

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Lean Thinking and Knowledge Management for Governments
▪ TC Number:	RG-T4443
▪ Team Leader/Members:	Arisi, Diego (IFD/ICS) Team Leader; De Simone, Francesco (IFD/ICS) Alternate Team Leader; Vieyra, Juan Cruz (IFD/ICS) Alternate Team Leader; Ramirez Salcedo, Gerardo (IFD/ICS); Bonilla Merino Arturo Francisco (LEG/SGO); Rojas Gonzalez, Sonia Amalia (IFD/ICS); Gonzalez Chacon Marianna Jose (IFD/ICS)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	22 Feb 2024.
▪ Beneficiary:	Colombia; Peru
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Japan Special Fund(JSF)
▪ IDB Funding Requested:	US\$600,000.00
▪ Local counterpart funding, if any:	US\$190,000.00 (In-Kind)
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	December 2024
▪ Types of consultants:	Individuals and Firms
▪ Prepared by Unit:	IFD/ICS-Innovation in Citizen Services Division
▪ Unit of Disbursement Responsibility:	IFD/ICS-Innovation in Citizen Services Division
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Transforming for Scale and Impact Institutional Strategy 2024-2030:	Productivity and innovation; Institutional capacity and rule of law

II. Objectives and Justification of the TC

- 2.1 **The objective of this Technical Cooperation (TC) is to improve efficiency in targeted public institutions of Latin America and the Caribbean (LAC) by using Lean Thinking and Knowledge Management techniques and approaches.** This goal will be achieved by carrying out results-oriented pilot interventions that allows to develop in the long run a Lean Center for Governments (LCG). To this end, it is key to continue learning from advanced experiences, particularly from those countries that are world leaders in the crossroads between delivering public services and the use of lean thinking and knowledge management techniques and approaches.
- 2.2 Public institutions of LAC face the historical challenge of improving their capacities for being efficient, effective and achieve results in the short term. Overly ambitious or unclear goals, vague rules of operation, and contradictory or complex protocols are just a few examples of the problems that hamper the achievement of institutional aims and objectives on time and with appropriate quality. This complexity in government procedures/processes generates high transaction costs, slows economic growth, is fertile terrain for acts of corruption, and excludes the most vulnerable citizens.

- 2.3 The average time needed to complete a government procedure in the LAC region is 5.4 hours, although there are notable differences between countries. For example, while in Perú it takes 8.6 hours and in Colombia 7.4 hours, in Chile, it takes only 2.2 hours. Added to the time taken is the problem of corruption: 29 percent of all people in the region reported having paid a bribe related to a public service. Also, citizen satisfaction with public services in Colombia is below the OECD average, and the governance crisis in the last three years in Perú requires immediate actions for supporting institutional strengthening.
- 2.4 Colombia and Perú have adopted different policies for their administrative simplification. In Perú, the Presidency of the Council of Ministers, through the Secretariat of Public Management (SGP), has been promoting the implementation of the Administrative System for Modernization of Public Management. This system aims to ensure the quality of the provision of goods and services, and to promote administrative simplification. Administrative simplification seeks to eliminate obstacles and unnecessary costs for society; to this end, the SGP has been generating different standards, methodologies and tools so that public entities apply administrative simplification in the procedures they provide. Colombia, on the other side, is implementing the Law 2052/20 for simplifying and streamlining government transactions in the country.
- 2.5 Even those efforts some challenges persist: (i) citizen´s satisfaction with administrative services (including access to information for government transactions)¹ and trust in governments; (ii) despite the adoption of technologies or digitalization efforts, many institutions continue to operate in an inefficient and obsolete manner; (iii) many governments provide digital services in a series of *ad hoc* efforts with varying quality and limited use; and (iv) there is a low adoption of methods to understand user needs that allow designing services adapted to their demands and expectations². The complexity of such bureaucracy and lack of trust affects government effectiveness, investor confidence, and the legal security needed to do business, which in turn affects countries' productivity and competitiveness.
- 2.6 To address this challenge, new approaches must be adopted so that the State obtains better results and manages processes and/or procedures in an agile and accessible way for the citizen. The IDB is supporting the countries to build the foundations for governments to enable sustainable and inclusive development and growth. IDB's efforts are focused on tackling bureaucracy, corruption, and inadequate digital progress in the public sector as main challenges for government effectiveness focusing in two areas: (i) supporting key institutional reforms in targeted countries, sectors, and institutions; and (ii) developing State Capacity around our Macro-Level Institutional Ecosystems (planning, public investment, control and public oversight, etc.), and Micro-Level One-on-One Key Institutions.
- 2.7 Based on the previous experience of IDB's programs such as [Knowledge for Results - K4R](#) awarded with the [National High Management Prize of Colombia](#) for the project

¹ Colombia's indicators remain lower than the OECD average; 60/66% in satisfaction with administrative services and access to information 57/67%. [OECD Survey on Drivers of Trust in Public Institutions 2024 Results - Country Notes: Colombia](#). Perú's lost 20 positions from 101 to 121 in the [Corruption Perception Index 2023](#).

² OECD. 2024. [Review of Digital Government in Latin America and the Caribbean. Building inclusive and responsive public services](#).

[“How the aviation improved cancer healthcare”](#)³. One of the main lessons learned of K4R implementation was evidenced in a recently [IADB published working paper in the Public Administration Journal \(PAJ\)](#) that shows how lean thinking and knowledge sharing models can be a successful approach to improve performance while changing the public sector culture.

- 2.8 The Lean Thinking concept is about creating needed value with fewer resources and less waste. Is more than just using tools or changing a few steps in a business process. It's about changing the lens by which organizations perceive their operations. Lean management It is a practice consisting of continuous experimentation to achieve perfect value with zero waste (Womack, 2018). Lean takes its roots from the car manufacturing industry, particularly from the [Toyota Production System](#). Foundations to develop Lean Thinking are Continuous Improvement and Respect for People. (Rother, 2017). On the other hand, Knowledge Management consists of a set of strategies that use knowledge to improve the connection between people and technology to leverage knowledge within an organization (Omotayo, 2015). KM has been proposed as a key driver for increasing performance (Bousa and Venkitachalam, 2013; Earl, 2001; Kamhawi, 2012). One of KM's main areas of interest is knowledge sharing (Lee and Choi, 2003; Quigley et al., 2007). In a seminal study, Schermerhorn (1977) finds a positive relationship between inter-organizational information-sharing activities and perceived task accomplishment within the organization.
- 2.9 Since lean thinking and knowledge management techniques and approaches have been used systematically in the private sector but not that much in the public sector, the TC will be helping to develop an innovative approach on this matter. It will focus their efforts on developing results-driven projects for helping targeted institutions of the beneficiary countries to streamline strategic government procedures and/or processes by using lean thinking and knowledge management techniques and approaches. Considering Japan's leadership on this field, the projects will be carried-out by adapting Japanese know-how and expertise to the LAC institutional specific context. Also, lessons learned and knowledge from the ground, will contribute to design a roadmap proposal to progressively expand this techniques and approaches in the region.
- 2.10 The TC will work hand-on-hand with the main authorities of administrative simplification in both countries in the national and sub-national level, to support the transfer and deployment of lean and knowledge management techniques as a capacity building approach for accelerating results in their administrative simplification agendas in the mid and long term. In addition, these authorities will deliver quick wins thought a results-based solution driven piloting interventions.

³ As an example, K4R delivered two successful stories during the pandemics. A pilot for improving the management of supply chain of medical supplies in the FDA of Colombia (INVIMA) that used the expertise and know of two top-notch companies that use lean manufacturing principles in their operations (Hino Motors Toyota, Colombia), and the tequila factory Casa Sauza, México), for developing public-private management and GovTech solutions by using the Kaizen and Monozokury approaches. After four months of piloting INVIMA reached to: a) reduce 197 days the time for register prioritized medical supplies for attending COVID-19 emergency ensuring vital supply for the national health system; and b) unstocked the 27% of register requests (stocked from 2015 –Base Line: 1.015 - 787 after piloting solutions–). This project allowed the country, not just ensuring the operation of the value chain of medical supplies (including vaccines, mask, etc.) for fast response during the pandemics, but to guarantee an efficient service in the long run. Also, In 2020, K4R was awarded with the [National High Management Prize of Colombia](#)³ for the project [“How the aviation improved cancer healthcare”](#).

2.11 **Strategic alignment.** This TC is consistent with the IDB Group's Institutional Strategy: Transforming for Scale and Impact (CA-631) through the objective of bolstering sustainable regional growth, by enhancing institutional capacity through the strengthening of strategic procedures in public institutions with an innovative approach, contributing to the overall goal of sustainable growth in the region. The TC is also aligned with the following operational focus areas: (iii) Institutional capacity, rule of law, and citizen security, by improving the quality of the strategic processes in public institutions; and (vi) Productive development and innovation through the private sector, by introducing an innovative approach using lean thinking and knowledge management techniques and approaches in the public sector. Is also aligned to the IDB Group's Strategy with Colombia 2024-2027 (GN-3238) in its second strategic pillar Enhance Public Management: Improve the effectiveness and transparency of government operations - Area III. Strengthen fiscal execution and public management; and to the IDB Group's Strategy with Perú 2022-2026 (GN-3110-1) in the strategic Area II. institutional strengthening and delivery of basic services.

III. Description of activities/components and budget

- 3.1 **Component 1. Lean and knowledge management for governments roadmap proposal.** This component is intended to exchange lessons learned both in Japan as well as in the LAC region to bolster the quality of lean thinking and knowledge management in the public service. It will contribute to design a roadmap proposal for progressively mainstream this techniques and approaches, including: (i) an assessment for identifying institutional needs to be addressed with lean and knowledge management techniques⁴; and (ii) a roadmap proposal for targeted countries.
- 3.2 **Component 2. Lean and knowledge management pilot projects based on the Japanese experience.** This component will provide consulting support for the design and implementation of pilot projects based on lean thinking and knowledge management developed in Japan such as Kaizen, Gemba, Monozokuri, among others, in Colombia⁵, and Perú⁶. This will include: (i) the design and implementation of two (2) pilots in targeted areas; and (ii) the pilots evaluation.
- 3.3 **Component 3. Knowledge and Dissemination.** Under this component, the IDB will support the development of knowledge products and dissemination activities to share solutions and results from the TC implementation. This will include: (i) an annual regional event; (ii) its Annual Report documenting results; and (iii) an impact evaluation.
- 3.4 **Beneficiaries.** This project focuses on public servants and users of institutional services of targeted institutions specially of two types: (i) those authorities responsible of the public policies of administrative simplification, institutional development, innovation and/or modernization of the state; and (ii) prioritized institutions identified

⁴ The assessments and derived roadmaps will be conducted within the main authorities of administrative simplification in both countries in the national and sub-national level. Deep Dives will be carried-out in Colombia in the [Administrative Department of Institutional Development and Innovation](#) (DADII), and in Perú in the Public Management Secretariat (*Secretaría de Gestión Pública* in Spanish).

⁵ In Colombia, the pilot will be conducted at the subnational level within the [Administrative Department of Institutional Development and Innovation](#) (DADII) of the *Alcaldía de Cali* to improve the city Citizen's Single Window/ One Stop performance.

⁶ In Perú, the pilot will be conducted at the national level within the *Public Management Secretariat* (*Secretaría de Gestión Pública* in Spanish) in a targeted institution (TBD) for improving the management of public procurement, goods, services or works.

by those authorities to be intervened with lean and knowledge management techniques for streamline government transactions, processes or procedures. Indirect beneficiaries are other institutions (public, private or third sector), that participate in the community of practice enabled by this TC by prototyping, co-creating, and iterating solutions based on knowledge exchange and benchmark.

3.5 **Outcomes.** The expected outcome is the Institutional capacities on lean and knowledge management developed. Its indicators are: (i) efficiency and results-driven performance in targeted institutions improved; and (ii) Key governmental processes for service delivery in targeted institutions streamlined by using lean and knowledge management techniques.

3.6 **Budget.** The total cost of this TC will be US\$790,000.00 distributed as follows: (i) JSF-Japan Special Fund will fund US\$600,000.00; and (ii) Counterpart funding of US\$190,000.00 in kind⁷.

Indicative Budget (US\$)

Activity/Component	IDB/JSF Fund Funding	Counterpart Funding (in kind)	Total Funding
Component I – Lean and knowledge management for governments roadmap proposal	100,000	0	100,000
• Assessment for identifying institutional needs to be addressed by using lean and knowledge management techniques and approaches	50,000	0.00	50,000
• Roadmap proposal for targeted countries designed.	50,000	0.00	50,000
Component II – Lean and knowledge management pilot projects based on the Japanese experience.	320,000	190,000.00	510,000
• Lean pilots designed	100,000	60,000 (30,000 per pilot/beneficiary)	160,000
• Lean pilots implemented	100,000	60,000 (30,000 pilot/beneficiary)	160,000
• Public officials of targeted institutions trained on lean and knowledge management techniques	60,000	US\$ 40,000 (20,000 pilot/beneficiary)	100,000
• Lean pilots' evaluations conducted (Before & After)	60,000	30,000 (15,000 pilot/beneficiary)	90,000
Component III – Knowledge and Dissemination	180,000	0,00	180,000
• Annual Regional event organized (multi-stakeholder)	85,000	0.00	85,000
• Annual Report published	30,000	0.00	30,000

⁷ In-kind funding for carrying out the pilots (design, implementation and evaluation) include personnel time, meeting rooms and logistics provided by the beneficiary institutions for conducting hybrid activities and workshops such as: participatory diagnosis, visual and design thinking, mapping processes and institutional capacity analysis, prototyping and co-creation of solutions. In-Kind resources for hybrid training and knowledge exchange activities includes personnel time, meeting rooms and logistics provided by the beneficiary institutions. Written commitment letters from beneficiaries evidencing the local counterpart in-kind resources, will be signed during the execution of the TC.

Activity/Component	IDB/JSF Fund Funding	Counterpart Funding (in kind)	Total Funding
• Impact evaluation designed	65,000	0.00	65,000
Total	600,000	190,000	790,000

IV. Executing agency and execution structure

- 4.1 At the express request of the beneficiary country, the Executing Agency (EA) of this TC will be the Bank through the Innovation in Citizen Services Division (IFD/ICS), in accordance with the guidelines and requirements established in the Technical Cooperation Policy (GN-2470-2) and in the TC Operational Guides (GN-2629 Guidelines Annex 10, Section 2 (d)). For several years, the Bank has partnered with governments in the region on their challenge to improve service delivery through innovative public management. While interventions have encompassed many sectors, IFD/ICS has been the unit responsible for the management aspects of these interventions. Due to the focus of this TC on the Japan experience, the Bank will work in close coordination with the Japanese Trust Fund (JTF) further strengthening institutional collaboration and exchange between this country and the LAC region. Additionally, for the executing of the TC, the Bank will follow the “Operating Guidance for Application and Implementation of Japan Special Fund (JSF), including the Japan Enhanced Initiative for Quality Infrastructure, Resilience against Disaster and Health (JEI), and Japanese Trust Fund for Consultancy Services (JCF)”.
- 4.2 The activities to be executed under this TC have been included in the Procurement Plan and will be carried out in accordance with the Bank's established procurement policy: (i) hiring of individual consultants, as established in the regulations AM-650; and (ii) hiring of consulting firms for services of an intellectual nature; and the hiring of logistics services and other services different than consulting, according to GN-2303-33 and its associated Guidelines. The knowledge products generated from Bank-executed activities within this technical cooperation will be the property of the Bank and will be available to the public under a creative commons license. However, at the request of the beneficiaries, in accordance with the provisions of AM-331, the intellectual property of said products may also be licensed through specific contractual commitments that shall be prepared with the advice of the Legal Department. Also, it will follow the Annex I Guidance note on Visibility of Japan for JSF of the “Operating Guidance for Application and Implementation of Japan Special Fund (JSF), including the Japan Enhanced Initiative for Quality Infrastructure, Resilience against Disaster and Health (JEI), and Japanese Trust Fund for Consultancy Services (JCF)”.

V. Major issues

- 5.1 There are three noteworthy risks to an effective project implementation. First, the difficulties in convening public officers for participating on the pilots. To mitigate this risk: (a) as a start-up, it will be defined a detailed action plan with the beneficiary institutions; (b) a champion team in the counterpart institutions will be assigned to ensure each pilot management from start to end; and (c) it will be an initial training on K4R and lean approach to engage public servants that will be involved in the pilots. It will be complemented with a Learning-By-Doing model.
- 5.2 Second, the staff rotation in the beneficiary institutions. To mitigate that risk, the Bank will: (a) work with career public officers to ensure a grassroot development; and (b) carry- transition process strategies that shows to the new authorities the add-value of the lean approach for supporting their institutional goals and priorities.

- 5.3 Third, the unwillingness of sharing private or public information during the pilots under Component 2. To mitigate that risk the Bank will facilitate the deployment of the correspondent mechanisms for ensuring confidentiality and the proper use of the information.

VI. Exceptions to Bank policy

- 6.1 There will be no exceptions to the Bank's policies.

VII. Environmental and Social Aspects

- 7.1 This TC will not finance feasibility or pre-feasibility studies of investment projects or associated environmental and social studies, and thus does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Request from the Client_42574.pdf](#)

[Results Matrix_89939.pdf](#)

[Terms of Reference_85288.pdf](#)

[Procurement Plan_63189.pdf](#)