Mining	Not available.



## GUANAJUATO

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Transportation Sector	Advice and guidance program as facilitator of First Step that supports micro, small and medium size industries in Guanajuato. At the same time it coordinates the implementation of activities that favor the development of the transportation sector.
Textile and Garment Sector	Advice and guidance program as facilitator of First Step that supports micro, small and medium size industries in Guanajuato. At the same time it coordinates the implementation of activities that favor the development of the textile and garment sector.
Leather – Shoe Sector	Advice and guidance program as facilitator of First Step that supports micro, small and medium size industries in Guanajuato. At the same time it coordinates the implementation of activities that favor the development of the Leather – Shoe sector.
Construction and Tourism Sector	Advice and guidance program as facilitator of First Step that supports micro, small and medium size industries in Guanajuato. At the same time it coordinates the implementation of activities that favor the development of the Construction and Tourism sector.
Automobile Sector	Advice and guidance program as facilitator of First Step that supports micro, small and medium size industries in Guanajuato. At the same time it coordinates the implementation of activities that favor the development of the Automobile sector.
Food Sector	Advice and guidance program as facilitator of First Step that supports micro, small and medium size industries in Guanajuato. At the same time it coordinates the implementation of activities that favor the development of the Food sector.
Management of Entrepreneurial Formalities	Program whose purpose is to have a clearly defined place for the entrepreneur to go to so that he can obtain licenses, permits or authorizations to establish or develop, seeking to support administrative

	simplification in the different government agencies.
Creation of Micro- Industrial Associations with Limited Responsibilities	Free program to help individual taxpayers that are also micro-industrialists to become a partnership through information, advice and management of formalities for the legal creation of an Association with Limited Responsibilities.
Entrepreneurial Advice and Assistance	Program whose purpose is that the entrepreneur can find updated information in every formality necessary in Guanajuato in one place.
Support detection and Development of Sectorial Projects with Social Impact and Benefits	Free program that provides information on social and economic indicators for basic and strategic sectors in the State to facilitate decision-making.
Integration and Operation of Sectorial Consultant Councils	Free program that grants advice to production sectors in structure and methodology for the creation and operation as a Civil Association of the Consulting Councils For Sectorial Economic Development.
Legal Advice and Formalities	Free program that provides advice on how to obtain mining concessions and formalities to obtain permits for the use of explosives, for exploration and exploitation of mineral resources and others related to the application of the Mining Law and its promotion throughout the state.
Geological Evaluations	Program that grants support to evaluate operating and non-operating projects on metallic and non-metallic mineral beds with the object of sustaining feasibility to attract investment and / or to obtain funding.
Guanajuato's Mining Cartographic Information	Free program that provides information to mining companies so as to broadcast Guanajuato's Mining Cartography and know which areas are subject to concession.
Geological- mining Reconnaissance Visits	Free program that seeks to strengthen the mining production sector by supporting the creation of new projects through Geological - Mining Reconnaissance Visits that will help in determining feasibility.
State Promotion for Possible Investors Worldwide	Program that provides information on the comparative and competitive advantages of Guanajuato for entrepreneurs interested in investing.
Advice to Complement the Implementation of New Investments that Create Jobs	Support program for investors that informs on the best alternatives to establish companies in Guanajuato and facilitate feasibility and installation of

	basic services in selected areas.
Creation of Business Plans or Entrepreneurial Diagnosis (Ends in 2001)	Program whose goal is to support the entrepreneur to establish and develop in the best possible manner with the creation of an entrepreneurial diagnosis or business plan.
Linking the Production Sector with Federal, State and Municipal governments	Program whose purpose is to facilitate linking between the Production sector and Federal, State and Municipal governments to enable meeting investment needs.
Development of Strategic Sectorial Planning	Free advice program for entrepreneurs. This program seeks to identify the main lines for and adequate strategic planning through Planning Workshops.
Information on Sectorial Social and Economic Indicators	Free program that provides information on social and economic indicators for strategic sectors.
Technical Advice on Mining	Free program that provides advice and specialized assistance for Micro, Small and Medium Size entrepreneurs pertaining to the Mining Sector.
Advice for the Commercial Sector	Free program that provides advice for all retailers (Fixed stands, semi-fixed stands, public roads, markets, and retail in general) in Management, Marketing, Finance and Accounting.
Promotion of Mineral Fields	Personalized promotion program free of charge for national and foreign miners that are interested in investing in Guanajuato.
Commercial Linking	Support program for entrepreneurs. This program seeks to include manufacturers and service companies of micro, small and medium size companies, into the large industrial, commercial and government procurement buyers production chain.
Promotion of Municipal Callings	Support program for the 46 municipalities that make up Guanajuato. This program identifies the benefits of existing economic activities so as to determine potential companies to create investment projects and to create a comprehensive portfolio on each municipality.
Promotion of Meetings	Program to promote the products created by Guanajuato's economic sector in the different market niches. This will create a commercial link between supply and demand within the state.
Strengthening of the Handcraft Sector	Free support program for handcraft producers that promotes comprehensive development and entrepreneurial abilities in the handcraft sector by promoting productivity, quality and competitiveness of their products at national and

	international level.
Promotion of Industrial Parks	Program for the promotion of industrial parks whose object is create a registry with options for facilities that facilitate the establishment of companies and support owners of facilities for their marketing.
Support for Meetings	Free support program for trade that provides advice on how to organize meetings that promote trade such as: Expos, Exhibits, Quality Fora, etc.
Assistance on Applied Technology and Technological Advice	Program that provides technical advice, training, information and technology transference promoting micro, small and medium size industries in Guanajuato with services that meet their technology needs by applying these to their production systems.
Placement of Workers	Free program to support unemployed workers and companies that require workers by linking both of them.

## HIDALGO

<b>NAME OF PROGRAM</b>	<b>PROGRAM DESCRIPTION / REMARKS</b>
Unique Window for Entrepreneurial Management	Support for MS&MSCs in: becoming associations of limited Liability; performing a company's opening or operating formalities and standardization of companies already established.
Hidalgo Fund for Economic Support (FOHIFE)	Promote and support comprehensive development for micro and small size companies in Hidalgo.
Production Projects	Create technical files to enter one of the support programs of the Secretary for Social Development to acquire input or equipment for up to 200,000 pesos.
Hidalgo Exports Award	Award to promote, develop and broadcast exporting activities.
Hidalgo Award for Labor Merit	Award that promotes and encourages personal growth in industry workers in the search of excellence.
Hidalgo Award for Quality	Award that contributes to create a quality culture that will reflect on the lifestyles of people in Hidalgo.
Award for Technological Innovation	Stimulates the application of technological knowledge and performance of projects that meet real needs in Hidalgo.
Support Program for Artisans	It is made up of three programs: (1) Artisan Promotion, (2) Artisan Training, (3) Funneling of resources to fund development of artisans.
Mining State Program	Comprises the following strategies: (a) promotion and development of production projects, (b) Promotion and development of geological and mining infrastructure, (c) Promotion of training and technical assistance, (d) Funding production projects, (e) Promotion of technological modernization, (f) marketing support, (g) Inter-institutional coordination, (h) Promote an ecological culture.
Placement module	Obtain qualified labor through a job exchange.
Advice and guidance on Safety, Hygiene, Training and Instruction matters.	Provides entrepreneurs that require it with advice.
Fund to Guarantee Contributions	Support Hidalgo's micro and small size companies in accessing funding outlines and programs in commercial banks and / or development banks through guarantee

	contribution funds.
Trust fund to support Micro and Small Size Companies in Hidalgo	Support Hidalgo's micro and small size companies that do not have access to other funding programs with funding from the industrial, commerce and service sectors, so that they can cover the economic crisis with this funding.
Program of Scholarships for Training	Support new companies or expanding companies through a scholarship program for new workers.
Development of exports	Support Hidalgo's micro, small and medium size companies to discover their export potential through an initial diagnosis of their resources followed by complete advice and entrepreneurial training on foreign trade.
Development of markets	Support for new exporters to develop an effective market strategy through the creation of a business plan to successfully access the target market. It also supports already exporting companies to discover new markets and expand their client portfolio.

## JALISCO

<b>NAME OF PROGRAM</b>	<b>PROGRAM DESCRIPTION / REMARKS</b>
State Committee on De-regulation and Economic Promotion (CEDESPE)	Promotes sustainable economic development to increase the quality of life in Jalisco.
Jalisco's FIDERAZA Trust Fund	This program seeks: to stop migration by creating jobs in municipalities that have the highest rate of migrant workers; by decreasing the cost of shipments and promoting development of Jalisco's regions.
Unique Registry for Formalities	Program that seeks to provide citizens with a legal instrument for formalities and to make it easier for the entrepreneur to undertake his obligations before government agencies by finding all the necessary information in only one document.
Window for Formality Management	Guide, advice and manage formalities, for operation and installation of companies in Jalisco.
Regional Entrepreneurial Development Program (PRODER)	Promote development of an entrepreneurial culture to encourage self-employment and join productive forces in the different sectors of Jalisco's economy.
Promote Agro-Industrial Production Chains in Jalisco	Create the conditions to promote the integration of the links that make up the production chains.
Promotion of the Mining Sector	Promote the activity of micro and small size mining by creating new projects, increasing their productivity, creating new jobs, increasing participation in the national economy and helping regional development.
Entrepreneurial Associations	Promote development of an association culture that allows MS&MSCs to collaborate among themselves to compete successfully.
Industrial Areas for MS&MSCs	Promote the supply of adequate industrial facilities for MS&MSCs so that, at the time of establishment, linking with production chains is possible, as well as linking with supply chains by strategic sectors.

## Mexico

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Companies Fast Opening System	The Companies Fast Opening System is the combination of provisions and entrepreneurial support instruments, coordinated in a compulsory, fast, and transparent way by the auxiliary agencies and organizations, in order to make the incorporation, operation, and expansion of industrial, commercial and service companies, easier in the territory of the State of Mexico.
Comprehensive Program of Regulation Improvement	It is intended to determine and establish objectives, policies, strategies, actions, and goals that should be compulsorily adhered to by the agencies and auxiliary organizations, so that they can make up a legal and administrative framework that makes the development of production activities easier in the state.
Commercial Infrastructure	Promote modernization of commercial infrastructure, encouraging the combination of the public, social, and private sectors, as well as the issuance of the regulation guidelines necessary for an adequate planning and operation of the commercial infrastructure.
Investment Projects in the Commercial Sector	Promote and encourage the installation and opening of commercial premises, on different concepts, finding and generating investment projects in the commercial sector, in addition to encouraging the creation of new jobs.
Training for the Retail Commerce	Train and advise the small size merchants in the State of Mexico by means of courses, so that they get to know the basic elements to promote the development and modernization of their businesses; and to let them have elements that allow them to make adequate decisions to implement commercial strategies.
Commercial Link	Promote the direct link between producers and commercial agents, strengthening organization and optimizing the commercial process. Reduce intermediation and therefore improve the producer's revenues.



Entrepreneurial Service	Guide the micro and small size entrepreneurs of the state who wish to install a company, in regards to the official documents they should obtain from the three government agencies; as well as help them with the registration procedures before the State of Mexico Entrepreneurial Registration Bureau for companies whose official address is in that state.
Industrial Groups	Identify groups of people who carry out the same economic activity and who are geographically in the same place, in order to support them, so that they can obtain training in regards to companies' creation.
Financing Support	Guide the micro and small size entrepreneurs so that they can obtain credits and financing granted by promotion institutions and agencies.
Commercial Link	Commercially link the micro and small size entrepreneurs, with the medium size and large size companies in order to make them become part of the state economic development production chain, trying to carry out service rendering operations or direct sale of goods, and promote them in events, such as commercial expos and exhibits.
International Missions and Expos	Provide technical support so that the companies from the State of Mexico take part in international events, having the opportunity to get directly in touch with foreign purchasers and investors.
International Congress of Foreign Trade	Let those interested, know the conditions, opportunities, and challenges of international markets, and specific export projects.
Spread Business Opportunities	Provide the entrepreneurs, international demand and supply opportunities.
Technical Assistance in Regards to Foreign Trade	Support the companies in their foreign trade operations.
Technical Assistance in Regards to International Trade Agreements	Provide advice in regards to trade agreements in order to take advantage from the benefits they grant.

Directory of Exporting Companies and Foreign Investment	Provide general information on exporting companies with foreign investment, settled in the State.
Information System of Exporting Companies that Take Part in Commercial Missions (Program in-process)	Provide statistic information about the mission results.
Workshops to Promote Foreign Trade	Guide step by step, in regards to procedures required by exporting operations, by means of a group of advisors specialized in international commercial, customs, and legal issues.
Courses on Foreign Trade	Provide technical and practical training to the interested parties, so that they can perform correct foreign trade operations, as well as strategies to take their products abroad and diversify markets.
Bachelor's Degree in Foreign Trade	Create specialized foreign trade curricula to address the companies' needs.
Promotional Trips Abroad	Promote the comparative and competitive advantages of the State of Mexico to attract foreign investment.
Service to Foreign Missions and Delegations	Give specialized service to the different foreign missions and delegations visiting the State of Mexico, in order to attract a higher volume of investments.
Attention to Potential Investors	Give special service to potential investors; carry out and coordinate entrepreneurial meetings in order to consolidate their investment projects in the State of Mexico.
International Representatives	Promote economic activity of the State, abroad.
Information System on The Direct Foreign Investment of the State of Mexico	Provide statistics.

Economic Information System of Mexico and the State of Mexico	Provide information on statistics, macro-economy, and foreign sector
Tourism Promotion Fund for the State of Mexico	Coordinate the participation of the Federal Executive Branch, the State of Mexico and the tourism companies of the private sector, municipal governments or other authorities, in order to carry out tourism market studies, promotional campaigns, and tourism advertising at national and international level. These campaigns will train those interested in providing tourism services and public relations, as well as agree on actions in order to increase air and overland routes towards the tourism sites that make up the fund.
Product Development	Coordinate actions intended to achieve greater knowledge of the tourism activity in the State of Mexico and decide on action lines for its development. At the same time, coordination and support mechanisms with the different levels of government and the social and private sectors will be established. These should provide optimum quality levels in tourism services, as well as tourist satisfaction and encourage modernization of such services.
Investment Projects	Promote tourism investments in the State, identifying business opportunities and providing advice, technical support, and intermediation to obtain official documents for the design and execution of projects that promote the expansion and diversification of tourism supply, in order to include more competitive tourism products that generate better economic benefits.
"Rescue of Ex-Haciendas" Program	Promote tourism investment providing advice, technical support and intermediation to obtain official documents for the use of Ex-haciendas as lodging facilities, thus generating economic development in areas with the highest tourism potential.
Sale of Lots and Industrial Premises	Attract investment; generate jobs marketing lots and industrial premises owned by FIDEPAR.
Promotion and Spreading of 52 Industrial Parks and Areas in the State of Mexico	Attract investment and generate jobs marketing lots and industrial premises owned by private parties.

Update and Play the DVD that Promotes the State of Mexico	Attract investment promoting and spreading the competitive and comparative advantages of the state.
Update and Issue FIDEPAR Promotional Brochures	Promote the 52 industrial parks of the state.
Advertise FIDEPAR in several media	Promote the competitive and comparative advantages of the State of Mexico and its 52 industrial parks, in specialized magazines, and in Internet.
Program to maintain billboards	Get in touch with persons possibly interested in investing in the state, within the industrial sector.
Take Part in Congresses, Expos, and Exhibits	Get in touch with persons possibly interested in investing in the state, as well as promoting and spreading the comparative and competitive advantages of the State of Mexico.
Promote the Installation of Companies (Municipalities that are not very Industrialized)	Attract new investment to the state, so that it contributes to create jobs and therefore, welfare.
Technical Advice and Assistance	Create optimum conditions to install new industries in the state and give support to solve the problems experienced by companies already installed, such as operation, strengthening and development.
State Award to Entrepreneurial Excellence in the State of Mexico	Encourage the industrialists of the state, so that they promote a better economic development
MeetInformation, and Entrepreneurs Link Requests	Provide reliable and timely information to support a better decision making process in regards to industrial issues
Support incentives to Handcrafts Creativity	Carry out regional contests to encourage handcrafts creativity.
State Register of Craftsmen and Craftswomen per Municipality	Grant the craftsmen and craftswomen of the State an ID so that they can access the different events where handcrafts are promoted.

Entrepreneurial Solidarity Fund for the State of Mexico	Promote and provide financing to individuals and micro size handcrafts companies, for production projects that encourage applicants to be self-employed, and create more jobs; it will also be completed with technical assistance programs so that the craftsmen/women are in good conditions to adequately use the credits they are granted.
Sale of Goods under consignment in a CASART shop	Support craftsmen/women of the state, so that they can directly market their products at the CASART shop.
Take part in Traveling Exhibits, Local and Regional Expos	Encourage the participation of craftsmen/women of the State in expos and exhibits promoted by IIFAEM and the municipalities.
Take part in National Expos and Exhibits	Support the craftsmen/women of the State of Mexico so that they attend the expos and exhibits promoted by other states, or public and private institutions.
Promote Exports	Promote foreign trade for the handcrafts manufactured in the State of Mexico, taking part in commercial events, and others.
Organize the Handcrafts Producers to Support the Stockpile of Raw Materials and Encourage Productivity.	Promote the creation of formal ID's for groups of craftsmen/women, and make access to technical advice and financing easier for them.
Refurbish furnaces	Protect environment and optimize quality in handcrafts.
Develop New Designs	Adjust tradition and culture to new handcrafts according to contemporary life, and diversify the products.
Coordination of Training Courses	Design and organize training courses intended to develop the handcraft field, as well as to take care of and run the training-production centers.

Geology-Mining Counseling	Provide guidance and support to social sector groups, and mine licensees with regard to several technical, legal, and administrative issues. These issues deal with compliance with federal, state, and municipal authorities for prospecting, exploitation and marketing of mineral substances, as well as on the adequate techniques to make a sustainable use of these resources.
Geology-Mining Evaluation of the Social Sector Projects.	Promote social mining, mainly non-metal minerals, as a production alternative that generates employment and economic development in the rural communities of the state.
Geology-Mining Acknowledgment to Mining Licensees	Provide geology-mining acknowledgments to support federal mining licensees in order to determine the development feasibility of their projects.
Geology-Environmental Advice	Provide advice in regards to geology-environmental issues to the federal, state, and municipal government organizations, industries, and several sectors of the population.
Environmental Impact Studies for Mining Projects of the Social Sector	Support the development of mining projects in the social sector, developing environmental impact studies demanded by the corresponding authorities. These studies will be completed with the geology-mining evaluation, to be carried out by the Institute.

## Michoacán

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Industrial Groups	Promote the organization of avocado, strawberry, mango, guava, and lemon producers, strengthening their productivity, capital, marketing, and infrastructure; likewise, promote the industrialization of such products.
First State Contact Center	Provide guidance and information about federal and state programs to support the companies.
Michoacán Textile Area	Install in 20 municipalities, close to the Mexico-Guadalajara road, textile companies (spinners, threads manufacturers, cloth manufacturers, clothes designers, and domestic and exporting <i>maquiladoras</i> .
Entrepreneurs Development	The program offers information, advice, and guidance to all those entrepreneurs who are about to start their micro-company.
Trust to Finance the Micro and Small Size Companies in the State of Michoacán) (FIMYPE) [for its initials in Spanish] (Credit Don Vasco)	Promote and strengthen the micro and small size companies in the State of Michoacán, granting financing to technically, administratively, and financially feasible projects, that create jobs.
Trust of Industrial Parks in Michoacán (FIPAIM) [for its initials in Spanish]	Provide spaces in industrial parks with the necessary infrastructure and services, to the entrepreneurs interested in settling in the state, so that they can adequately develop and install their companies.
Foundation for Total Quality in the State of Michoacán	Promote the use of quality systems in the companies, particularly the micro, small, and medium size companies, in order to increase their competitiveness, efficiently taking advantage of the resources they use.
Unique Box Office to Obtain Official Documents	Provide the micro, small, and medium size entrepreneurs of Michoacán, the guidance services, and intermediation to obtain official documents required in the different federal, state, and municipal agencies to incorporate, install, run, and regulate their companies.

## Nayarit

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Unique Box Office to Obtain Entrepreneurial Official Documents (VUGE Unique Box Office)	Offer in one site, information, advice and intermediation to obtain official documents from three government level agencies, and institutional support to establish and run a company in the state. Benefits: the entrepreneur reduces expenses, and does not lose time, because all services are free, easy, fast, and carried out on one site.
Regulation Improvement	Have a secure legal framework in regards to entrepreneurial procedures required (requirements, exhibits, vouchers, costs, answer times, effectiveness, legal grounds), generating higher investment, jobs, and a better living standard for the society.
Entrepreneurial Promotion Center in the State of Nayarit (CEPENAY) [for its initials in Spanish]	Provide the entrepreneur information, advice, and promotion, training information on the federal and state programs to support the entrepreneur.
Information System to Settle Companies in the State of Nayarit (SIEENAY) [for its initials in Spanish]	Its main purpose is to provide statistic information on economic indexes, economic units and activities, labor, demographic, geographical, infrastructure, and municipal information aspects that may be useful to settle and run a company.
State Register for Entrepreneurial Procedures (RETE) [for its initials in Spanish]	Provide in only one document complete information on the procedures that have to be completed at the state agencies, in regards to the entrepreneurial activity.
Government Funds	It seeks to promote economic activity, and create jobs, granting timely credits and complementary collaterals to contribute with the economic development of the state of Nayarit.
Incentives to Investment	Encourage attraction of investments and job creation, providing tax incentives and collateral benefits to the investors who comply with the requirements stated by the law of promotion for the economic development in the state of Nayarit.



Catalogues and Procedures to Establish Companies in the State of Nayarit.	Information is offered in a document, on the basic procedures to establish a company in the state. The information should include: stage to which the specific procedure belongs to (incorporation, construction and/or use of land, opening, starting operations, and special requirements), order to be followed, agency where the formality should be undertaken, office which will be responsible for such formality, purpose, requirements, attachments, answering time, effectiveness, legal grounds, official charge, legal-administrative grounds, address, telephone, and fax numbers of such agency, working hours and days, as well as other places where the formality can be undertaken.
Project to employ workers	Intermediation of the labor market by means of coordination, agreement, and link actions between supply and demand of labor force. Its purpose is to reduce times and costs incurred in by those who demand and offer labor force.
Nayarit produces	It consists of creating feasible conditions to increase the internal consumption in the State. Consumers should identify what products are produced in this State, so that they buy them and consume them. It is used to keep the current level of jobs, increase it, and also to make the local companies get involved in the national context, promoting their products.
Expo Nayarit	Provide commercial spaces for the entrepreneur interested in promoting his/her products or services to the different sectors of the population, by means of a physical sample.
Handcrafts	It promotes and markets handcrafts produced in the State, trains craftsmen/women and finances the sector by means of Micro credits.
Commercial and Link Information System (SISPROENCO) [for its initials in Spanish]	This is a system specialized in hiring companies that market vegetable products. By this means, entrepreneurs can be linked with producers of the State, within a maximum term of three days.

## Nuevo León

<b>NAME OF PROGRAM</b>	<b>PROGRAM DESCRIPTION / REMARKS</b>
Trust Fund to Support the Creation and Consolidation of Production Jobs in the State of Nuevo León (FOCRECE) [for its initials in Spanish]	It supports with soft financing, at prime rates the micro and small size companies of the industrial, commercial, and service sectors, in such a way that they can create and strengthen job sources. The maximum amount of credit is 150,000 pesos to be reimbursed in three years.
Unique Box Office to Obtain Official Documents for the Micro and Small size Companies	Support the production activity of the micro and small size companies, by means of intermediation to obtain the different federal, state, and municipal official documents, so that the whole process of incorporating, and installing a company is made easier. Likewise, provide advice for the company operation and development.
Regulation Improvement	Reduce answer times; remove unnecessary requirements and/or procedures that companies have to perform before agencies and decentralized organization of the State of Nuevo León.
Support Micro and Small Size Companies on Marketing Procedures (outside the metropolitan area of Monterrey)	Support the companies located outside the metropolitan area of Monterrey so that they can market the products and services, by means of expos, and direct visits, feasibility studies and negotiation with local, regional, and international consumption markets.
Promote the Services of the State Program for Entrepreneurial Promotion (PEPE) [for its initials in Spanish] for Entrepreneurs	Hold Meetings to promote the services that support the micro and small size entrepreneurs, who manage PEPE either directly or in coordination with other organizations and official agencies.
Entrepreneurial Training	State Program for Entrepreneurial Promotion (PEPE) in coordination with ITESM and the Secretary of Human Development and Labor.

Nuevo León Award to Quality - 2001	Award granted every year to the micro, small, medium and large size companies belonging to the following sectors: industrial transformation, commercial, services, elementary, junior high, and higher education institutions. Government sector: Federal Precinct, Central External State, Public-Sector External, Internal State, Large Municipal, Small Municipal. This award is granted to those who have successfully implemented quality systems and who complied with the Award criteria. The Governor of the State of Nuevo León hands out the Award in November of every year.
Award for Technological Development (TECNOS)	Award granted every year to people, companies, and institutions for efforts made in the field of applied technology development and innovation on patents, projects, thesis, and technological publications. The Governor of the State of Nuevo León hands out the Award in November of every year.
Development of Industrial Parks and Areas	Promote the establishment of Industrial Parks and Areas in social-economic development areas outside the metropolitan area of Monterrey. Provide technical advice on how to develop a new Industrial Park, and support to obtain permits and licenses for this kind of developments.
Special Projects (Support to Medium Size and Large Size Companies in their Search for Pieces of Land and Industrial Facilities)	Make the settlement of new industrial projects easier (Companies), by means of technical assistance, and intermediation to obtain official documents, in such a way, that companies can be settled as soon as possible, thus reducing the investment cost.
Handcrafts Expos	It promotes, supports, and spreads handcrafts in the State of Nuevo León.
Handcrafts Contests	Encourages the participants.
Courses on Handcrafts	Training courses to improve the quality of their products.

Development of Suppliers and Outsourcing	(Get the Micro, Small, and Medium Size Companies involved in the production chains of Foreign and Domestic Companies that demand Different Inputs). This program is intended to support both foreign and national entrepreneurs, as well as would-be suppliers of services and products, in order to analyze the possibilities of including them in the production chain.
Commercial Missions	Make up groups of entrepreneurs and organize their business agendas, abroad.
Participation of Entrepreneurs in International Expos	Identify the best expos per sector and gather a group of entrepreneurs who wish to take part as exhibitors, either individually or sharing a booth.
General Advice on Foreign Trade	Give service to the entrepreneur and solve the doubts he/she finds at the moment of performing an international commercial exchange.
Promote Export Supply Abroad	Promote the diversity of products that can be exported, produced in the State, by means of expos, business contacts, and looking for commercial opportunities.
Promote Commercial Opportunities in Nuevo León	Find outsourcing needs abroad and spread them in the State.
Coordinate Business Meetings between the Companies of Nuevo León with Foreign Companies	Identify similar companies with which commercial negotiations can be made.
Promote Local Events in International Markets	Identify international buyers' niches and invite them to take part in the events to be held in the State.
Promote the Development of Sector Programs	Work closely with the priority sectors for the State.
Channel Consultancy Services for the Micro, Small, and Medium Size Companies	Provide entrepreneurs reliable information about the authorities that can solve the different commercial problems or processes.

Promote Financing Programs, Promote Strategic Alliances and Joint Investments to Strengthen the Exporting Capability of the State of Nuevo León	Let the entrepreneurial community know that there are different ways to increase their production by means of some type of financing; likewise let everybody know about the cooperation needs between the companies of the state and the foreign ones.
Inform about Trade Agreements and Foreign Trade Rules	Monitor the new trade agreements that Mexico has signed with other countries of the world, as well as the changes in their Rules, in order to let the exporting community know these facts, on time.
Comprehensive Development of Production Chains	Identify companies who are looking for suppliers, in order to put them in touch with companies that might meet their needs.
Product – Market Development	Make a product penetration research in international markets.
Feasibility Analysis of the Company	Study the production capability of the companies, in order to have a clear view of their production and marketing margins.
Information Tours by Foreign Investors to the State of Nuevo León in order to Promote Foreign Investment in the State	Organize tours for foreign entrepreneurs who visit the state, including activities where they can clearly become aware of the state industrial and commercial potential.
Work Agendas for Foreign Investors to Support Foreign Investment Promotion	Organize work agendas for foreign entrepreneurs visiting the state, including preliminary activities intended to perform feasibility studies for investment projects.
Information for the Foreign Investor to Support the Promotion of Foreign Investment	Provide qualitative and statistic information to foreign companies, in order to support feasibility studies of investment projects abroad.
Development of Suppliers to Support Foreign Investment	Identify and consider the list of industrial suppliers established in the state to support new investment projects, as well as to establish links between potential buyers and sellers.

International Program to Promote the Industrial and Exporting Potential of the State to Support Foreign Investment	Promotion actions in forums, expos, and national and international events, where investment opportunities in the state are obvious, as well as: (a) organization of promotional missions abroad to look for investments in the state; and (b) individual visits to promote companies abroad, with which a potential investment project in the state has been previously identified.
Modernization to Prevent Risks	Economic support to refurbish pumping equipment, recovery of wells, supply and installation of high and low pressure irrigation systems, fertilization and irrigation systems, payment of technical assistance, and project development.
Mechanization	Economic support to acquire tractors used for agricultural purposes, accuracy seeders, fittings for farm maintenance, and support to repair the tractor engine, transmission and hydraulic systems.
Technology Research and Transfer	Support for research projects, validation meetings, exhibits dissemination and specialized training.
Grasslands	(Recovery of Pasturelands, and Cattle Breeding Infrastructure). Economic support to acquire seeds, fittings, materials, and pieces of equipment needed to establish and refurbish grasslands and pasturelands.
Better Cattle (Genetic Improvement)	Support to acquire breeding animals, and bovine, ovine, goat and hog fetuses; rescue caprine and ovine females for artificial insemination, embryo transfer and evaluation of breeding animals' fertility.
Milk Program	Support to refurbish and build basic infrastructure, and acquire specialized pieces of equipment, improve and modernize milking exploitation.
Development of Comprehensive Agricultural and Livestock Projects	Government support to cover the elements of hiring, training, updating, and payment of technical exchange tours for the development promoters in regional development programs.

Support to Rural Development	Tax support to establish businesses of agriculture, livestock, family backyard, sustainable agriculture, and production restructuring, marketing of commercially non-traditional agricultural and livestock products.
Elementary Program of Technical Assistance	Support to contract and pay for services of private, comprehensive, intensive, and agreed agricultural technical assistance, in all the stages of the production process, from planning for production, up to marketing of products and promotion of basic economic organization.
Training and Extension	Support to contract professional training and expansion services to contribute to increase production and productivity of the primary activity in the land.
Women Organized in the Rural Development	Economic support to encourage different types of production projects such as <i>tortillerías</i> , mills, bakeries, greenhouses, nurseries, and activities related to cattle breeding, agriculture, vegetable growing, and all micro entrepreneurial activities, developed by groups of women.
Animal Health	Economic support to strengthen animal health campaign activities.
Beekeeping Program	Economic support to acquire beehives, queen bees, nuclei, semen, acaricides, honey mixers, filters, bins, extractors, wax stamping machines, and reagents for honey quality laboratories.
Vegetable Health	Support for the campaigns against fruit flies, preventive traps for fruit exotic flies, partial wheat carbon, and sadness virus of the citrus fruits.
Efficient Use of Water and Electric Power	Support to refurbish wells, pieces of equipment, and pumping plants for agricultural irrigation located in the Irrigation Units for the Rural Development and wells located in the Irrigation Districts.
Full Use of Hydraulic and Agricultural Infrastructure	Support to build, refurbish, complete, expand, and modernize the training, conduction, and distribution of water in the URDERALES.

FONAGRO, State Fund to Promote and Development Agricultural and Livestock, Forestry, Fauna, and Fishing Activities	Organization created to easily access resources from promotion institutions, private banks, international organizations, and organizations belonging to the countryside of Nuevo León, taking part with financing, complementary securities, and risk capital in feasible projects that create job sources in the rural sector.
PRODERLEON Rural Development Promoter for the State of Nuevo León	Support to carry out desilting, construction, and refurbishing of roads, wells drilling, construction of dikes, trenches, works to maintain soils, air rollers, etc.
Rural Works and Infrastructure	Support to carry out several rural infrastructure works, such as supply of windmills, construction of drinking fountains, lines to carry water, repair of pumping equipment, geohydrologic studies, etc.
Support to Marketing	Subsidy to market grain production.
PROCAMPO	Economic support per agriculture hectare, as well as in the restructured surface of agricultural use for livestock use.
Support to Cattle Breeders	Support cattle breeders with materials and equipment such as barbed wire rolls, supply of windmills, and construction of drinking fountains to improve the production conditions of the pieces of land.
Support to Agricultural Producers	Support agricultural producers with inputs such as seeds and basic infrastructure to improve the production conditions of the pieces of land.
Production Projects	Support groups of persons, mainly women, who live in highly marginalized areas so that they can establish small size companies.
Entrepreneurs	Support entrepreneurs who wish to be self-employed, or who already have their small size company, granting them micro credits. Credits range from \$600 to \$6,750 at 12-week term, with fixed weekly payments.



Training in the Job	Offer training courses and advice for the labor market of the State of Nuevo León, in the different sectors of the industry such as that of transformation, motor-vehicle transportation, construction, service, commerce, and tourism, as well as the different areas of Human Development.
Employment Bureau	Offer the companies several free services intended to support them, so that they can find adequate personnel.
Courses: Productivity and Quality, Labor Unions, Human Resources, Safety and Health, Training, Supervision, and Labor Relations	This program is intended to offer specialized training to different sectors of the labor market in the state. With this program the students have the opportunity to get knowledge and exchange the experience they have obtained in the labor field.
Study and Research on the Educational Supply and Technical-Professional Demand in the State of Nuevo León	Evaluate and measure every year the dynamic to generate jobs in the production sector, and relevance of the technical-professional educational supply in the State. Efficiently link the educational sector with the production sector. Generate an information system that is used as an instrument to plan the direction of the technical-professional education in the state.
PROET Technical Education and Training for the Job	The purpose of this program is to decrease the deficit of technicians in Nuevo León, modifying the curricula, investing in schools infrastructure, establishing links with the production sector and vocational counseling, seeking to balance the educational supply with the labor demand.
Standardization of the Employment Bureaus	Link job supply with the entrepreneurs who request personnel, by means of programs such as Chambatel, telephone links and advertisements in the written and electronic press.
Promotion of Jobs and Decentralization of Economic Activity	Promote the creation of new jobs in the state, as well as encourage the creation of new companies, offering incentives such as reductions in the payment of Income Tax, and payable taxes generated in the Registration Bureau of Property and Commerce.

<p>Certification 2000 and Training and Updating Courses</p>	<p><b>CERTIFICATION 2000</b> It is intended to regulate the registration and supervision of activities carried out by security private service providers, assisting the authorities in preventing offenses against life, personal safety and freedom, as well as protection of the State inhabitants' properties; evaluate the skills of personnel hired by security private service providers.</p> <p><b>SECURITY TRAINING AND UPDATING</b> All personnel who apply for positions providing this kind of service should be professionals. Be certain that the personnel who provides this service is duly trained in regards to security, so that they can carry out their tasks adequately, and provide them the following courses: Guards for industrial security, Guards who transfer securities, escorts, Weapons, Ballistics, and shooting.</p>
<p>Entrepreneurs who Support Under-Aged who have Committed any kind of felonies, to Adjust themselves to the Society, once again</p>	<p>This is a program carried out in coordination with the companies, it is intended to under-aged who have committed any kind of felonies, and who are subject to a legal process. The program creates jobs for these young people during the time they stay as inmates, so that they can develop themselves both emotionally and in labor aspects, and when they go back to society, they are already productive persons. This is part of their treatment.</p>

## Oaxaca

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Mixed Training in Medium Size and Large Size Companies, Training Scholarships for Unemployed People	Training takes place in the working centers themselves in coordination with an educational institution, under a program developed by the company, and if applicable, validated by an Educational Institution.
CREDI-PLUS	This is a multi-purpose program, because the micro and small size companies that need capital from any economic sector, except agricultural and livestock can access such program quickly, if and when they have the collaterals required, and if and when they are legally and formally incorporated.
CREDI-AMMO (Support to Micro size companies established by Women from Oaxaca)	Credit program intended to encourage the development of the micro size companies established by women from Oaxaca who have a certain control over manufacturing and/or marketing processes and techniques of home-made products, manufactured goods, handcrafts, or any other kind of family business.
CREDI-ARTE (Handcrafts)	Credit program intended to promote and support the manufacturing and marketing of handcrafts from Oaxaca. It is intended to increase the number of micro size companies and keep the traditions, make this people stay in the place where they were born, and encourage training of new craftsmen/women in the State of Oaxaca.
COSTA FUND (FOAX)	Credit program whose main purpose is to become a dynamic and timely instrument to promote, encourage, and develop growth of the production activities in the Region, financing the already established micro, and small size companies with prime rates; these companies should be in a growth or consolidation stage. Financing is also granted to the new companies that are installed in the Oaxaca Coast Strip, whose projects proposed prove the technical and financial feasibility.

CREDI-TAD (High Demand Season)	Credit program for the micro and small size entrepreneurs who, based on their demand forecasts to be generated by the seasonal market and once the requirements are met, will be able to access such program in advance. They will thus have all the capital they need to achieve a timely and convenient supply.
Tenants	Credit program designed especially to support the tenants of markets with financing at prime rates.
CREDI-PES	Program of credit resources run by means of the Istmo Fund whose main purpose is to become a financial instrument that supports the fishing activity to encourage the improvement of vessels, as well as to renew the equipment and tools needed for fishing, and collecting.
Mining Exploitation (Own Resources)	Program of credit resources designed to encourage and support prospecting of fields by small size miners, whose surveys have proved positive results, and whose product market is guaranteed
Mining Exploration (Risk Capital)	Credit program designed to encourage and support exploration of fields or prospects by small size miners, whose geological studies prove potential results, and whose product market is guaranteed.
Mining Exploration (Mining Districts)	Credit program designed to encourage the reactivation and consolidation of the state Mining Districts, carrying out the exploration or prospecting works for mining projects located within the influence area.
Finance National Line	Credit program designed to support long-run projects by the micro and small size companies in the industrial, commercial, and service sectors.
Special Program, Aquiculture Center, Jalapa del Marquez	It supports the aquiculture producers who have natural dammings with appropriate characteristics for the development of fish breeding, promoting the generation of feeding with a high content of proteins.

Special Program Rural Aquiculture	It supports the advisory actions to run dammings with offspring of fish (tilapia), performing field evaluations that will allow them identify sites with potential to develop the aquiculture in the rural areas of the state.
Management of Fishing Training Courses	It consists of performing all necessary procedures before the S.E.E. and I.C.A.P.E.T. in order to obtain training courses for the producer organizations on issues related to their activities.
Trust for the Logistic Development of the State of Oaxaca	It promotes the installation of manufacturing companies in the industrial parks of Magdalena Apasco and Salina Cruz in order to attract investments.
Design of Promotional Material	It provides advice and makes the design of promotional materials such as labels, different kind of brochures, and logotypes for entrepreneurs.
Distribution of Promotional Material	It organizes and distributes the promotional material through strategic programs to promote primary and manufactured products in the State. It also distributes invitations to take part in state, national, and international events organized by entrepreneurs from different sectors.
Support to Marketing of Products from Oaxaca	Information on and support for marketing national and international events intended to develop the market of products from Oaxaca.
Commercial Promotion by Internet	Promotes and fosters activities carried out in the economic sectors of fishing, industry, and maquiladoras, agricultural businesses, mining, and the micro, small, and medium size companies; Likewise it spreads through Internet the commercial and investment opportunities found in the State.
Program to Attract and Promote Investments	It promotes the installation of companies in the state of Oaxaca using the supply of comparative and competitive advantages offered by the state to the investors of the Manufacturing Sector.

Program to Develop the Local Industry	Its purposes are: to contribute to the development of the Industrial Group devoted to the yarn-textile-garment sector in the State, involving the micro, small, and medium size companies; to address the industrial sector requests by performing diagnosis that determine the technical, economic, and social feasibility; to detect available infrastructure in premises and/or pieces of land requested by entrepreneurs; to provide the necessary technical advice to companies that will help them achieve productivity and quality as planned; design and implement systems that allow them to collect, process, analyze and interpret the statistical information related to the industry; provide advice to plan production in companies.
Strategic Program of Training and Productivity	Permanently promote training in the state industry for continuing improvement and increase productivity and competitiveness; promote the link between educational institutions and manufacturing companies; coordination and integration of the scholarship programs required in the Employment State Service; organize groups who will receive training courses; supervise and follow-up the fulfillment of training programs.
Strategic Financing Program	Support entrepreneurs and social groups who require it, with financial studies in order to obtain credits by means of different financing sources which will be used to install new plants, acquire machinery, processes, and technological modernization; make up the required credit files; advice on credit procedures and follow-up to grant the credit.
Program of Legal Advice	Prepare contracts and agreements where the municipal authorities and the entrepreneurs make commitments to be fulfilled, so that the manufacturing companies get an optimum performance.

## Puebla

<b>NAME OF PROGRAM</b>	<b>PROGRAM DESCRIPTION / REMARKS</b>
Unique box office for the micro, small and medium size companies to obtain official documents	Free program that provides guidance and intermediation to obtain official documents from the three levels of government (federal, state, and municipal).
Citizenship information system	Free program to access an information system that provides the costs of services offered by the agencies of the Public Administration.
Sector, regional, and specific support, management, and consultancy	Free program that provides advisory and guidance services to entrepreneurs.
Sector development of the Export Supply	Free program that consolidates the companies by means of training, link, financing, and comprehensive advice.
Consume Products made in Puebla	Free program that encourages the population to consume the products and goods made in Puebla.
Handcrafts design	Free program that provides training to the craftsmen/women of the Sierra Negra, Sierra Norte and Mixteca.
Sector development of the Export Supply	Free program that consolidates the companies by means of training, link, financing, and comprehensive advice.
Export of lead-free handcrafts	Free program that encourages communities to use lead-free enamel, thus complying with the environmental standards.

## Querétaro

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Production Projects	Program that supports with intermediation to obtain official documents, financing, training, and technical assistance for the installation and/or expansion of companies devoted to labor and production projects.
Training Conferences	Program offering conferences on exports, in order to promote and support the export culture in the State.
Economic Information System	Program that provides economic and statistic information to the entrepreneur.
Master Entrepreneurial Directory	Free program that provides to the entrepreneur, the State companies directory.
PROEXPORT, Program of Export Projects	Program that supports the companies, developing or improving an export business plan for their companies.
Promotion of Events	Program that promotes entrepreneurial events in the state of Querétaro.
Mexico Exports – Stage III	Program that puts companies that manufacture spare parts for cars in touch with potential foreign purchasers.
DISEEXPORT, Export Design Program	Program supporting entrepreneurs to improve the design of packages and packaging by means of export products.
Commercial Missions	Program that organizes the manufacturing small, and medium size companies of Querétaro, interested on exporting, carrying out conversions, or exchanging technology.
International Expos	Program that promotes the investment in the State, encouraging companies to take part in international expos.



FIPROE, Trust to Promote Employment	Program that grants credits to individuals and companies classified as micro and small size companies of the industrial, commercial, and service sectors.
State Award to Exports	Program that encourages companies from Querétaro to increase and diversify product exports, as well as to spread their quality, worldwide.
Foreign Trade Magazine	Program that publishes such magazine so that the reader is aware of the services offered by the different institutions and agencies related to foreign trade.
Suppliers Development	Program promoting the involvement of the large size companies with the micro and small size companies of the State.
Link with Support Programs	Program that promotes the link of entrepreneurs with support programs offered by public and private agencies.

## Quintana Roo

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Guarantee Fund for Suppliers	By means of a private trust, NAFIN guarantees the commercial bank the credits granted to the micro and small size companies of the State.
Financing Fund for Quintana Roo	Credits are granted to the micro and small size companies that cannot receive support of the commercial bank, through a mixed fund managed by CANACINTRA.
Fund for the Micro size companies and Rural Development	FOMIDER [for its initials in Spanish], provides financing for the production activities of the primary sector, micro size companies devoted to services and handcrafts, producers who either individually or associated cannot access financing from credit institutions due to their small administrative and economic capabilities.
Fund to Promote Rural Development in Quintana Roo	This is an investment and guarantee administration instrument that allows promotion for the development of producers by funneling complementary credits for production.
Capitalization and Investment Fund for the Rural Sector	The capitalization and investment fund for the rural sector (FOCIR) [for its initials in Spanish] is an instrument that takes part in agricultural and livestock, forestry, and aquiculture projects with risk capital. These kinds of projects should boost domestic and international competitiveness and should prove long-term feasibility in strategic alliances outlines, encouraging entrepreneurial participation.

## San Luis Potosí

<b>NAME OF PROGRAM</b>	<b>PROGRAM DESCRIPTION / REMARKS</b>
Programs of production development for women and temporary jobs	Program that provides economic support, advice, and technical training for micro size entrepreneur women.
State program for women	Program that supports craftswomen who produce embroideries and fabrics, with technical training and working capital.

## Sinaloa

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Entrepreneurs who Grow	Program that arose from the alliance between the Secretary of Economic Development and CEDEM to help the companies grow and take advantage from better business opportunities, leading their resources towards these opportunities. This methodology is based on intermittent improvement, working with the entrepreneur in making strategic decisions to boost entrepreneurial growth. Likewise, the personnel and the entrepreneurial managements are encouraged to get involved with each other and to get involved also with all the other areas of the company. The project provides classes in Quarterly Group Modules, during two years, where intermediate students appoint an executive to follow-up the decisions made in the modules, and they work in advisory councils with other entrepreneurs.
Sinaloa Fund for Entrepreneurial Promotion (FOSIN) [for its initials in Spanish]	This fund is a strategic alliance between the commercial bank, the development bank, and the Government of the State, seeking to offer credits to the micro and small size companies who want to inject fresh money to their business. The maximum amount of these credits is \$300,000, at prime rate with individual, equal payments, and terms of up to 3 years for working capital credits, and up to 5 years for credits to be used in repairs.
Made in Sinaloa	Support to the micro, small, and medium size industry, so that they can promote and market their products, at regional, state, national, and international levels. Such promotion takes place by means of commercial missions, expos, and exhibits in the state and at national and international levels too.
Sinaloa System of Fast Entrepreneurial Opening (SSARE) [for its initials in Spanish]	This is a system designed to perform opening procedures for companies of any size and activity; it includes in only one format, 8 municipal, and 4 state requirements, thus reducing in 85% average, the answer time, and in 37% the requirements; and from 6 to 1, the number of offices that have to be visited in order to comply with the requirements.

Intermediation to Comply with Official Requirements and Solve Problems	Intermediation services that encompass, compliance with entrepreneurial requirements and solution of problems with the federal, state, and municipal agencies.
Incorporation of Micro industry or Handcrafts Limited Liability Companies	It consists of granting the approval to the form and content of the contracts to incorporate Micro Industrial or Handcraft Limited Liability Companies, reference to which is made in the Federal Law of Promotion to Micro Industries, Chapter III.
Fosin Network	State Program developed to make up a Network of Entrepreneurial Link Centers, established in the Entrepreneurial Organizations, and served by professional consultants especially trained in the developed methodology, and addressed to the Micro and Small Size Companies, as an instrument to promote and improve entrepreneurial culture for competitiveness, training and advice. They should subject themselves to a process that includes Diagnosis, Training, Preparation of a Business Plan, Link with State and Federal Programs, including Financing and Follow-up.
Empresas Tractoras (Driving Companies)	The program EMPRESAS TRACTORAS is designed to keep jobs and develop the MS&MSCs, giving personal and permanent service to companies that according to the IMSS (Social Security) information have the largest number of workers in the state.
Mi Tienda (My Store)	Program addressed and managed by a consultancy company appointed by the Secretary of Economic Development of the State of Sinaloa (SEDECO), that adheres to the guidelines stated by the Sinaloa Fund for Entrepreneurial Promotion (FOSIN) to help the companies devoted to "Groceries", so that they can grow and take advantage of better business opportunities, by means of the funds granted by FOSIN, and personal advice provided by a consultant, who works with the entrepreneur in basic administration, accounting, inventories, and marketing issues, as well as in promoting products made in Sinaloa, thus improving the image and safety of the business.

Development of Production Chains	The program seeks to link the agricultural and livestock production processes from the countryside, grouping the most representative companies, per activity, in order to increase their competitiveness and give certainty to the primary producer.
Promotion of Agricultural and Livestock Projects	This is a program that tries to attract local, domestic, and foreign investment flows towards dynamic agricultural and industrial projects, which will provide value added to our primary production and contribute to diversify and make the countryside profitable, once again.
Promotion to Rural Agricultural Industries	It consists of detecting small agricultural industrial projects in the rural area of the State, and depending on the stage they are in (idea, study, project, construction), support and follow-up is granted. If it is a micro size company already installed, its situation in the market is determined, as well as its working capital, training, and growth. They are forwarded to SEDECO programs or to other institute of the Federal Government (SAGARPA), and the corresponding follow-up is made.
Infrastructure Fund for the Industrial Development of Sinaloa	Taking into consideration that even though Sinaloa has enough natural resources to generate economic development processes, its infrastructure is not enough to drive this great potential. The great challenge in regards to production infrastructure is to have a sound economy committed with itself and with the global markets. That is why this trust was created, committed to provide all necessary support and opportunity to implement a system of industrial areas, parks, developments, and facilities.

## Sonora

<b>NAME OF PROGRAM</b>	<b>PROGRAM DESCRIPTION / REMARKS</b>
Program to promote foreign trade	Program that promotes products made in Sonora at international level; it also provides technical assistance.
Guidance and technical assistance for fishing and Aquiculture issues	Program of guidance and technical assistance for the fishing and aquiculture industry.
Program of promotion and service to investors	Program that promotes national and foreign investment.
Promotion and regulation of domestic and foreign trade	Free program that offers guidance and advice to those who perform commercial and service activities.
Industrial parks	Free program that supports the entrepreneur, so that he/she can find an adequate piece of land to settle his/her industry.
Construction of the collection and marketing premises	Free program that provides advice and statistical and documentary information to entrepreneurs with basic infrastructure projects and works.
Support to entrepreneurial productivity	By means of this program, the System of Productivity Measurement and Progress (SIMAPRO) [for its initials in Spanish] is promoted among the companies from Sonora.
Program of industrial technical assistance	Program that supports the micro, small, and medium size companies with information, intermediation, guidance, and advice.
Program that strengthens the national employment service (PROFSNE)	Program that helps to link unemployed workers with companies that offer jobs.

System of Research in Mar de Cortes (SIMAC)	Program to support entrepreneurs in the different fields of research.
Trusts to support the mining prospecting in the State of Sonora (FAPEMIN)	Program that provides financial support to mining projects.



## Tabasco

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Unique Box Office for the Micro, Small, and Medium Size Companies, and Handcraft Workshops to Obtain Official Documents	Program that provides the micro size companies guidance, information, and simplified procedures to obtain official documents for the legal incorporation or modification of the labor status, before the federal, state, and municipal agencies.
Technical – Administrative Advice	Program that provides technical and administrative advice to the entrepreneur, so that he/she can detect his/her strengths, weaknesses, and look for solutions to specific problems.
Improvement of Image and Design of the package and packaging	Program, which in coordination with the Educational Institutions of the state, provides advice and technical assistance to the entrepreneurs in developing the corporate image.
Improvement of the Tropical Fruits and Garden Produce Post-harvest for its Marketing	Program that supports the agricultural producers of the state, with training that will help them market their products, providing them knowledge in regards to the mechanisms that will allow them to be successful in displacing their crops. These are difficult aspects, sometimes unknown for the small producer.
Program to Support Marketing of Agricultural Products	Program that supports the agricultural producers in marketing their crops. It encourages association among producers and looks for better market alternatives that will allow them to get better revenues from the sale of their crops.
Maps of the State with the Description of the Main Growing Areas, and Location of Micro Industries and Agricultural Industries	By means of several maps from Tabasco, information is submitted about the different types of crops, product variety, and production volumes. Likewise, the location and main characteristics of the industries, and agricultural industries in the state, can be seen in these same maps.

## Tamaulipas

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Search and Register of the Trademark	Program whose purpose is to look for a trademark in order to confirm that it has not been previously launched to the market.
Issuance of the Entrepreneurial Registration ID	Free program that registers and grants an entrepreneurial registration ID to those entrepreneurs who wish to start a business.
Incorporation of Micro Industrial Limited Liability Companies (S. de R.L. Mi)	Free program through which the incorporation agreement is granted to those who wish to start a Micro Industry, with the legal character of a Micro Industrial Limited Liability Company.
Patent Registration; Profitability Model Registration, and Industrial Design Registration	Program whose purpose is to patent the inventions in order to protect them.
Bar Code	The merchant is helped so that he/she can obtain a bar code for his/her business with the Mexican Association of Standards for the Electronic Commerce (AMECE) [for its initials in Spanish].
Select and Recruit Personnel	Program that makes it easier for the entrepreneur to look for personnel. It provides information on people with the specific abilities for a certain position.

## Veracruz

<b>NAME OF PROGRAM</b>	<b>PROGRAM DESCRIPTION / REMARKS</b>
Module where Entrepreneurial Information and Guidance is Provided	Program that provides information, guidance, and advice on the state and federal programs that support the entrepreneurial development.
Unique Box Office to Obtain Official Documents for the Micro Industry	Program that provides advice and intermediation services to obtain the necessary official documents in order to incorporate micro industrial limited liability companies.
Trust to Develop Infrastructure in Veracruz (FIDEINVER) [for its initials in Spanish]	Program that grants tax support for the promotion, development, and consolidation of companies in the State.
Invest and Re-Investment Fund to Create and Support Social micro size companies of the State of Veracruz (FIRCAME) [for its initials in Spanish]	Program that grants financial support, technical advice, and training to the micro size companies.
Training Program for the Micro size companies (PROCAME)	Program that provides training to the small size companies, so that they can improve their profitability, productivity, and competitiveness levels.
Program for the Agricultural, Livestock and Fishing Development in Veracruz	Program to support the Fishing, and Agricultural and Livestock Industry, implementing specific projects, promoting investment, and exports.
Technical Advice and Consultantship	Program that provides advice and technical assistance to the Agricultural and Livestock Industry.

## Yucatán

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Information and Advice to National and Foreign Investors so that they can Incorporate Industrial Companies with Domestic and/or Foreign Capital, with a proved Capability to Create Jobs	Program to support the national and foreign investor so that he/she can incorporate a company whose processes do not generate hazardous wastes that affect the ecological balance of the state.
Intermediation with Public and Private Institutions to Support Investors	Program through which intermediation with the government agencies is offered, in order to adjust the industrial infrastructure of companies whose processes do not generate hazardous wastes that affect the ecological balance of the state.

## Zacatecas

NAME OF PROGRAM	PROGRAM DESCRIPTION / REMARKS
Intermediation and Procedures	It supports the whole industrial sector with intermediation to obtain the different permits and licenses, advising them in the procedures to be made and documents that have to be delivered.
Investment Projects	It promotes the State of Zacatecas at regional, national, and international levels, in order to detect production projects. It also provides information and guidance to obtain the corresponding documents.
Industrial Parks	It seeks to develop and manage industrial parks and premises in the different municipalities, according to the previous feasibility studies. This is in order to achieve competitive basic infrastructure and services, as demanded by the local, national and foreign investors. This should be done in order to promote investment and create new sources of employment in Zacatecas, thus protecting the environment.
Development and Consolidation of Mining Projects	It evaluates the mining projects of the micro, small, and medium size companies for this sector, so that they can carry out, develop, and consolidate this activity in the state.
Support and advice for a good mining operation	It provides advice, training and technical assistance services to mining companies, so that they can improve their activity and increase their productivity and revenues.
Supply Project for the mining sector	The World Bank and the Foundation for Sustainable Development (FUNDES) [for its initials in Spanish], in coordination with the Government of the State are developing in this state a supply project for the mining sector, seeking to generate a complete production chain. This project is intended to address the mining activity in the first place, but its relevance will let it boost the other economic sectors.

Mining Fund	The Government of the State in coordination with the trust of Mining Promotion established this fund to grant timely credits to the micro, small, and medium size entrepreneurs of this sector, as well as to their production chain, so that they can improve and expand their operations.
Production Transfers of Funds	In order to create jobs, the grounds for a collaboration agreement have been established among the Government of the State, the Inter American Development Bank (IDB), through the Multilateral Fund for Investments (FOMIN) [for its initials in Spanish] and Nacional Financiera [NAFIN]. This should promote the productive use of transfer of funds to entrepreneurial projects.
Plata Zacatecas Fund	Program that provides financial support to individuals and companies classified as micro, small and medium size companies recently created or established in the rural or urban environment. This is a highly competitive financial outline that has managed to consolidate itself as an efficient and effective instrument, addressing financial requirements for this important sector of companies.
Foreign Trade	It is intended to place the products from Zacatecas in international markets, in order to help identify the export supply of the state. It supports local entrepreneurs who look for new markets and international inputs. It helps them obtain the official documents needed to export and import goods, and it provides guidance in regards to their participation in international expos.
Agricultural Industry	Its main function is to include value added to the products of the countryside, industrializing and marketing them. It also promotes among the producers, a new entrepreneurial culture by means of training and technical assistance.

Program to Support the Local Economic Development	It strives to achieve a balanced economic development throughout the regions of the state, by means of training and technical assistance. It has the technical support of the World Federation of United Cities and the financial support of the French Cooperation, through the Embassy of France in Mexico, which encourages social groups to take an active part in this program.
Domestic Trade	It consolidates and encourages trade in the state, implementing marketing systems, and efficient popular supply networks benefiting the micro, small, and medium size merchants, craftsmen/women, and entrepreneurs.
Local exhibits and expos	Its purpose is to give to the producer market alternatives, and to the consumer, purchasing alternatives, in such a way that the purchase and sale of basic products is carried out at low prices.
Suppliers Development	Create a commercial relationship between the local producers and the commercial chains in the country.
Promotion to Handcrafts	The main purpose is to rescue the traditions and the culture of marketing their products.
Promotion to the Micro, Small, and Medium Size Companies	It is intended to achieve the permanence, strengthening, and expansion of the micro, small, and medium size companies of the state, in a competitive way, encouraging quality and productivity, as well as a new entrepreneurial culture.
Link Government – University / Higher Education Institutes / Companies	It promotes entrepreneurial development programs and courses among young college students and high schools; promoting a new and innovative entrepreneurial culture, with the necessary tools to undertake competitive businesses, with a good sense of productivity, efficiency, quality and service to society.

## ABBREVIATIONS AND ACRONYMS

GATT	General Agreement on Trade and Rates
APRRIs	Agreements for the Mutual Promotion and Protection of Investment
ANUIES	National Association of Universities and Institutions of Higher Education
BDC	Consultants' Data Bank
BANCOMEXT	National Bank of Foreign Trade
CIMO	Comprehensive Quality and Modernization
CENAM	National Center of Metrology
CECATIs	Training Centers for Industrial Labor
PYMEXPORTA	State Centers to Promote Exports
CFC	Federal Commission on Economic Competence
CFE	Federal Commission of Electricity
COFEMER	Federal Commission on Regulation Improvement
CIPI	Inter-Secretary Commission on Industrial Policies
COMPEX	Mixed Commission to Promote Exports
CNBV	National Banking and Securities Commission
CNA	National Water Commission
COMPITE	National Committee of Productivity and Technological Innovation
APEC	Asia Pacific Economic Council
CONACYT	National Council for Science and Technology
CONOCER	National Council for Standardization and Certification
DGN	General Bureau of Standards
ECIP	European Community Investment Partners
FIFOMI	Trust Fund for Mining Fostering
FIRCO	Trust Fund for Rural Sector Shared Risk
FIRA	Trust Fund for Agriculture
FAMPyME	Fund to Support Micro, Small, and



	Medium Size Companies
FOCIR	Fund for Capitalization and Investment of the Rural Sector
FIDECAP	Fund to Promote the Integration of Production Chains
FOMUR	Fund for Micro-financing for Rural Women
FIPRU	Financial Fund to Identify and Prepare Rural Projects
FONAES	National Fund for Social Enterprises
FONATUR	National Fund to Promote Tourism
ISSSTE	Institute of Social Security and Services for the State Workers
IMPI	Mexican Institute of Industrial Ownership
IMSS	Mexican Institute of Social Security
INCA	National Institute of Agricultural and Livestock Training
INEGI	National Institute of Statistics, Geography, and Information
JICA	Japan International Cooperation Agency
MP&Mes – MS&MSCs	Micro, Small, and Medium Size Companies
NAFIN	Nacional Financiera S.N.C.
NOM	Mexican Official Standards
OMC – WTO	World Trade Organization
OCDE – OECD	Organization for Economic Cooperation Development
PyMEs	Small and Medium Size Companies
PEMEX	Petróleos Mexicanos – Mexican Petroleum Company
PND	National Development Plan
PIB – GDP	Gross Domestic Product
PROVINC	Program to Support the Link in the Academic Sector
PROADA	Program to Support Handcrafts Design

PATCI	Program of Technical Assistance and Image Campaigns
PROBECAT	Program of Maintenance Grants to Support Training Before Employment Contract
PROMODE	Training and Modernization Program for Companies
PROCREA	Program of Credit by Management
PDE	Entrepreneurial Development Plan
PMT	Technological Modernization Program
SAGARPA	Secretary of Agriculture, Livestock, Rural Development, Fishing, and Feeding
SCT	Secretary of Communication and Transportation
SECODAM	Secretary of the Comptrollership and Administrative Development
SE	Secretary of Economy
SEP	Secretary of Public Education
SENER	Secretary of Energy
SHCP	Secretary of the Treasury
SEMARNAT	Secretary of Environment and Natural Resources
SRE	Secretary of Foreign Affairs
SECTUR	Secretary of Tourism
STPS	Secretary of Labor and Welfare
SIEM	Mexican Entrepreneurial Information System
SIMPPI	Mexican System to Promote Industrial and Parks and Ports
SIMPEX	Mexican System of Foreign Promotion
SNIM	National System of Market Information
SBA	Small Size Business Administration
SINCAS	Capital Investment Company
SPyME	Under-Secretary for the Small and Medium Size Companies
INEGI	National Institute of Statistics, Geography, and Information

TLCAN – NAFTA	North American Free Trade Agreement
UPCI	Unit of International Trade Practices