

TC ABSTRACT

I. BASIC PROJECT DATA

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|--|---|
| ▪ Country/Region: | Regional |
| ▪ TC Name: | Boosting the KEF: a shift towards entrepreneurial and social innovation |
| ▪ TC Number: | RG-T2621 |
| ▪ Team Leader/Members: | Team leader: Gaby Martinez (IFD/CTI); Team members: Liora Schwartz (IFD/CTI) and Mariela Rizo (IFD/CTI) |
| ▪ Taxonomy: | Research and Dissemination |
| ▪ Date of TC Abstract: | March 19, 2015 |
| ▪ Beneficiary: | Regional |
| ▪ Executing Agency: | Inter-American Development Bank (IDB) through the IFD/CTI division. |
| ▪ IDB Funding Requested: | US\$70,000 |
| ▪ Local counterpart funding, if any: | No. |
| ▪ Disbursement period (which includes execution period): | 12 months |
| ▪ Required start date: | May 1, 2015 |
| ▪ Types of consultants: | Firms and individual consultants |
| ▪ Prepared by Unit: | IFD/CTI |
| ▪ Unit of Disbursement Responsibility: | IFD/CTI |
| ▪ Included in Country Strategy: | No |
| ▪ TC included in CPD: | No |
| ▪ GCI-9 Sector Priority: | Integration through institutional strengthening |

II. OBJECTIVE AND JUSTIFICATION

- 2.1 The Knowledge Economy Fund was set up in 2009, as a response to the Region's growing need for support in an area that in most countries was displaced by urgent social needs such as healthcare, housing and primary education. The Fund aimed at steering LAC economies into knowledge economies, that is, those that find in knowledge acquisition, adaptation, creation and productive application their fundamental driving force.
- 2.2 Since 2009, the KEF has supported 31 projects, with a total expenditure of US\$6.6 million, covering 5 IDB sectors. 13 of those projects are of a regional scope, and a total of 18 countries have been involved. 5 KEF projects amounting to US\$ 900,000 contributed and leveraged these resources towards loans in execution above US\$300 million.
- 2.3 In recent years, commodities have become increasingly volatile, as new inventions and discoveries can be counted daily. Economies are ever more pressed to incorporate new knowledge into their productive process in order to boost competitiveness, while social demands are more intense and complex. In this context, the Bank has emphasized

innovation as one of its core values and topics of priority, as evidenced in the approval of the Innovation, Science and Technology Sector Framework Document.

- 2.4 The above prompts the updating of the KEF into a financial instrument dedicated to projects that focus more closely on innovation and put innovation at the service of economies and society. A Fund focused on entrepreneurial and social innovation a) responds to a rapidly-growing demand for IDB lending and technical assistance, as evidenced by express requests from the borrowing countries; b) serves an area not emphasized by currently available sources of financing at the Bank; and c) is relevant to each of the borrowing member countries, and particularly needed in the less developed ones.
- 2.5 In particular, the social innovation approach is becoming increasingly popular among policymakers. It is the intention of CTI to focus the coming Fund activities on social innovation, as other windows of the Bank from both the public and the private sector are receiving new requests for financial and technical support in this area.
- 2.6 Within its current formulation, the KEF has supported Social Innovation programs: in Chile, through a loan operation for a pilot program seeking to identify key issues that lever social unrest in Aysen, an isolated community; and in Colombia, through the execution of a loan of which a component tackled access to water in a program designed by CTI and executed by Colciencias. These programs have been executed using the experience and methodology of the Division of Competitiveness and Innovation's (CTI) Innovation Lab (I-Lab) through the Technical Cooperation RG-T2348 "Social Innovation: a knowledge-based, private sector lead approach".
- 2.7 In this context, it is understood that the Fund has completed a first cycle, which calls for an evaluation and reassessment of its functions and priorities.
- 2.8 **The general objective** of this Technical Cooperation is to support the actions needed to give the KEF a new impulse, by introducing the amendments suitable to reflect its status as the key source of non-reimbursable funding for innovation projects and, consequently, replenishing its account. Specific objectives include evaluation of the Fund's past performance and production of graphic and audiovisual material as testimony of the Fund's successes and prospected activities.

III. DESCRIPTION OF ACTIVITIES AND OUTPUTS

- 3.1 **Component 1: Evaluation.** This component consists in the performance of an evaluation of the Fund since its inception until December 2014. The evaluation constitutes a key element of the Bank's accountability to the Fund's donors and beneficiaries. Additionally, it shall yield valuable lessons that may be applied in future projects. The evaluation will be carried out by an external individual or company, with clear independence from the teams involved in the Fund's projects. The evaluation task shall be completed in 3 months from the evaluator's appointment. The assessment will seek evidence-based answers to the following questions; (i) Has the Fund succeeded in its objectives? What major internal and external factors have enhanced or limited the effectiveness of the Fund? How were these factors addressed and with what success?;

- (ii) What are the results and the impact of the Fund-financed activities in the Region? Has the Fund succeeded in augmenting the technical capacity of the beneficiaries and/or the Bank to engage in the themes supported by the Funds? Were the results obtained at the Bank and in the Region sustainable?; (iii) Are there general lessons to be learned, opportunities and challenges from the Fund’s execution?
- 3.2 As part of their project proposal, candidate consultancy firms will have to provide a work plan and methodology outline detailing the elected method for carrying out the evaluation. The methodology is suggested to involve the following instruments: (i) A desk study in Washington of relevant documentation. This will include the review of relevant materials such as agreements, operational guidelines, TC Briefs and Plan of Operations, project outcome documents, previous evaluations, terms of reference, etc. These documents and another resource regarding projects will be provided to the consultant or firm by the IDB; (ii) Interview with key actors and stakeholders from the donor, IDB, and beneficiaries; (iii) A questionnaire survey for project team leaders and executing agencies; (iv) If necessary, a field assessment will be carried out. The country and location will be jointly identified by the Bank’s team and the hired consultancy.
- 3.3 The consultant will deliver a final report no longer than 50 pages including any annex. The final report will be in English. The consultant will hand in a draft 8 weeks from signing the contract and will receive feedback from project team. A final report will be delivered no later than 11 weeks after signing of contract.
- 3.4 **Component 2: Showcase of the KEF –past and future.** This component considers the preparation of graphic and audiovisual material summarizing past projects, showcasing some of the Fund’s accomplishments, and introducing the Fund’s new scope and features.
- 3.5 The above shall be achieved through putting together, tentatively, (i) a booklet comprising a summary of the Fund’s main financial aspects, as well as a feature of a group of projects representative of the Fund’s lines of activity and key accomplishments; (ii) a number of brochures that present the Fund’s track record and proposed new direction at a glance; and (iii) at least two videos that accompany the previous elements.

Indicative Results Matrix

| Component | Indicator | Evidence |
|--|---|-------------------------------|
| Component 1: Evaluation | | |
| Fund evaluation | Information and assessment of past performance | Evaluator’s hiring and report |
| Component 2: Showcase of the KEF –past and future. | | |
| Preparation of showcase material | Availability of elements sufficient to fulfill the TC’s objective | Booklet, videos, brochure |

IV. BUDGET

- 4.1 The total amount of funding needed for this TC is US\$70,000. The allocations for each component are shown in the table below:

Indicative Budget

| Activity/Component | Description | IDB/Fund Funding |
|--------------------|---------------------------|------------------|
| Component 1 | | |
| Fund evaluation | Evaluation costs and fees | 50,000 |
| Component 2 | | |
| Showcase material | Production and press fees | 20,000 |
| Total | | US\$70,000 |

V. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 5.1 The executing agency of this technical cooperation will be the IADB, notwithstanding the hiring of specific services outside the Bank if so required. This is consistent with the TC's specific objective, and aims at completing the tasks at hand in a cost-efficient manner while ensuring quality of the outputs.

VI. PROJECT RISKS AND ISSUES

- 6.1 A general risk is to find that current and/or potential donors are unwilling or unable to contribute to the Fund. This risk has however been reduced to a minimum, as said donors have participated in a meeting where the Fund's activities and proposed new direction were briefly described, without any objection thereto having been manifested or foreseen.

VII. ENVIRONMENTAL AND SOCIAL CLASSIFICATION

- 7.1 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"](#).