

TC Document

I. BASIC INFORMATION FOR TECHNICAL COOPERATION

Country/Region:	Regional
TC Name:	LAC's experience in Social Innovation Programs
TC Number:	RG-T2544
Team Members:	Team leader: Carlos Guaipatin (IFD/CTI), Team members: Claudia Suaznabar (IFD/ CTI), Liora Schwartz (IFD/CTI), Mariela Rizo (IFD/CTI) and Maria Elisa Arango (LEG/SGO)
Type of project:	Research & Dissemination
Date of TC Abstract authorization:	October 23rd, 2014
Beneficiary:	Peru, Chile, Argentina, Colombia, Bolivia, Brazil and Ecuador.
Executing Agency and contact name:	Inter-American Development Bank (IDB)
Donors providing funding:	Knowledge Economy Fund (KEF)
IDB Funding Requested:	US\$120,000
Disbursement period (which includes execution period):	30 months disbursement period 24 months execution period
Required start date:	January 5 th , 2015.
Types of consultants:	Firms and individual consultants
Prepared by Unit:	IFD/CTI
Unit of Disbursement Responsibility:	IFD
TC Included in Country Strategy (y/n):	N/A
TC included in CPD (y/n):	N/A
GCI-9 Sector Priority:	Integration through institutional strengthening Small and vulnerable countries.

II. OBJECTIVE AND JUSTIFICATION

- 2.1 The LAC region is starting to design programs to support social innovation (SI)¹. Countries such as Peru, Chile, Argentina, Colombia, Bolivia, Brazil and Ecuador have already started working on social innovation and have shown a strong interest in receiving support from The Bank, given its experience in this area. For this reason further support to these countries in social innovation is essential.

¹ Despite the large number of definitions available for social innovation, we will understand it as new solutions to challenges faced by people whose needs are not met by the market, that generate a positive impact on society. They must be carried out through an inclusive and technology-based process, incorporating the beneficiaries to adequately define the problem, and employing multidisciplinary partnerships towards the development of the solution.

- 2.2 The Competitiveness and Innovation Division (CTI), through the Innovation Lab (I-Lab) has implemented a number of social innovation programs², particularly through a series of calls for problems and solutions, using “crowdsourcing”³ to identify the needs of beneficiaries and implementing the knowledge of universities and the private sector to promote new high-impact social innovations⁴. As a result of these initiatives, CTI has (i) gained experience launching calls, perfecting an effective mechanism to identify pressing -and usually overlooked- social issues; (ii) become aware of the enormous importance of involving beneficiaries throughout the innovation process; and (iii) been able to grasp the volume and general nature of the Region’s needs in the area, all while confirming that social innovation is a key driver of development.
- 2.3 These experiences have allowed CTI to identify certain knowledge gaps that must be filled, such as how social innovation projects can be scaled up and the importance of metrics to evaluate the impact of social innovation efforts. CTI is currently working on closing some of these knowledge gaps through this year’s ESW “Social Innovation: A private sector Approach to Foster Productivity in LAC” (RG-K1359) which aims at generating a better understanding of international experiences in the field of social innovation. Also, through the Technical Cooperation RG-T2348 “Social Innovation: a Knowledge-Based, Private Sector Lead Approach” CTI is supporting the region, especially Peru, Chile and Colombia, in the implementation of social innovation programs, using the experience and methodology developed through the I-LAB’s work. The achievements of these two existing initiatives provide a stepping stone for deepening and broadening the CTI’s involvement in the area. The body of knowledge gathered from the division’s experiences to date increases the efficiency outlook of new projects that may tackle bigger issues, and may be transformed into valuable know-how for local actors.
- 2.4 There is a significant request from the Region for additional support in social innovation, which cannot be addressed by current operations. Given the rapidly growing interest in social innovation in the Region and the Bank’s increased involvement in the area, it is important to generate a better understanding of how country-specific characteristics (i.e., level of development, market and government failings, cultural identity, etc.) can affect the implementation of social innovation programs and how said characteristics can be included in the design of

² Among other projects, CTI has so far developed and supported (i) a project for purification and access drinking of water in five impoverished rural communities in Colombia; (ii) a project to use text messaging to control and encourage perinatal care in Peru; (iii) a project to promote the inclusion of children with disabilities with the use of ICT in school in Ecuador. As of the date hereof, there is a queue of projects pending execution in Argentina, Uruguay and Chile, which have been identified through crowdsourcing and presented to CTI by the respective governmental agencies for innovation.

³ Crowdsourcing is the process by which a large group of people, through a call, participates in performing a task. This methodology has proven to be an effective working tool for identifying problems and solutions.

⁴ For examples of CTI’s work in social innovation and in the use of crowdsourcing please refer to <http://www.bidinnovacion.org/en>

the initiatives, to thus support future initiatives with a holistic approach, seeking sustainability and scalability of interventions.

- 2.5 In light of the above, the objective of this TC is to identify country-specific issues and qualities relevant to social innovation, in order to generate policy recommendations specifically designed for the reality of each particular economy, increasing social inclusion through the strengthening of the national innovation systems. In order to achieve this goal, the first component of this TC will support countries considering their specificities, through the implementation of a pilot program and a country study. The second component will draw lessons learned based on these experiences, so as to develop a toolkit for the implementation of social innovation programs. The final component will promote the diffusion of the knowledge acquired and the generation of positive externalities. This threefold effort will enable the Bank to gain further experience, to position itself as a leader on a growing-interest topic, and to promote the exchange of know-how.
- 2.6 The TC is aligned with CGI-9's objectives, as it promotes integration through the strengthening of institutions for the design and execution of programs that endorse social innovation.

III. DESCRIPTION OF ACTIVITIES/COMPONENTS AND BUDGET

- 3.1 **Component 1. Country Case Study and Pilot Project.** This component encompasses activities necessary to analyze initiatives in place at the time in one country of the Region and implement a pilot program on social innovation from which new lessons can be drawn in that same country. This component will finance:
- 3.2 The listing of –insofar possible– all social innovation initiatives in place or recently concluded in the selected country (Peru, Chile, Argentina, Colombia, Bolivia, Brazil or Ecuador); and the analysis of the observable trends, notable examples, identification of major challenges and lacking areas, cross-analysis of public policies in the different areas targeted by the social innovation initiatives included in the list.
- 3.3 The implementation of a pilot social innovation project in the country (Peru, Chile, Argentina, Colombia, Bolivia, Brazil or Ecuador), which in turn includes: (i) a report on the design and preparation of the project and a report on the conclusion of the project, indicating its phases, the difficulties encountered and an account of the reception of the program by the host country; and (ii) the execution and management of the project.
- 3.4 The analysis of the project and the lessons arising therefrom, which in turn includes: (i) a report on the relevant aspects of the corresponding country's environment at the time of the implementation of the project; (ii) a description of the project's execution and outcomes as relevant to the analysis; and (iii) the

assessment of the above in a manner that identifies the elements of success and those which did not function as expected.

- 3.5 This product will allow the IDB to categorize different elements that determine the success of a specific social innovation project, and to generate the knowledge needed for the development of the second component. This component will be executed within 24 months. Sections (b) and (c) of this component will be conducted in the same beneficiary country. Section (a) will be, preferably but not necessarily, conducted in the same country as sections (b) and (c). Countries will be selected according to the development of social innovation that they have experienced. Furthermore priority will be given to those countries where there is a greater probability of generating a lending operation in social innovation.
- 3.6 **Component 2. Toolkit for the Implementation of Social Innovation Programs.** Based on the lessons learned in the country where the studies of the previous component have been carried out, this component consists in the development of a toolkit that will (i) provide relevant policymakers with a set of coordinated actions to carry out at the time of designing and executing a social innovation program; (ii) describe the different forces in action and how they can be addressed in order to implement a successful initiative; and (iii) lay down the questions policymakers should ask themselves when designing such programs, and the issues they should take into consideration in order to answer said questions. The work in this component will comprise (i) a report (including the elements of the toolkit) that will conclude presenting the elements of the toolkit; (ii) the laying out of the toolkit into an accessible brochure format; and (iii) the uploading of the toolkit to the CTI webpage (and, whenever feasible, to other relevant outlets).
- 3.7 **Component 3. Diffusion and Publication of the Results and Lessons Learned.** This component includes the following activities:
 - 3.8 Workshops (i) with participation of representatives from different countries of the Region, especially Chile, Argentina, Colombia, Bolivia, Brazil and Ecuador, in order to share successful experiences and key lessons, as well as international best practices; and (ii) where the private sector of the participant countries may be encouraged to collaborate with and develop SI initiatives, creating synergies with the public sector –which will be guided by the toolkit. Workshops will be open to the various windows of the Bank that are involved in SI. Workshops will be live in HQ or one of the beneficiary countries of the technical cooperation.
 - 3.9 Publishing of studies carried out according to previous components. The studies will be made in English and translated to Spanish for the purpose to reach more stakeholders.

Indicative Results Matrix

Component	Indicator	Evidence
Component 1: Country Case Study and Pilot Project		
Country case study	1 report	Consultant's report.
Pilot project	1 report on the design and preparation of the project 1 report on the conclusion of the project	Consultant's report.
Component 2: Toolkit for the Implementation of Social Innovation Programs		
Toolkit	1 report	Report Brochures Webpage additions
Component 3. Diffusion and Publication of the Results and Lessons Learned.		
Workshop: with policymakers and private sector to present toolkit.	1 Workshops	Disbursements, schedule, presenters and attendance lists.
Publication of studies of the previous components.	2 Papers	2 published papers.

IV. BUDGET

4.1 The total amount of funding needed for this TC is US\$120,000. The allocations for each component are shown in the table below:

Indicative Budget

Activity/Component	Description	IDB/Fund Funding
Component 1	Pilot project and country case study	55,000
Activity 1.1	Report of existing SI initiatives in a LAC country. Identification of major challenges and lacking areas, cross-analysis of public policies in the different areas targeted by the social innovation initiatives.	35,000
Activity 1.2	The implementation of a pilot social innovation project. The analysis of the project and lessons learned.	20,000
Component 2	Toolkit for the implementation of social innovation programs	25,000
Activity 2.1	Development of the toolkit including: description of the different forces in action, questions policymakers should ask themselves when designing such programs and the issues they should take into consideration.	15,000
Activity 2.2	Determining of contents and design of the toolkit; uploading of toolkit into CTI webpages	10,000
Component 3	Diffusion and publication of the results and lessons learned	40,000
Activity 3.1	Organization and hosting of workshop with policymakers and private sector.	40,000
Total		120,000

V. EXECUTING AGENCY AND EXECUTION STRUCTURE

5.1 The executing agency of this technical cooperation will be the IDB. This is consistent with the regional nature of the initiative as well as the Bank's ability to

execute technical cooperation, contributing with time of the project team and their knowledge to identify highly qualified international consultants based on their work experience in operations in different countries of the region and the implementation of similar activities. to ensure the efficient and timely completion of the technical cooperation the CTI division will review the progress in a well-timed manner. Besides, prior to the execution of Component 3 the team will obtain non-objection letters from the host country. Furthermore, although the technical cooperation will be executed by the IDB, it will not supplement the budget of the CTI division.

- 5.2 The Bank will contract individual consultants, consulting firms and non-consulting services in accordance with the Bank's current procurement policies and procedures.

VI. EVALUATION AND MONITORING

- 6.1 To ensure the timely efficient execution and evaluation of this technical cooperation reports on major events / accomplishments during project implementation shall be submitted, including a completion or final report. This information and the final results are essential inputs for the development of reports to the Bank's Board and the Donors and for monitoring and evaluating the technical cooperation's outputs and outcomes during execution.

VII. PROJECT RISKS AND MAYOR ISSUES

- 7.1 Although it is a fast-growing sector in the Region, information on social innovation initiatives is not uniform and not always reliable, as it is mostly prepared by the entrepreneurs themselves and comprises a notably diverse universe. This risk will be mitigated by taking into consideration previous work and knowledge of the CTI Division in the area, as well as international information and works on the subject, so as to allow a more streamlined categorization and provide a better basis for comparison of available data.

VIII. ENVIRONMENTAL AND SOCIAL CLASSIFICATION

- 8.1 This project is not expected to generate negative environmental or social impact. During the process of selecting consultants environmental and gender issues will be considered. According to the above classification and safeguards the operation has been classified as a category "C".

Required Annexes:

- Annex I: [Terms of Reference](#)
- Annex II: [Procurement Plan](#)

LAC's EXPERIENCE IN SOCIAL INNOVATION PROGRAMS

RG-T2544

CERTIFICATION

I hereby certify that this operation was approved for financing under Knowledge Multidonor Economy Fund (KEF) through a communication dated October 28, 2014 and signed by Ana Paula Sanchez. Also, I certify that resources from said fund are available for up to **US\$120,000** in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of four (4) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.

Original Signed

12/10/2014

Sonia M. Rivera
Chief
Grants and Co-financing Management Unit
ORP/GCM

Date

APPROVAL

Approved:

Original Signed

12/11/2014

Jose Miguel Benavente
Division Chief
Competitiveness and Innovation Division
IFD/CTI

Date