

TECHNICAL COOPERATION PROFILE

JANUARY 31, 2008

I. BASIC PROJECT DATA

Region:	Regional
Program Name/Number:	Innovative Technological and ICT Solutions and Applications for Social and Economic Inclusion of the Majority (RG-T1481)
Project Team:	Carlos Guaipatín (SCL/SCT) team leader; Luiz Ros (OMJ/OMJ); Claudia Ogliaro (VPC/GCM); Kai Hertz (VPC/GCM); Javier Jiménez (LEG/SGO); and Carolina Hernández-Cartagena (SCL/SCT).
Beneficiary:	Regional
Executing Agency:	IDB (Headquarters)
Source of Funding:	Italian Trust Fund for Information and Communication Technology for Development (IID).
Financing plan:	IDB (IID) US\$300,000 Total: US\$300,000

II. PROGRAM OBJECTIVE AND DESCRIPTION

A. Objectives

- 2.1 Supporting the development and piloting of three to five technology-based innovations that improve the quality of life and social and economic inclusion of poor people in the Region.

B. Description

- 2.2 This Technical Cooperation (TC), "Innovative Technological and ICT Solutions and Applications for Social and Economic Inclusion of the Majority", will provide non-reimbursable financial support (grants) for the application of technological innovations to the needs of the poor in Latin America and the Caribbean (LAC). Projects will be solicited through an open call for Pilot Project Proposals (PPs) that will be posted by the IDB. While the call will be open to researchers and entrepreneurs of all member countries of the IDB, the needs to be addressed will be those of LAC countries and disadvantaged communities; where the technological innovation will be tested or piloted as part of the supported activities.
- 2.3 This same initiative will be complemented by TC RG-T1489, financed by the IDB's Fund for Special Operations (FSO), for an amount of US\$150,000. While RG-T1489 will fund its initial phases - that include the launch of the PPs call during the Bank's Annual Meeting in Miami (April 2008), and the start-up work

of the consultancy that, under the supervision of the project team, will prepare the forms, the evaluation grid and criteria - the present TC will support the second phase – that includes the award of the grants, and execution of the activities outlined in the PPs. Both TCs will provide funding for the grants. PPs supported by the present TC will have to include ICTs as a component of the proposal. At the end of the execution of the activities supported by the grants, those projects and technological innovations that will have proved their socio-economic benefits as well as their sustainability and scalability, will be eligible for further follow-up financial support by the Bank's "Opportunities for the Majority Initiative" (OM).

- 2.4 Activities eligible for financial support will be, among others: the piloting in the field of an innovative product or service, the piloting and adaptation to LAC environment of an existing technology, the development of the business plan for the production or marketing of an innovative product or device; further research and development for adapting an existing technology or product to the LAC socio-economic framework or environment; market researches to identify eligible needs, or demand for an existing technology, etc.
- 2.5 Applicants will submit their PPs by using application forms provided by the Bank. Each applicant may present only one proposal. The project team will screen the PPs, if necessary with the support of other Bank's experts and country offices, and retain only eligible PPs. Up to 20 PPs will be shortlisted and presented for final selection to a high-level technical committee (chaired by an Italian scientist, and composed by seven experts in academia, and in the venture capital, non-profit and private sectors). The members will provide their expertise for free; however the present TC will support the participation (travel and accommodation) of a subset of members to the launch and to the award ceremonies. The selection process will be based on the following criteria: (i) relevance for the needs of the poor; (ii) technical feasibility and quality of the PPs; (iii) institutional, financial and technical capability of the applicant organization; (iv) partnership with local organizations, institutions, firms, or NGOs; (v) scalability and replicability; (vi) counterpart co-funding; (vii) degree of innovation; and (viii) positive externalities. Preference will be given to PPs with potential to be scaled-up with the support of the OM, and with ICT solutions for the poorest communities of Andean and Central-American Countries. For each approved proposal, the maximum amount of financial support will be US\$100,000. The grant awarded, however, may be less than the maximum.
- 2.6 Consulting Services required: this TC will require the services of a consultant that will perform the following activities, in strict coordination with the team: (i) disseminating this TC; (ii) screening of the received PPs; (iii) monitoring of the implementation activities carried out by the winning PPs; and (iv) preparing a report on the results achieved by this TC. The consultant will have proven expertise in the field of science and technology, as well as working knowledge of multilateral development banks and/or institutions.

2.7 Activities and Timeline:

- (i) Launch of an open call for proposals during the 2008 IDB Annual Meeting in Miami (April 2008). Deadline for submissions will be set for early July 2008.
- (ii) Submission and screening of PPs (April - July 2008).
- (iii) Selection of PPs (July-August 2008).
- (iv) Awards for winning projects (October, 2008) ¹
- (v) Implementation of PPs (October, 2008 – October 2009).
- (vi) Review and report of results (November - December 2009).

2.8 Output and impact: this TC will support the piloting of three-to-five ICT technology-based projects focused on the needs of the poor. As a result, and in addition to the value of these pilot projects, the Bank and the outer community will obtain lessons learned about how to stimulate these new markets, and how to enhance partnerships with local organizations, municipalities, NGOs, and technology-based entrepreneurs. These lessons will be then scaled-up by the OM, that will provide subsequent and follow-up funding for the selected PPs that will have proved effective and sustainable technological solutions for the poor.

A. **Justification**

2.9 Recent experience shows that a growing number of technological innovations are directed to the needs of the poor, and have the potential to create new development opportunities. For many innovations, especially when based on ICT, once the technology has been developed, the marginal cost of its application can be very low, making it accessible to the majority. At the same time a wider users base helps recovering the fixed costs of development. Several business models for large scale use of innovative applications and tools accessible to the poorest have proved sound and successful.

2.10 Despite the very obvious benefits these technologies can bring to poor communities throughout the Region, these technologies are under-supplied because of their “public goods” nature: the social benefits of these innovations are clearly far greater than the returns for the innovators, leading to under-investment. This circumstance justifies the need for public or external support, that can provide the necessary incentives to the development of these much needed innovations. This TC will provide incentives and financial support to private firms and entrepreneurs to explore new technological applications that address relevant problems of the poor.

¹ Data is based in Unesco-Gentec Project studies aimed to obtain information on women situation in SET in several countries of LAC region <http://www.iis.unam.mx/nuevos/gentec/reporte.pdf>

III. COST AND FINANCING

A. Budget

- 3.1 The budget will be funded by the Italian Trust Fund on Information and Communication Technology for Development, for an amount of US\$300,000. The following table presents the budget estimates:

Activity	Unit cost (US\$)	Total (US\$)
Grants for PPs (3-5 projects)		270,000
Travel accomodation.-perdiem of four members of the Scientific Committee to the award event	2,400	9,600
Travel of three winning teams to the award event	2,300	6,900
Logistics for the award event		1,600
Consultant (40 days)	260	10,400
Publication & advertisement of Request for Proposals		1,500
TOTAL		300,000

- 3.2 Given the structure of the budget and the characteristics and objectives of the TC, which calls on the contribution of the global community of innovators, the technical cooperation requires an exception by the Government of Italy regarding the minimum 50% “tied” applicable to goods and services of Italian origin under the stipulations of the Italian Trust Fund for Information and Communication Technology for Development.

IV. RESPONSIBILITY IN THE BANK

- 4.1 Technical Responsibility: Carlos Guaipatín (SCL/SCT), phone 202-623-1835, email: cguaipatin@iadb.org; Responsibility for Disbursements: Science and Technology Division (SCL/SCT).

V. ENVIRONMENTAL AND SOCIAL STRATEGY

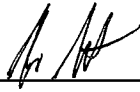
- 5.1 For its nature, the pilot project described under this TC will not have a negative direct environmental or social impact and it is expected high social impacts with the addressing of specific local and subregional demands related to the needs of the poor. This TC does not include any activity that could generate adverse environmental or social impacts, and is a category C project. Finally, the Plan of Operations will include environmental concerns as part of the criteria to select the PPs.

VI. RECOMMENDATIONS

- 6.1 Carlos Guaipatín, designated team leader for the TC of the reference, recommends the approval of this operation and the use of resources to finance the corresponding project from the Italian Trust Fund for Information and Communication Technology for Development (IID) for the amount of US\$300,000.

VII. APPROVAL

Approved:



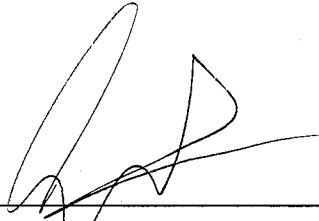
FEB 01 2008



**Kei Kawabata
Manager, SCL/SCL**

Date

Vo.Bo.:



JAN 31 2008

**Carlos Gonzalo Rivas
Chief, SCL/SCT**

Date