

Innovation & Productivity Sector Reviews
RG-T2092
TC ABSTRACT

I. Basic Project Data

Region:	REGIONAL
TC Name:	Innovation & Productivity Sector Reviews
TC Number:	RG-T2092
Team Leader/Members:	Gustavo Crespi (IFD/CTI), Carlo Pietrobelli (IFD/CTI), Gregorio Arevalo (IFD/CTI), Juan Carlos Navarro (IFD/CTI), Ezequiel Tacsir (CTI/CCR), Mikael Larsson (IFD/CTI) and Sandra Ortega (IFD/CTI)
Type of TC:	Research & Dissemination
Reference to Request: (IDB docs #):	N/A
Date of TC Abstract:	31/01/2012
Beneficiary:	Ministries of Science and Technology, Ministries of Economics and Productive Development Agencies throughout the region.
Executing Agency and contact name :	IDB (Gustavo Crespi)
IDB Funding Requested:	\$400,000
Local counterpart funding, if any:	N/A
Disbursement period (which includes execution period):	24 months
Required start date	04/1/2012
Types of consultants	International Individual Consultants
Prepared by Unit	IFD/CTI
Unit of Disbursement Responsibility	IFD
Included in Country Strategy ; TC included in CPD	VPS RD Programming Document
GCI-9 Sector Priority:	Development through the Private Sector.

II. Objective and Justification

In 2012 IDB's senior management took the decision of establishing the Competitiveness, Technology and Innovation Division (CTI). This decision implies building a new team on the basis of the previous work carried-out by the former Science and Technology Division (SCT) plus the work being done by Private Sector Development (PSD) specialists elsewhere at the Bank. It is expected, that this new organization will improve not only the scope but also the quality of the Bank's work with a particular focus on firm's productivity. However, in order to be effective this realignment requires a deep analysis and thinking about the conceptual framework that will lead the strategic view of CTI and will guide the content of the IDB's policy dialogue in this area. In particular, a key element of this policy dialogue is the preparation of country sector notes.

Country sector note key inputs for the definition of the Bank's strategy with regards to a particular country and the elaboration of the country's programming document. Normally, the IDB's sector notes

are structured around three pillars: (i) antecedents (the industrial organization and institutional framework of the sector), (ii) diagnostics (regarding the key constraints to innovation and productivity in a given country, region or industry) and (iii) a proposal of strategy in order to alleviate the constraints with particular focus on the IDB's value added. All of this should be supported by a consistent results framework. It is clear that in order to be successful, country sector notes need to build upon a robust conceptual framework regarding the determinants of firm level productivity. In practical terms this requires assessing both the internal capacities that the firms have in order to control productivity (from managerial practices, quality of productive inputs, information technologies and the accumulation of intangible assets – through innovation, research and development and learning) and the external conditions that could activate or block these “internal drivers” (such as competition, entry /exit barriers, regulations, etc) (Suversson, 2011). Unfortunately, the tradition in the IDB has not been seeing these internal and external drivers in an integrated manner. In other words, using the innovation system approach put forward by, among others, Freeman (1987), Lundvall (1992) and Nelson (1993), an innovation system is not a uniform set of interactions. Rather than this, is a collection of several sub-systems with linkages among them. On particular sub-system is the Science, Technology and Innovation one, where innovations normally emerge from the science and technology base and the interactions between the firms and the technological infrastructure are critical for innovation (this have strong implications for some sectors). However, following Lundvall (1992), a second – and very important for developing countries- sub-system is the learning, using and interacting one, where innovations are critically dependent on the interactions among firms and between users and producers, therefore clusters and value chains are critical for this sub-system.

General Objective: Develop an integrated conceptual framework that would guide the policy dialogue of the IDB with regards to fostering innovation and improving productivity. Strengthening the coordination and quality of the policy dialogue with regards to productive development policies in the region.

Specific Objectives: (i) Assessing sector and technical notes produced by the IDB's SCT and PSD specialists during the last three years, clearly identifying areas of overlap, lack of coordination and missing gaps that hindered the quality of the IDB's programming in these areas, (ii) Propose an integrated conceptual framework to assess countries' capacities with regards to innovation and productivity growth by the private sector, (iii) Provide guidelines for the design and implementation of CTI's new sector notes and (iv) Implement the new guidelines in at least four countries in the region.

This TC is aligned with GCI-9 sector priority of development through the private sector.

III. Description of Activities

Component I: Conceptual Framework and External Assessment of Previous Work. The external evaluation will be undertaken by an international high caliber expert. Previous to the initiation of the assessment the evaluation will propose a conceptual framework that, building in the previous literature and best practice would become the theoretical frame for CTI future programming activities and policy dialogue. The evaluator will be responsible for the preparation of a work plan to conduct the assessment, including division of labor between him/her and CTI staff, methodology, and inputs needed from CTI. The evaluation will draw on relevant background documentation provided by CTI in particular available technical notes, sector notes and policy reviews carried out by SCT and PSD specialist since 2007 until now. In particular the main deliverables of this component would be:

(+) A Technical Note with a conceptual framework to assess the drivers of innovation and productivity in LAC's firms, an assessment on the quality of the previous work done by the IDB on this regards and methodological guidelines for the next generation of CTI innovation and productivity sector notes.

Component II: Validation. The findings of the expert will be discussed with CTI staff during or more technical workshops to be held at IDB's Headquarters.

Component III: Implementation and learning. The final component of this TC will fund the implementation of the new guidelines for CTI sector notes in four countries in the region (at least two countries should be from the C/D groups). The actual countries will be selected based on their demands for this product and the need to provide fine inputs for country strategies. Major outputs will be:

(+) Four CTI Sector Notes (Discussion Paper, format)

IV. Budget

Indicative Budget

Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
Component I	External Assessment	\$20,000.00	0.00	\$20,000.00
Component II	Workshop/Dissemination	\$5,000.00	0.00	\$5,000.00
Component II	Country Implementation	\$375,000.00	0.00	\$375,000.00
Total		\$400,000.00	0.00	\$400,000.00

V. Executing Agency and Execution Structure

The executing agency for this TC will be the IDB. This decision is based on the proven capacity of the IDB to execute TCs actions and, more important, its knowledge to identify highly qualified international experts with deep knowledge on the key characteristics of regional innovation systems.

VI. Project Risks and Issues

The implementation of this TC is primarily aimed at providing feedback to CTI staff and management to guide future work and strategies regarding the quality and pertinence of sector notes. This is a learning oriented TC and not an audit of outputs and processes. It is also expected that the findings of this evaluation will be used as an input to the CTI's work plan for the future.

VII. Environmental and Social Classification

We do not foresee any environmental or social negative impact associated with this TC. During the process of selection we will consider also environmental issues. In accordance with this and the ESG classification this operation has been classified as "C".