

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

## **REGIONAL**

### **FROM SELECTION TO DELIVERY: ENHANCING EFFECTIVENESS IN INNOVATION AND ENTREPRENEURSHIP PROJECTS**

**(RG-T4813)**

### **PROJECT DOCUMENT**

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**PROJECT SUMMARY**

Operation Type:	Technical Cooperation
Sector:	SCIENCE AND TECHNOLOGY
Subsector:	R&D AND INNOVATION FUNDING
TC Taxonomy:	Research and Dissemination
Project Number under the Operational Support Taxonomy:	N/A
Technical Responsible Unit:	PTI/CTI-Competitiveness, Technology, and Innovation Division
Unit with Disbursement Responsibility (UDR):	PTI/CTI-Competitiveness, Technology, and Innovation Division
Executing Agency:	Inter-American Development Bank

**PROJECT OBJECTIVE**

To strengthen portfolio effectiveness by improving firm selection and output delivery practices in innovation and entrepreneurship projects in the Latin America and Caribbean (LAC) region. The specific objectives are: (i) to document and disseminate good practices in firm selection, building on international and regional evidence; (ii) to develop practical tools and offer expert support to executing agencies to improve their selection mechanisms; (iii) to map operational best practices in output delivery and identify common challenges; (iv) to produce guidance materials and learning events to build agency capacity in project implementation.

**FINANCIAL INFORMATION**

Financing Type	Fund	Amount in US\$
TCN - Nonreimbursable	W2C - OC SDP Window 2 - Institutions	125,000
<b>Total IDB Financing</b>		<b>125,000</b>
<b>Counterpart Financing</b>		<b>0</b>
<b>Total Project Budget</b>		<b>125,000</b>
Donors:	N/A	
Disbursement Period:	24 months	
Execution Period:	24 months	

**ADDITIONAL FINANCIAL INFORMATION**

N/A

## I. JUSTIFICATION AND OBJECTIVE

- 1.1 **Diagnostics.** The Competitiveness, Technology and Innovation (CTI) Division consistently ranks among the Bank's strongest performers in project design and execution. According to the Development Effectiveness Matrix (DEM) data, CTI projects have the highest average scores in vertical logic, economic analysis, and Monitoring and Evaluation (M&E) plans. At the Operations Policy Committee (OPC), 100% of our projects are submitted with evaluable DEMs. Between 2021 and 2024, CTI had the lowest share of projects in alert/problem status, and 78% of our projects were rated successful at closure—among the highest across the institution. Yet a key gap remains only 44% of our projects are rated satisfactory in the Effectiveness section of the Project Completion Report (PCR) in the PCR 2024 Validation Cycle. To understand this gap, consider the simplified "production function" of an effective project, influenced by: (i) the ability to achieve results—how the designed outputs are implemented to produce meaningful changes; and (ii) the ability to measure and credibly attribute those results to project outputs.
- 1.2 Over the past year, CTI has focused on improving the second input. We've adapted our results matrices to better reflect changes during implementation, strengthened our PCR practices, and invested in M&E systems and capacity within executing agencies. This proposal now turns to the first and more difficult challenge: supporting executing agencies in achieving results, particularly in projects that promote firm-level innovation and entrepreneurship, which account for nearly 80% of our active portfolio.
- 1.3 In 2024, CTI launched a division-wide effectiveness plan. A focal point supports the entire portfolio, working closely with project teams to improve the way results are tracked and measured throughout implementation. This experience revealed that while most projects are well-designed and well-monitored, there is significant variation in how executing agencies handle two moments of implementation—the selection of beneficiary firms, and the delivery of project outputs (such as grants or technical assistance). These two moments can make or break the effectiveness of a project.
- 1.4 This Technical Cooperation (TC) addresses both. Our strategy is twofold: (i) where operational knowledge exists, we will disseminate and support its use, and (ii) where operational knowledge is missing, we will generate it.
- 1.5 In firm selection, strong evidence already exists. Studies such as Goñi & Reyes (2019), Cazor, Gonzales & Goñi (2023), and Gonzalez-Uriarte & Reyes (2018) show that program success depends on clear criteria, rigorous evaluations, and expert panels. Critically, the sectoral expertise of evaluators is a key determinant of firm success. This proposal will systematize these practices and develop scalable tools to help executing agencies strengthen their selection processes.
- 1.6 In contrast, we lack operational knowledge of how outputs are delivered. Some agencies—like Corporación de Fomento de la Producción (CORFO) in Chile—stand out for aligning disbursements and technical assistance with the objectives of selected innovation projects. This alignment involves not only adequate resource allocation, but also high-quality support delivered by personnel with sector-specific expertise, supported by digital tools and structured procedures.

However, many agencies in our portfolio lack this combination of capabilities, limiting their ability to implement outputs effectively and consistently.

- 1.7 The TC will study operational knowledge of high-performing agencies —defined as those that select high-potential firms and, through their support, enable those firms to innovate and grow— and develop a toolkit to help others strengthen their operational delivery.
- 1.8 **Request.** Building on the diagnostic above, this Research and Development TC (R&D TC) reflects the Bank’s interest in deepening operational knowledge to enhance the effectiveness of innovation and entrepreneurship projects across the CTI portfolio. The initiative stems from CTI’s ongoing division-wide effectiveness agenda, and from its role as a recipient of the Development Effectiveness Impact Fund (DEIF), which identified critical gaps in how executing agencies select beneficiary firms and deliver project outputs. Through this TC, the Bank seeks to systematically document and disseminate good practices and operational models that can strengthen implementation capacity in national innovation agencies and other public institutions executing CTI projects. By generating evidence-based tools and guidance, the TC will help ensure that future Bank operations supporting firm-level innovation and entrepreneurship achieve their set targets, thereby contributing to overall portfolio effectiveness.
- 1.9 **Objectives.** The general objective of this TC is to strengthen portfolio effectiveness by improving firm selection and output delivery practices in innovation and entrepreneurship projects in the Latin America and Caribbean (LAC) region. The specific objectives are: (i) to document and disseminate good practices in firm selection, building on international and regional evidence; (ii) to develop practical tools and offer expert support to executing Agencies to improve their selection mechanisms; (iii) to map operational best practices in output delivery and identify common challenges; (iv) to produce guidance materials and learning events to build agency capacity in project implementation.
- 1.10 **Complementarity.** This TC directly complements the Bank’s ongoing agenda to improve the effectiveness of operations and advances the Impact+ Strategy by strengthening institutional capacity for effective implementation. Building on CTI’s recognized strength in project design and monitoring, the TC focuses on the next frontier of effectiveness by helping the executing Agencies achieve tangible results during implementation. It aligns with the sector’s strategic vision of empowering public institutions to design, select, and deliver innovative and entrepreneurship support instruments more effectively and efficiently. The TC also complements other Bank interventions by systematizing and translating operational knowledge from CTI programs supported through investment loans and policy-based instruments into practical tools and guidance that can be scaled and replicated across the region. In doing so, it contributes to the Bank’s broader goal of enhancing portfolio effectiveness by bridging the persistent gap between strong project design and successful execution.
- 1.11 **Strategic Alignment.** The TC is consistent with the IDB Group Institutional Strategy 2024-2030: Transforming for Scale and Impact (CA-631) and is aligned with the objective of bolstering sustainable regional growth by strengthening the institutional capabilities required for the effective implementation of innovation and entrepreneurship programs, and by developing operational frameworks, mapping

good practices, and generating practical tools for firm selection and output delivery. This TC will provide valuable insights that enhance the effectiveness of IDB-supported operations across the LAC region. It is also aligned with the operational focus areas of (i) Institutional Capacity, Rule of Law, and Citizen Security, as its outputs will help improve organizational arrangements and strengthen institutional performance in executing agencies; and (ii) Productive Development and Innovation through the private sector, since it will promote more effective instruments to foster innovation, entrepreneurship, and productivity growth. Furthermore, it is consistent with the Innovation, Science, and Technology Sector Framework Document (GN-2791-13), specifically Line of Action 5, which seeks to strengthen key institutions that drive innovation. Finally, the TC contributes to the Ordinary Capital Strategic Development Program (W2C) (GN-2819-14) objective of supporting public policies and institutions that are more effective, efficient, and transparent.

## II. COMPONENTS

- 2.1 **Component 1. Strengthening Firm Selection Practices (US\$55,000).** This component aims to improve how the executing agencies select beneficiary firms in innovation and entrepreneurship projects by identifying, systematizing, and translating best practices into practical tools.
- a. Actives will include: (i) conducting a comprehensive review of international and regional firm selection mechanisms; (ii) documenting good practices from agencies executing CTI projects and other international programs that support entrepreneurship and innovation; (iii) developing and pilot-testing a practical toolkit with standardized templates, evaluation rubrics, and evaluation panel composition guidelines; and (iv) organizing validation and training workshops with executing agencies to promote adoption of the tools.
  - b. This component will be implemented by CTI with support from specialized consultants. Procurement activities will include hiring individual consultants for (i) research, toolkit design, evaluation rubric design, and (ii) event facilitation.
  - c. The list of expected outputs is: (i) a methodological guide on firm selection; (ii) a practical and validated toolkit for executing agencies; (iii) a pilot test report documenting use and lessons learned; and (iv) two training and dissemination workshops for executing agencies and project teams. This component will help ensure that firm selection processes are evidence-based and aligned with intended outcomes.
- 2.2 **Component 2. Enhancing Output Delivery Practices (US\$70,000).** This component seeks to strengthen the operational capacity of executing agencies to deliver CTI project outputs (such as grants, credit, and technical assistance) in ways that maximize alignment with project objectives.
- a. Activities will include: (i) mapping and analyzing operational delivery models of high-performing agencies in LAC and internationally; (ii) identifying common bottlenecks and success factors in output delivery; (iii) designing a practical

toolkit with templates for disbursement tracking, beneficiary monitoring, and workflow guidance; and (iv) organizing training workshops to disseminate findings and tools.

- b. Procurement activities will include specialized consulting services for research and event logistics. Individual consultants will be hired to produce a mapping study on output delivery practices, develop a practical toolkit, and compile lessons learned in a final report.
  - c. Expected outputs are: (i) a mapping study on output delivery practices; (ii) a practical toolkit to guide implementation; (iii) a lessons-learned synthesis report; and (iv) two capacity-building workshops with executing agencies of CTI. This component will build institutional capabilities for effective implementation through disbursements that are aligned with the program objectives and contribute directly to improving portfolio effectiveness across CTI operations.
- 2.3 **Expected Results.** By the end of the TC, executing agencies are expected to demonstrate measurable improvements in the effectiveness of innovation and entrepreneurship projects through strengthened implementation practices. The TC will result in: (i) the adoption of evidence-based firm selection mechanisms in at least four CTI operations, ensuring more transparent and rigorous processes for identifying high-potential beneficiaries; (ii) the implementation of evidence-based disbursement tracking tools in at least five executing agencies, enhancing their capacity to monitor and align resource allocation with project objectives; (iii) greater alignment between disbursed project resources and targeted outcomes, reflected in improved beneficiary monitoring and consistency between project activities and expected results; and (iv) enhanced institutional learning across CTI's portfolio, with at least 50 project team members and agency staff trained through workshops and knowledge-sharing events, fostering the continued use of TC-developed tools in future operations.

- 2.4 **Beneficiaries.** The direct beneficiaries will be the executing agencies responsible for implementing CTI innovation and entrepreneurship projects, including national innovation agencies, ministries, and public development institutions across Latin America and the Caribbean. These agencies will benefit from strengthened operational frameworks, targeted training, and practical tools designed to improve their implementation capacity. The indirect beneficiaries will include the firms and entrepreneurs participating in CTI-funded innovation and entrepreneurship projects, who will benefit from more transparent selection processes, better-targeted support, and improved delivery of project outputs.

### III. BUDGET

- 3.1 **Budget.** The total cost of this TC is US\$125,000 it will be financed with resources of the Ordinary Capital Strategic Development Program for Institutions Window 2 Institutions (W2C), and will be executed and disbursed over a period of up to 24 months, as follows:

### 3.2

Components	W2C Funds	Sub-Total
Component 1: Strengthening Firm Selection Practices	55,000	<b>55,000</b>
Component 2: Enhancing Output Delivery Practices	70,000	<b>70,000</b>
<b>Total</b>		<b>125,000</b>

## IV. EXECUTION STRUCTURE

- 4.1 The TC will be executed by the Inter-American Development Bank (IDB), through the Competitiveness, Technology, and Innovation Division (PTI/CTI). In accordance with the Bank's Technical Cooperation Policy (GN-2470-2) and the Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4) Annex II, Research and Dissemination (RD) TCs by definition are Bank initiatives, hence it's responsible for the selection and hiring of consultancy services through the Unit of PTI/CTI.
- 4.2 **Procurement.** All procurement to be executed under this TC have been included in the Procurement Plan (Annex IV) and will be hired in compliance with the applicable Bank policies and regulations as follows: (a) Hiring of individual consultants, as established in the regulation on Complementary Workforce (AM-650) and (b) Contracting of services provided by consulting firms in accordance with the Corporate procurement Policy (GN-2303-33) and its Guidelines.
- 4.3 **Execution and Disbursement Period.** The execution and disbursement period calculated for this TC is 24 months.

## V. POTENTIAL RISKS

- 4.4 Some potential risks have been identified. The first relates to low agency participation due to time or staffing constraints; this will be mitigated through co-creation approaches and early engagement with counterparts to ensure relevance and ownership. The second risk concerns the heterogeneity of institutional contexts across executing agencies, which will be addressed by designing adaptable tools and events with multiple entry points, allowing each agency to engage according to its institutional capacity and context.

## VI. EXCEPTIONS TO BANK POLICIES

- 6.1 At the time of design, this TC does not contemplate any exceptions to Bank policy.

## VII. ENVIRONMENTAL AND SOCIAL ASPECTS

- 7.1 This TC is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).
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### REQUIRED ANNEXES:

- Annex I: Request from Client
  - [Annex II: Results Matrix](#)
  - [Annex III: Terms of Reference](#)
  - [Annex IV: Procurement Plan](#)
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