

ANALYSIS OF THE POLICY EXPERIENCES OF THE NOVA FRIBURGO/RIO DE JANEIRO PRODUCTIVE ARRANGEMENT

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ABSTRACT

The productive arrangement of intimate fashion in the Nova Friburgo region (Rio de Janeiro, Brazil) was identified by political institutions in the late 1990s and became the target of promotional initiatives. With this, a considerable number and variety of institutions began to develop actions for the territory. The purpose of this article is to investigate the perceptions of local actors, through field interviews, about these political experiences. From the theoretical framework of the Local Innovative and Productive System (LIPS), a mosaic of narratives based on the perspectives of the local actors was constructed. The confrontation between these narratives and the political discourse supported by extralocal institutions reveals important conclusions related to the LIPS development policies that will be presented in this article.

Keywords: LIPS Policies. Territory. Local Development.

ANÁLISE DAS EXPERIÊNCIAS DE POLÍTICAS DO ARRANJO PRODUTIVO DE NOVA FRIBURGO/RIO DE JANEIRO

RESUMO

O arranjo produtivo de moda íntima na região de Nova Friburgo (Rio de Janeiro, Brasil) foi identificado pelas instituições políticas no final da década de 1990 e tornou-se alvo de iniciativas promocionais. Com isso, um número considerável e variedade de instituições começaram a desenvolver ações para o território. O objetivo deste artigo é investigar as percepções de atores locais, por meio de entrevistas de campo, sobre essas experiências políticas. A partir do referencial teórico de Sistema Produtivo Inovativo Local (SPIL), construiu-se um mosaico de narrativas baseadas nas perspectivas dos atores locais. O confronto entre essas narrativas e o discurso político apoiado por instituições extralocais revela importantes conclusões relacionadas às políticas de desenvolvimento do SPIL que serão apresentadas neste artigo.

Palavras-chave: Políticas de SPIL. Território. Desenvolvimento Local.

INTRODUCTION

The history of the textile industry in the region of Nova Friburgo,¹ in the interior of the state of Rio de Janeiro, refers to the beginning of the 20th century when the installation and growth of large companies, mainly the ARP Rendering Factory and Filó S/A, former subsidiary of the transnational Triumph. Among the products made in the region, intimate fashion pieces already had a prominent position in this period. During the 1980s, in the context of economic crisis with particularly negative impacts on the Brazilian industry, the downsizing and closure of many of these factories caused many layoffs. In the middle of this decade, a process of restructuring the local textile industry began. A new structure emerged with the appropriation of the machinery of the old factories by local actors and the reconfiguration of production, which was mostly made up of a significant number of small companies with a high degree of informality at work (CASTRO, 2011).

This historical trajectory illustrates the notion that Local Innovative and Productive Systems (LIPS) are built around productive and innovative capacities specific to the context of the territory in which they are inserted (LASTRES; CASSIOLATO, 2008). In addition, issues pertinent to fashion refer to the popular aesthetic sense built historically and thus specific to the cultural, national and regional context. In this case, the territoriality of Rio de Janeiro in terms of its aesthetic sense and its ability to project itself to the country and to the world is important in shaping patterns in women's intimate fashion. Within this perception, it is important to emphasize that the territory is also responsible for contributing symbolic and cultural values relevant to the activities of LIPS (CASSIOLATO *et alli*, 2008).

It is possible to understand the concept of LIPS as a theoretical-conceptual framework aligned with the perspective of innovation systems and whose object has configuration and dynamics strongly conditioned by the territory (CASSIOLATO; LASTRES, 1999). It is worth emphasizing that the understanding of territory considered by this approach is related to the New Geography perspective (SANTOS, 1978) comprising it from four dimensions: economic, cognitive, sociopolitical and symbolic.

These four fronts capture the essence of the structural specificities of the system reflected in the social, economic, and political relations underlying the territory. In addition to the relationships between individuals, this perspective also allows for other pertinent aspects to the

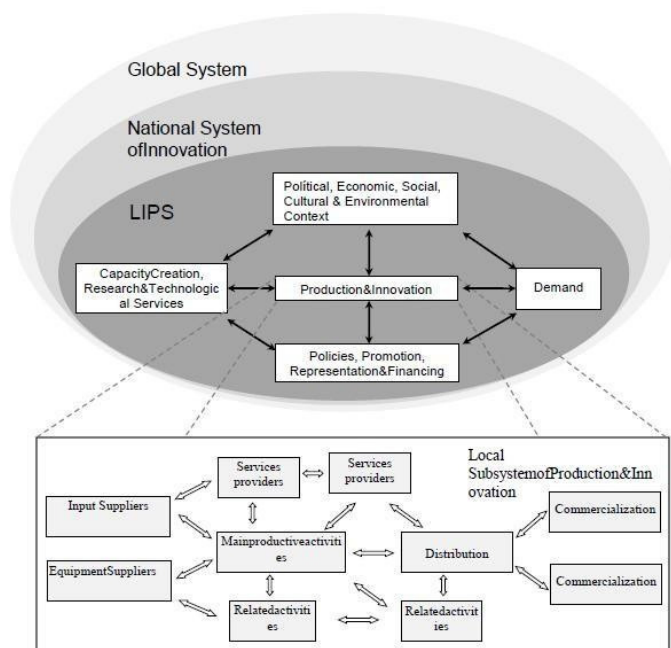
¹ Nova Friburgo is a Brazilian municipality in the state of Rio de Janeiro, southeastern Brazil. Its estimated population in 2019 is 190.631 inhabitants. It is located in the north central portion of the state. The main economic activities are: clothing industry; metal mechanical industry; public administration; tourism / culture / gastronomy. (<https://www.ibge.gov.br>).

bonds of shared ideas and worldviews, essential for the formation of a base of tacit knowledge and learning and innovation processes, to be constituted.

In this sense, a LIPS is a system whose dynamics is largely determined by the ability of its elements to interact in order to create, absorb and articulate knowledge locally, generating innovations. The more a local system is endowed with this capacity, the more intense its dynamics and, therefore, the better its conditions of competing and generating local development from elements proper to the territory. Therefore, it can be understood as a possible path to promote productive and innovative development while converging to promote social sustainable principles such as reinforcing the power of local actors, its culture, its knowledge and generating employment and wealth (LUSTOSA *et alli*, 2017).

Constituted by its internal elements and the interactions between them, it is important to mention that a LIPS constitutes an open system. It establishes relations with relevant elements at the regional, national and international levels. The insertion of the local system in the international context is determined by its dynamics, by the characteristics of its productive net and by the international economic context and the condition of the country in the configuration of international geopolitics. At the national and regional scales, in addition to the links established by the productive system and the demand, the insertion of the LIPS is determined by its interface with the explicit and implicit policies of the national and regional innovation systems.

Figure 1. A schematic representation of an LIPS with local, regional, national and international specificities



Source: Marcellino *et al* (2018)

The agglomeration of intimate fashion producers and related products such fitness fashion and beach fashion of Nova Friburgo was identified by policy institutions at the end of 1990 and became the target of promotion initiatives (FGV, 1998). Between 2002 and 2006, the Industrial Districts Development Program, promoted in partnership by SEBRAE², PROMOS Institute³ IDB⁴, represented a turning point in the trajectory of policies to promote intimate fashion LIPS, while involving a prominent international institution and an unprecedented volume of resources in initiatives to support local development, at least in Rio de Janeiro.

With this inflection in the trajectory, came great visibility for the Nova Friburgo's case. A considerable number of other institutions started to develop actions to support the local system, giving many of these initiatives an emblematic character. In the case of SEBRAE-RJ⁵, for example, the experience of support to LIPS has generated the formation of a methodological reference framework for all policies to stimulate the local development of the organization in Rio de Janeiro (EPSZTEJN; REGAZZI, 2001). This ability to inspire other experiences through their visibility and demonstration effect makes the policy in question a relevant object of analysis. The period in which this policy was implemented was characterized by the rise of the idea of LIPS within the agenda of institutions aimed at promoting development. Since the policy in focus is considered a paradigmatic case of success (REGAZZI, 2007), it is reasonable to say that, at least at regional level, it had a great influence on subsequent experiences.

Given that the LIPS policies in Rio de Janeiro presents challenges to be overcome (BRITTO *et al*, 2010) advancing the understanding of the systemic character of policies for the Nova Friburgo LIPS is relevant. This relevance follows a path as to identify to which extent this initiative adhered, in fact, to the systemic perspective embedded in the LIPSs approach (LASTRES; CASSIOLATO, 2008). It is believed that this type of analysis allows identifying possible questions that contribute to understanding the broader challenges of LIPS state policies in Rio de Janeiro

As stated before, this arrangement is often cited as a case of success in terms of local development policies. These narratives, in general, are anchored in statistics and evaluation indicators developed by the agencies that implemented the policies (i.e. REGAZZI, 2007). The purpose of this article is to investigate the perceptions of local actors, through field interviews, regarding these policy experiences. This analysis will start from a temporal scope that dates back to

² SEBRAE is the Brazilian Service for Micro and Small Enterprises -MSE, and represents the main institution dedicated to the development of MSE in the country.

³ PROMOS Institute is the agency for international cooperation of the International Trade Chamber of Milan, Italy.

⁴ Inter-American Development Bank.

⁵ SEBRAE, like other institutions in Brazil, is constituted by a national office, state offices and several sub-regional offices, between the state and the county level. The SEBRAE -RJ is the Rio de Janeiro state representation of SEBRAE, which has a large degree of administrative and operational independence.

the early 2000s, covering the period 2000-2015.

In order to meet this objective, this article is structured in three parts beyond this introduction. The first part corresponds in detail to the policy set of institutions involved within the system, and the main promotion initiatives within the considered time frame. The second part consists of an appreciation of the narratives collected in the field related to important topics of policies and institutions. Finally, in the third part, the final considerations are presented.

2. INSTITUTIONS AND POLICIES ON LIPS

It is impossible to talk about the institutionality inserted into the intimate fashion LIPS of Nova Friburgo without its great visibility as a central fact. The institutions attracted to this visibility carried out a diverse set of actions to promote the local system. This heterogeneity takes shape in three aspects: the simultaneous performance of institutions with distinct geographic scopes, the diversity of missions and purposes of each institution and the complexity pertinent to the organizational structure of each one.

In terms of the geographic scope of action, the intervention of organs with international, national, state and local action is verified. This multi-scale character institutionality shaped the inter-institutional articulation, given that the different levels of financing capacity and capacity to exert and influence on the territory were determinant to dictate the course of action. The diversity of institutional missions and specific purposes underlying each policy action was decisive for the occurrence of friction in the formation process of the governing body of the LIPS, the Fashion Council⁶.

In a simplified way, considering only the main activities effectively carried out in LIPS, five categories of distinct purposes can be identified: the granting of financial support for different purposes (development, credit, subsidies, policy financing and the like); actions in the area of science, technology and innovation; activities related to the representation of actors; support for international insertion; support to micro and small businesses - MSB.

Another point to present is the complexity of the structure of the institutions involved with actions to promote the local system. In fact, in spite of their scope of national or state performance, Institutions linked to entrepreneurial representation (SEBRAE, SENAI⁷ and the FIRJAN⁸),

⁶ Created in 2002 after the signing of a broad term of cooperation between several of the institutions, the Council had an initial growth trajectory until 2006, reaching to aggregate more than 15 institutions. As the formal governance organization, the mission of the Council is to serve as a forum to the dialogue on the perspectives of LIPS between the actors and to be in a space where they can articulate their actions, making possible the coordination around development strategies for LIPS.

⁷ National Service of Industrial Learning

companies (commercial banks and National Post Company) and educational and research institutions (UERJ⁹ and State Secretariat of Science and Technology, through of FAETEC¹⁰) have physical presence in the territory. One highlight is SEBRAE, which is certainly one of the most active entities with the LIPS, whose complexity is even greater. In addition to the local headquarters and the national structure, SEBRAE has a robust state structure and also has a history of systematically devoting itself to the local system. Table 1 summarizes the cited passage above by contextualizing each element of the subsystem of institutions and policies of the local innovation system identified in the field research.

Table 1: Institutions that acted together on the intimate Fashion LIPS of Nova Friburgo between 2000 and 2015

Scope of geographic performance	Main Institucional				
	Development, Credit, Grants, Financing, and the like	S,T&I support	Representation	International Insertion Support	Support to
International	IDB			Promos Institute	
National	BNDES Caixa Econômica* Banco do Brasil* Bradesco Bank*	SENAI Cetiqt FINEP		APEX Correios*	SEBRAE*
State	AGERIO State Government (Fiscal Incentives)	FAETEC* SENAI/RJ* UERJ* FAPERJ			
Local		Nova Friburgo and Bom Jardim Town Halls			

Source: authors' elaboration.

Obs.: Institutions marked with (*) are projected locally through specific sites or affiliated institutions in the LIPS area.

Unfolding this structural complexity of policy bodies can be a source of misunderstanding arising from a divergence of views and disputes between groups within the same institution. Of course, these internal political disputes are natural and virtually omnipresent in experiences of local

⁸ Federation of Industry of Rio de Janeiro

⁹ State University of Rio de Janeiro

¹⁰ Technical education institution of Rio de Janeiro State

development policies pursued by organizations with complex structures. However, the wide visibility that the policy experience directed to LIPS help out to increase this is problematic, since it represents the opportunity of projection to individuals involved with planning and policymaking.

The institutions with greater weight and political force in governance are those related to corporate representation. In fact, since its foundation, all of the presidents of the Fashion Council have been businessmen or businesswomen in the region, and only in its initial phase has the organization been chaired by business leaders from other local segments (construction and metalworking industries). It contributes to the fact that FIRJAN is an institution to which governance is formally linked. In addition, the influence of the SINDVEST¹¹ on governance is very high. An indication of this weight is its role in the SENAI of Friburgo change trajectory, to the point of achieving the creation of an ad hoc unit of the institution, SENAI Espaço da Moda¹², with a predominant focus on LIPS. Currently, both SENAI “Espaço da Moda” and the Fashion Council reside in the SINDVEST building.

This complex and heterogeneous governance structure is the point of arrival of a policy trajectory that dates back to the early 2000s. Prior to this, in the 1980s and 1990s, the local system was 'below the radar' of formal policies, in a situation of relative invisibility. Advances were made in terms of the growth of productive agglomeration, forming the critical mass of the production subsystem, and a level of organization of the arrangement, under the leadership of local entrepreneurs, symbolized by the early editions of FEVEST¹³ from 1992.

It is at the end of the 1990s, based on a study conducted by FGV (1998) in partnership with SEBRAE, FIRJAN and the Government of the State of Rio de Janeiro, that this LIPS has its first inflection point in terms of policies. In fact, between the end of the 1990s and the beginning of the 2000s, stimulated by the visibility of local system, several institutions started supporting actions such as Caixa Econômica Federal¹⁴, in the area of credit, APEX¹⁵ in the area of support to foreign trade, in addition to in the area of Science and Technology (S & T), UERJ and SENAI (LA ROVERE *et al*, 2000; LEMOS *et al*, 2004).

Since then, the local system witnessed a series of events among which the main landmarks are summarized in figure 2, commented in more detail below.

¹¹ Garment Entreprises Union in Nova Friburgo.

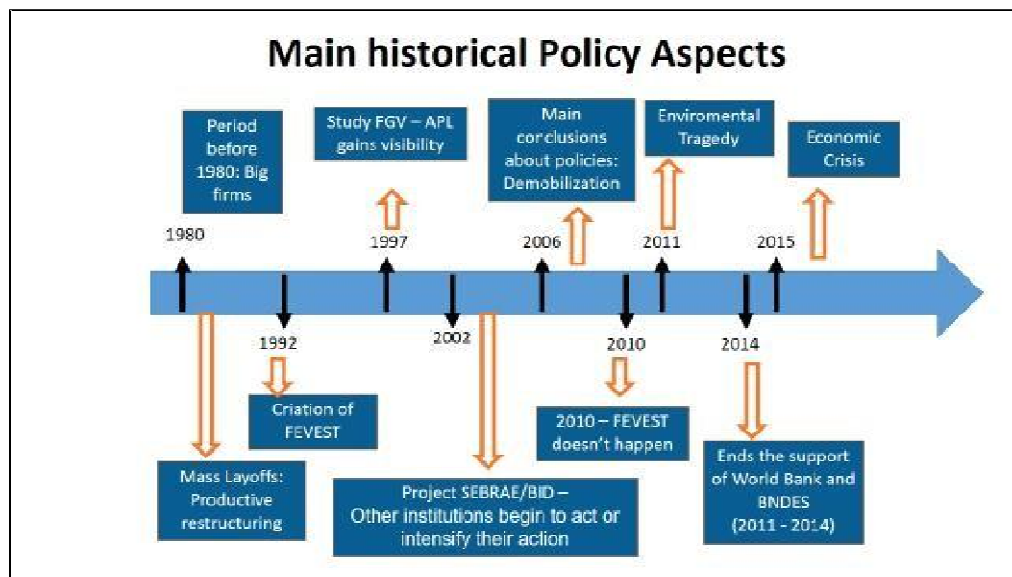
¹² SENAI “Espaço da Moda”, which name can me translated to SENAI Fashion Room, were created by the entrepreneurial.

¹³ Nova Friburgo Garment Fair.

¹⁴ Brazilian State Savings Bank.

¹⁵ Brazilian Association for Export Promotion.

Figure 2: Main policies of Nova Friburgo’s intimate fashion LIPS



Source: authors' elaboration.

In 2002, the “Industrial Districts Development Program” started, managed by SEBRAE in partnership with the IDB and the PROMOS Institute. This program extended until 2006. The emblematic nature of this project is justified because it is an initiative of unprecedented budgetary scope for the region, in the order of five million dollars at the time (REGAZZI, 2007).

According to Borin (2006), the institutional configuration of the project involved SEBRAE-RJ as the main institution in terms of resource allocation, operation of the policies in the territory and responsibility for the consolidation of the methodological design. The PROMOS Institute had a discrete role in the case of Rio de Janeiro, inserting itself with more emphasis in the national SEBRAE and with a decisive role of influence in the process of the construction of the theoretical-conceptual framework of politics¹⁶. The IDB, as a development institution, transferred resources through the Multilateral Investment Fund (MIF) and played an important role in the monitoring, oversight and evaluation of the policy derived from a project submitted by SEBRAE and the PROMOS Institute through a call launched by the institution¹⁷. This role, however, went beyond these functions while the IDB was also important in influencing decisions related to policy design and the selection of LIPSs supported¹⁸.

Because of this initiative, from 2002 to 2006, led on by the growing visibility of the LIPS review done on Nova Friburgo, which had become internationally prominent in the debate on local

¹⁶ More information, see SEBRAE (2002).

¹⁷ Information provided during field research by an interviewed SEBRAE-RJ staff member directly involved with the process at the time.

¹⁸ Beyond the Nova Friburgo LIPS, other three LIPS were supported by the same policy: the Furniture LIPS of Paragominas, in the state of Pará, the garment LIPS of Tobias Barreto, in the state of Sergipe, and the footwear LIPS of Campina Grande in the state of Paraíba.

development policies in Latin America, other institutions also intensified their support initiatives. During this period, BNDES¹⁹ and Banco do Brasil²⁰ began to work on arrangements in the areas of credit and development. In the area of support for technology and innovation, FAPERJ²¹, with the support of MCTI²², is now involved in supporting the arrangement through the Technology Platforms Program, granting resources to innovation projects. FINEP²³ also began to support, contributing resources to boost the contributions of UERJ to the development of LIPS. The State Government of Rio de Janeiro also extended its insertion in the subsystem of institutions and policy of the arrangement with the concession of fiscal incentives through the Fashion Law in 2003 and the Rosinha Law in 2006. Finally, APEX leveraged its actions to a new level, acting jointly with SEBRAE and the Post Office Company (public one), inducing the formation of six export consortiums in the territory.

In qualitative terms, this phase represented the introduction of new routines and practices in support of LIPS. Firstly, the Fashion Council was organized. Secondly, during this period FEVEST underwent a profound reformulation, with changes at that time being decisive in determining the current format of the event. Third, it is during this period that the actions to support entrepreneurship and the creation of competences in design gained form and scale, generating significant effects although it does not directly attend the majority of LIPS entrepreneurs, since initiative strategies are reasonably frequent and constitute a significant channel for the diffusion of innovations in the territory²⁴.

At the end of the IDB / SEBRAE / PROMOS project, the deceleration of most of the support actions - due to the reduced visibility of LIPS - and the positive economic environment observed in the following years contributed to a process of relative demobilization of the governance. In fact, in addition to these exogenous issues to the institutional and policy subsystem, it can be considered that the reduction of the influence of top-down factors in stimulating the structuring of the Fashion Council also contributed to the loss of breath of this institutionally. The main indication of this process is the fact that FEVEST, which is one of the most important points in the agenda of governance activities, was not carried out in 2010.

The third major phase of LIPS policies had a mark in January 2011, when major

¹⁹ National Economic and Social Development Bank of Brazil, a public investment bank.

²⁰ The public commercial bank of Brazil.

²¹ Rio de Janeiro State Foundation for Research Support.

²² Brazilian Ministry of Science, Technology and Innovation.

²³ Brazilian Agency for Financing Innovation Projects

²⁴ According to Felizardo et al. (2007), these consortiums consisted of small groups of companies endowed with greater competitive potential by policy organisms targeting, each, the insertion of different markets: Mercosur, European Union, Africa, Middle East, Japan, and the United States.

environmental disasters occurred in the region²⁵. Human and material losses are, of course, relevant from the point of view of the territory as a lived space. For LIPS *strictu* sense, there were at least three major impacts. The first was the loss of people, mostly workers, involved in production and endowed with skills and knowledge important to a labor-intensive industry. The second was destruction of the service center located on the former UERJ campus, including the advanced cutting machine that was installed at the university. The third is represented in the material losses of the firms and the difficulties of returning to the operations of the factories. Added to this difficulty, the tragedy also had a negative impact in terms of demand, as the disasters affected the image of the territory in the collective image of the country and generated a reduction - at least in the first moment - of the influx of tourists and retail resellers from other cities.

This fact provided a new intervention of great size in the territory, through an economic recovery program realized by a partnership between the World Bank and the BNDES. Held between 2011 and 2014, the program didn't specifically focus on LIPS, but rather a robust regional action in the impacted territory, which included the cities of Nova Friburgo and Bom Jardim. However, within the scope of project initiatives, LIPS was provided with an investment credit line.

As a positive movement in this period, one can point to the restructuring of the local governance. Motivated by the difficulties caused by environmental disasters, LIPS entrepreneurs, especially those economically and politically better positioned sought to articulate themselves in the traditional bodies of representation to channel their demands for advantageous public policies.

After the end of the program, in 2014, LIPS enters the current phase. This phase began in the year 2015, when the economic situation had deteriorated and the outbreak of a crisis with recession of the Brazilian economy. Since LIPS focused on the domestic market and products whose consumption depended to a large extent on consumer income, the current scenario represents the competitive challenges faced.

3. THE VISION OF LOCAL ACTORS

During the year of 2017, a field research study was carried out on territory of LIPS. The aim of this research was to capture the perspectives provided by local actors about policy experiences. A total number of sixteen interviews took the impressions of key personal to LIPS historical trajectory and at the present moment, including local entrepreneurs, policymakers,

²⁵ Heavy rains caused landslides and floods of great proportions in six cities of the Mountain Region of Rio de Janeiro: Nova Friburgo, Bom Jardim, Teresópolis, Petrópolis, São José do Vale do Rio Preto and Areal. As a way of illustrating the scale of the disaster, at least in material terms, the World Bank (2012) estimated losses in terms of infrastructure, social services, economic and environmental activities in the order of R\$ 4.7 billion, about US\$ 1,5 billion at the time.

business representatives and people involved with S&T activities.

The selection of the interviewees had the goal of capturing the perspectives of actors who occupied or still occupy leadership positions in the local system, with diversity of roles (policy ‘providers’, policy direct or indirect ‘clients’, policy partners and/or policy evaluators). The list of interviewed LIPS actors, their description and type follows below. Besides the sample selection, the research methodology followed the use of a list of open questions as a script to direct structured interviews. Through this dynamic, the actors could, inside the thematic limits provided by wide questions, openly express themselves about the policy experiences investigated.

Table 2: List of interviews by description and type of interviewee

Code for Interviewed Person	Description	Type
Interviewee number 1	Representative of SEBRAE-RJ	Policymaker
Interviewee number 2	Representative of regional office of SEBRAE in Nova Friburgo	Policymaker
Interviewee number 3	Representative of regional office of FIRJAN in Nova Friburgo and Local Entrepreneur	Policymaker, Entrepreneur and Business Representative
Interviewee number 4	Former Representative of Fashion Council	Policymaker
Interviewee number 5	Representative of the Fashion Council and Local Entrepreneur	Entrepreneur
Interviewee number 6	Representative of SINDVEST and Local Entrepreneur	Policymaker, Entrepreneur and Business Representative
Interviewee number 7	Local Entrepreneur	Entrepreneur
Interviewee number 8	Consultant	Entrepreneur and S&T specialist
Interviewee number 9	Local Entrepreneur	Entrepreneur
Interviewee number 10	Representative of IPRJ/UERJ	S&T
Interviewee number 11	Representative of IPRJ/UERJ	S&T
Interviewee number 12	Representative of IPRJ/UERJ	S&T
Interviewee number 13	Representative of State Government	Policymaker
Interviewee number 14	Local Entrepreneur	Entrepreneur
Interviewee number 15	Local Entrepreneur	Entrepreneur
Interviewee number 16	Representative of SENAI Espaço da Moda	S&T

Source: authors' elaboration

Among the different types of interviewees, different versions of some important features related to the policies were detected. In order to refine and organize these perspectives, four well recognized and widely mentioned initiatives were selected to be the focus of the analysis.

The first one was the creation of the formal governance organization, the Fashion Council. The second one was the reinforcement and enlargement of the FEVEST, the official fair for LIPS products. The third was the initiative to create a services center for the local garment firms, hosted in

UERJ campus prior to the environmental disaster. The fourth feature was the recovery policy implemented after the environmental disaster, when credit for investment was offered to firms in Nova Friburgo and Bom Jardim.

Different narratives were identified in the research field related to the trajectory of creation and consolidation of governance. These variants arose according to the position of each actor as to their institutional linkage to the condition of entrepreneur (and entrepreneur involved with policymaking) or the lack of a linkage to policymaking in regard to LIPS. A common idea diffused in most of these narratives is a perception shared by most agents of the territory that the LIPS and what is known as the “Intimate Fashion Production Agglomeration” are essentially different objects. Briefly, there is an imprecise perception that the so-called Production Agglomeration constitutes what would be called a production subsystem of the LIPS and that the LIPS, itself, would be what is understood as governance (the Fashion Council), that is, a part of the policy subsystem of the LIPS.

According to the local institutions perspective, the construction of a governance mechanism was the consequence of the incentives provided. Specifically, the IDB/SEBRAE/PROMOS program had this issue as a clear objective when it looked to induce the creation of an associative culture, trust among local actors and the accumulation of social capital. Indeed, the official discourse of the IDB (FUMIN, 2010) and the SEBRAE (REGAZZI, 2007), which attributed to their joint intervention from 2002 the main motivation for the creation of the governance of the local system. In this case, two institutions with their nuclei acting outside the territory, two at international level and one at state level, would have motivated the process in a top-down approach. Therefore, the Fashion Council dense representation and high level of acknowledgement inside and outside the territory constitute a feature of success of the policy.

The other type of narrative is determined by the actors of the territory. With subtle nuances, the entrepreneurs and the business representative actors see the local level initiative as the main trigger for the creation and consolidation of the Fashion Council. The regional office of FIRJAN in Nova Friburgo is pointed out as the key institution for the process. This role was assumed by the leadership of the institution in 2003 as a result of issues in the conduct of the program carried out by the IDB/SEBRAE/PROMOS from 2002. At one point, with a change of the directive body in the program, including the exchange of the entire staff of SEBRAE's regional office in Nova Friburgo, business leaders and their representative body gained more flexibility by articulating the actions of the program. Therefore, despite the importance of SEBRAE and IDB in the formal creation of the Fashion Council, FIRJAN had a decisive role in making the governance functional since it already catalyzed the pre-existent trust and associative culture among local

entrepreneurs, giving legitimacy to the process. This narrative can be understood as a bottom-up perspective of governance building. The result of these events can be synthetically summarized in the following interview excerpt:

"...That was basically it, the SEBRAE [and] the IDB money that started to leverage the process. (...) SEBRAE coordinated with external consultants who handled the project. As it does in several places, this is the standard of work of the Sebrae (...) then, a short time before, it had the same level of confusion [internal conflicts in SEBRAE]. [In response, FIRJAN, in October 2003] created an institution called the Fashion Council. " Interviewee 4. Adapted. Translated to English.

Both the top-down and the bottom-up narratives over the emergence of the Fashion Council acknowledge it as a device useful to bridging firm demands and institutional policies in LIPS. The fact that it is not so useful to fulfill the same role with demands and needs of other social actors of LIPS (e.g. workers and informal SMEs) corroborates the narratives of governance built up by the influence of extra territorial institutions and local business leaders able to be influential in FIRJAN. However, it makes a point to relativize the success claimed by SEBRAE, IDB or FIRJAN in the legacy left by Fashion Council since it partially represents the LIPS actors.

Another topic frequently raised by local actors during interviews was the importance of FEVEST to LIPS. Again, the narrative proposed by policymakers put the fair as a decisive feature for the growth of local production. This event was focused on different of policy initiatives - promoted by IDB, SEBRAE, SENAI, BNDES, the State Government of Rio de Janeiro and Nova Friburgo Town Hall – aiming at the construction of a collective identity around the local production of intimate fashion pieces. The shared idea among the initiatives was to use FEVEST as an axis to project nationally and internationally the visibility of the local system, helping to open new markets for the local system.

The fair has both a history of continuity and discontinuity. Since it was established, in 1992, this yearly event was not carried out only in 2010. But, qualitatively, the FEVEST design has changed sharply. In the early years, it was a small event, with a design similar to a street fair for tourists and retail resellers from other cities who visit the event. In the 2000's the event scaled up and began to be held in indoor facilities. After some other changes, in 2011 the FEVEST took on some different characteristics, becoming a kind of fashion show, restricting the quantity of expositors present and opening up space for entrepreneurial buyers from other parts of Brazil and other countries.

The narrative created by extra-local actors puts the evolution of FEVEST as a sophisticated process. In the first phase, the event built up a rudimentary collective identity among producers, in the second phase, this identity, gained visibility outside the territory and, in the last phase, the event

changed the perception of the LIPS on both the national and international view. Objectively, the evolution of FEVEST could make it possible for local producers to change the conception of micro and small-sized producers of low to middle quality lingerie to small and medium-sized producers of middle to high-quality lingerie. By the results achieved, the official discourse affirms FEVEST as a great policy legacy for LIPS.

From the perspective of local entrepreneurs interviewed, some of whom still participate in the fair, the evolution of FEVEST contributed to give visibility to LIPS and open marketing channels, mainly with big national buyers. However, the last phase of the fair is a theme of controversy. Indeed, the idea of micro and small-sized of low to medium quality producers in LIPS is still compatible with the empirical evidence. But there is a small elite group of entrepreneurs that has been able to become larger and offer greater product quality through better capabilities in process technologies, design, branding and marketing.

Summing up, the recent qualitative changes in the event is attempting to create a new concept for LIPS, which went through transformations, and became more diversified. In this increasingly heterogeneous system, the entrepreneurs with more capacity to influence the institutions that promote FEVEST could push it to a different format. The opinions of key actors about this process are divided. Some of them consider it as positive, part of a long term perspective aimed at consolidating local production with high competitiveness (e.g. large scale, brands, and other options) as a strategy for the future of LIPS. Others are opposed to the idea, regarding it as an attempt to artificially change the original collective identity, with limited possibilities to generate collective benefits.

One of the items in the field of S&T initiatives dedicated to LIPS, was the construction of a service center. Proposed by the IDB/SEBRAE/PROMOS program, following the Italian districts experience, the center could not be established. Following the idea proposed by the project, and as a chaired institution of the Fashion Council, the state university, UERJ, was able to build a service center. Two partnerships were important to make the service center feasible, the financial support obtained with FINEP and the donation of land obtained near the Nova Friburgo campus by a local traditional school.

Of course, the representatives of UERJ regard this initiative as a feature of success of LIPS. On the other hand, both the extra local policy institutions and local entrepreneurs have downplayed its importance. Behind those narratives, is a question related to conflict of interest and a lack of coordination boosted by the opportunity of having visibility offered by LIPS to policy institutions. Considering the interviewed actors who attributed (positive or negative) highlight to the service center, two different narratives have been created.

The first one, already mentioned, was generated by policymakers and entrepreneurial representative actors. The other narrative, put forward by UERJ representatives and other Science and Technology (S&T) related actors, acknowledge a limited reach of the direct effects of the initiative. As soon it lacked support by other institutions in terms of operation, maintenance and costing, the service center faced difficulties to meet a large array of demands. Due to these problems, the strategy of the policy was to focus on specific needs presented by LIPS firms. Concretely, a main contribution of the UERJ initiative was to introduce a new technology to LIPS, a laser cutting machine integrated with a modelling system. As a result, it was able to improve the productivity of an important process in the garment industry for a set of firms whose focus was on scaling up to meet big buyers demands.

According to these actors, this service center, closed in 2011 because of the landslides in the region, made long-term contributions despite its short period of activity. The access to new technology served as a demonstration to some firms carrying the diffusion of the technology within a limited range of local firms. Following a growth strategy through contracts with bigger buyers, those firms reached medium size, with a privileged position in terms of competitiveness and representation in LIPS. Consequently, significant innovative activities can be considered as a result of the initiative.

The last policy initiative in field research was the creation credit line opened by BNDES in partnership with the World Bank in the scope of the recovery plan to the environmental disasters that occurred in the territory. Due to the challenges imposed by the conditions found in Nova Friburgo and Bom Jardim after the floods and landslides, the LIPS institutions resorted to the Fashion Council to establish interlocution with organizations interested to design actions to recover the local economy. It was in this context when World Bank representatives contacted Brazilian authorities to design such an emergency package and BNDES was responsible for operating a credit facility to restore the local economy.

There is no specific narrative about the impact of this intervention. The focus of evaluations and public opinion was the whole emergency intervention, that included other cities and other focuses (social, environmental, infrastructural and other economic focuses). Actors from the territory and outside were unanimous to affirm the ineffectiveness of the World Bank/BNDES initiative. In a general sense, which gets closer to common sense about the whole initiative in the territory is a wide inefficacy of the whole intervention mainly because of discoordination and were – although not in Nova Friburgo or Bom Jardim - linked to corruption scandals²⁶.

²⁶ The case of the Teresópolis symbolizes this link made by public opinion, because three different mayors had their terms revoked due to charges of corruption related to the national and international aid resources in 2012. (for more, see:

According to local actors, the inefficacy of the policy had less vague and caricature causes. Probably, following the institutional biases of BNDES and the World Bank, the credit line created was for the gross formation of fixed capital. According to information collected during field research, local entrepreneurs and business representative believe the focus of the policy was wrong. The specificities of the territory, the spatial differences of the environmental impacts and the firms physical structure made working capital - and not resources for investment - crucial for a short run recovery. The testimony given by interviewee 5, for example, was able to put together those three pieces, pointing that landslides were concentrated in residential areas while floods had a broader impact over productive areas of LIPS. Moreover, the floods were particularly intense in the neighborhoods of Nova Friburgo, the city that hosts a greater portion of the factories. At last, the factories were, frequently, organized small buildings of two floors to four floors, with commercial and administrative facilities occupying the first one and industrial facilities above. That is, most of the LIPS firms were impacted by floods, ruining the store stock and administrative documents and registers while the machinery was mostly intact, making support to reset the capital lost in store stocks and the administrative capacity of the companies.

Complementarily, another specific attribute of LIPS that was not taken into account by the policy was the high degree of informality. When the concession of the credit to formal companies with a legal entity register was placed as a condition, the possibility informal enterprises in obtaining the intended support was restricted. In addition, the requirement to present documents and certifications in the short term to access the policy was also seen as a restrictive requirement, since even companies that met such requirements before the tragedies faced difficulties in meeting them since their administrative facilities had been affected and documents lost.

Summing up, in the perception of the entrepreneurs, this initiative suffered problems of diagnosis, design, excess of requirements and failures of coordination with other institutions (such as those responsible to reset lost documents). Credit was offered for the less essential needs, exclusively to formal firms which suffered less from the tragedies. That is, the wrong support to those who needed less.

4. FINAL CONSIDERATIONS

The territory is a place constituted by a large array of actors and experiences with local development, in general, involve a diversified set of institutions and organizations. In the case of

<https://oglobo.globo.com/rio/prefeito-de-teresopolis-afastado-por-corrupcao-outros-governantes-do-interior-tambem-estao-na-berlinda-2707323>).

Nova Friburgo region it concentrates those attributes at a complex degree, since its visibility attracted local, state, national and international policy institutions, public and private. The aim of this paper was to understand general aspects of support initiatives promoted by those organizations and compare different points of view.

These perspectives provided by different actors, generally, have different visibility in debates about the results of such experiences. The most prominent is the point of view manifested by well-acknowledged extra-local institutions. As a usual – but not general – consequence, the way these policies are felt in the territory, by low-profile local actors, tends to be less visible in this kind of debate. In this work, the Nova Friburgo region experience is investigated to put together two types of narratives: one that is prominent, and the other one, frequently kept ‘below the radar’, manifested by the local actors directly involved with the territory.

Starting from a perspective based on local innovation systems (LIPS), it was possible to understand this case through an analytical approach based on subsystems. As LIPS is composed of five subsystems²⁷, this approach was useful to limit the sample to nearly four types of actors: those linked with policies and institutions (policymakers and business representatives), those linked with production (entrepreneurs), and S&T actors. Through field research carried out in the territory it was possible to structure a mosaic of narratives based on the perspectives of local actors regarding the four most important topics related to the policy initiatives for the promotion of LIPS.

The actions dedicated to building up a formal governance structure gave rise to a conflict of narratives between local and extra-local actors. The policy documents – and the wider body of literature developed in Brazil about LIPS – point out policies as the main cause for the Fashion Council’s success. The local actors’ perspective, otherwise, indicates the pre-existence of an associative culture in the territory as the main determinant for this success.

This contradiction suggests that the emergence phenomenon in LIPS governance can be explained through both top-down and bottom-up processes. Moreover, the evidence on the importance of local features raises doubts about the voluntarist perspectives of policymaking on the creation of associative cultures solely by economic incentive provisions.

The differences in narratives on the LIPS official commercial fair go in two directions. The discourse of extra-local organizations emphasizes the role of FEVEST in the construction of a collective identity (band) of LIPS outside the territory as a linear and successful process of evolution. The local perspective produced two different narratives, indicating the existence of two

²⁷ Production and innovation subsystem; institutions and policies subsystem; research and training subsystem; demand subsystem; and a last subsystem constituted of sociocultural, political and geographic features of the territory.

different groups of interest among entrepreneurs. Both narratives recognize a break in trajectory in the recent phase. One group of local actors describe this change as positive since it represents the future trending of LIPS, emphasizing strategies based in virtuous competitiveness with benefits concentrated by companies more able to capture it. The other group tends to describe the new phase of FEVEST as a rupture within the original characteristics of LIPS companies, emphasizing the negative effects of uneven capabilities to capture the benefits of the fair in the short run.

The existence of different narratives for FEVEST at the local level indicates that LIPS dynamics made heterogeneity deepen, while a set of firms with active innovative strategies emerged. Indeed, the existence of relevant brands in some niches in the regional and national markets also indicate this phenomenon. The increase in this heterogeneity reverberates at the political level, as the two identified groups have different levels of influence over policymaking and representative business bodies. Since policies have heterogeneous impacts on the territory, the dialectical relationship between policies and power relations in the system is a point to be highlighted in future research.

In Brazil, universities frequently play a marginal role in LIPS. In the case of the Nova Friburgo region, indeed, the impacts of UERJ insertion into the local system do not seem to be great, but they exist and different narratives tend to downplay it. The case of service center structured by UERJ is described by extra-local institutions and by local entrepreneurial actors as null or nearly null. In contrast to those narratives, S&T actors (not only UERJ representatives) usually consider this experience important to the spreading of technology that boosted the capacity of some prominent firms to insert themselves into marketing channels based on big buyers, high-scale production, and significant quality requirements. This conflict of narratives and the consistency of the latter with the rise of big buyers' involvement with some LIPS companies indicate a tendency to marginalize the university in the LIPS dynamics and governance structure.

Interestingly, this tendency can be related to different issues. Firstly, the dispute, boosted by the possibilities to achieve visibility and projection with success narratives related to the iconic Nova Friburgo LIPS, might help to marginalize UERJ in the wider universe of actors. The asymmetries between universities and entrepreneurial organizations, in terms of objectives and routines, might have also been a point of tension. Lastly, the overlapping between roles fulfilled by UERJ and by SENAI institutions could have been another feature to inhibit a deeper insertion of the university into LIPS.

The case of the joint initiative between the World Bank and BNDES illustrates a case with unanimous negative narratives. While the extra-local perspective provides a blurry vision of the failure determinants, the local actors' perspectives are in agreement and emphatic in attributing the

inefficacy policies to institutional biases and mistakes. In this case, the point of view of local actors constitute a powerful complement to the analysis. Putting strong weight on territorial, spatial and company specifics, tries to justify why the policy did not work.

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