Technical Cooperation Abstract

I. BASIC PROJECT DATA

▪ Country/Region:	Regional
▪ TC Name:	Design and implementation of impact evaluations in the areas of science, technology, business innovation, and entrepreneurship
▪ TC Number:	RG-T2696
▪ Team Leader/Members:	Alessandro Maffioli (IFD/CTI) Team Leader; Lucas Figal Garone (IFD/CTI); and Blanca Torrico (IFD/CTI)
▪ Taxonomy:	Research and Dissemination
▪ Reference to Request: (IDB docs #)	In process
▪ Date of TC Abstract:	July 20, 2015
▪ Beneficiary (countries or entities which are the recipient of the technical assistance):	Latin-America and the Caribbean countries
▪ Executing Agency and contact name:	Inter-American Development Bank, through the Competitiveness and Innovation Division (IFD/CTI)
▪ IDB Funding Requested:	US$79,000
▪ Local counterpart funding, if any:	-
▪ Disbursement period (which includes execution period):	24 months
▪ Required start date:	September 1st, 2015
▪ Types of consultants (firm or individual consultants):	Individual consultants and firms
▪ Prepared by Unit:	Competitiveness and Innovation Division (IFD/CTI)
▪ Unit of Disbursement Responsibility:	Competitiveness and Innovation Division (IFD/CTI)
▪ Included in Country Strategy (y/n);	No
▪ TC included in CPD (y/n):	No
▪ GCI-9 Sector Priority:	Institutions for Growth and Social Welfare

II. JUSTIFICATION AND OBJECTIVE

2.1 In the last decade, national and sub-national governments in Latin America and the Caribbean (LAC) have been implemented a variety of policy instruments in the areas of science, technology, business innovation, and entrepreneurship (STI&E). This trend has been accompanied by a remarkable amount of literature that discusses the justification and rationale of these programs, as well as the different approaches to their design and implementation. More recently, part of this literature has also attempted to rigorously measure the impacts and determine the real cost-effectiveness of these interventions, providing increasingly reliable evidence on what works best to LAC policy makers.[1] Despite these efforts, much remains to be explored both to expand the evidence not only on what works but also about the factors that explain the effectiveness of these instruments.[2]

2.2 In recent years, an increasing demand for evidence seems to have finally set up the right incentives for more rigorous impact evaluations (IEs) of STI&E policy instruments. This trend has increasingly sustained by its advocates. IEs have indeed become a key tool for the STI&E policy authorities. IEs are used to respond to progressively more sophisticated accountability processes. Modern oversight agencies, international donors, and multilateral banks have moved away from simply monitoring outputs, and they have more and more focused on the achievement of outcomes. This movement has clearly increased the demand for IEs in areas where the use of rigorous techniques was historically limited. In

[1] See Crespi, Maffioli, and Rastelletti (2014).

[2] The historical scarcity of impact evaluations in the areas of science, technology, business innovation, and entrepreneurship had several explanations. For a complete discussion on this topic, see Figal Garone L. and Maffioli A. (2015) "New Frontier in the Impact Evaluation of Innovation Policies in LAC", forthcoming in "*Nuevas Fronteras en el Análisis de Políticas de Innovación en América Latina y el Caribe*".

addition to this accountability push, a more evidence based approach to policy design has started to permeate the policy-maker community, increasing the demand for rigorous evaluation for knowledge purposes as well.

2.3 This demand has increasingly focused not only on assessing if implemented policies work, but it has also opened to testing innovative policy instruments before their full deployment and scale up. That is, policy experimentation has entered into the toolkit of modern policy-makers in the areas of STI&E. For this reason, the expansion of the use of IE techniques into the realm of policy experimentation is probably one of the most important challenges to be faced to further improving the quality of policy design in STI&E. In this context, rigorous evaluations of reduced but representative versions of new policy instruments could be a key tool to "de-risk" potentially large public investments and improve the efficiency of public resources' allocation.

2.4 The objective of this regional Technical Cooperation (TC) is to provide technical support to the design and implementation of experimental and quasi experimental studies in the areas of STI&E. For this purpose, the TC will finance the conceptualization of innovative policy treatments to be tested through experiments, the design and implementation of incentives to improve beneficiaries' take-up, the design of the impact evaluations, including the design of and implementation of surveys, and other activities related to data gathering and analysis.

2.5 The Bank has supported various governmental agencies in the design and implementation of IEs and, more recently, of policy experiment in the areas of STI&E. Bank's traditional partners in the area of IEs of STI&E include, among others, the Ministry of Science and Technology (MINCYT) and the Secretary for Small and Medium Size Enterprises (SEPYME) in Argentina; the National Agency for Research and Innovation (ANII) in Uruguay; Chilean Economic Development Agency (CORFO) in Chile; the Department of Science, Technology and Innovation (COLCIENCIAS) in Colombia; and the National Secretariat for Science, Technology and Innovation (SENACYT) in Panama. Joint work in the development of policy experiments has been initiated with ANII, CORFO, the National Institute of Intellectual Property Right (INAPI) in Chile, the Jamaica Business Development Corporation (JBDC) in Jamaica, and the program *Buenos Aires Emprende* of the Ministry of Economic Development of the Government of the Autonomous City of Buenos Aires in Argentina.

III. DESCRIPTION OF THE ACTIVITIES AND OUTPUTS

3.1 To accomplish its objectives, the TC will be structured around three components:

3.2 **Component I. Conceptualization of innovative policy treatments to be tested through experiments.** This component will support the conceptualization, design, and implementation of innovative policy interventions in the areas of STI&E. Emphasis will be placed on those instruments aimed at creating behavioral incentives and foster rational choices in the adoption of practices, technologies, participation in public programs, and selection of career paths.[3]

3.3 This component's products will include: (i) technical notes on the conceptualization and design of innovative policy interventions; (ii) operational guidelines on how to implement the interventions; (iii) short trainings of the personnel responsible for the

[3] These could include, for instance, the design and implantation of non-cognitive skill trainings for entrepreneurs, the design and implementation of self-commitment contracts, the design of trainings and technical assistance programs to promote the use of IPR systems.

execution of the interventions; and (iv) web platforms for the implementation of behavioral incentives.

3.4 **Component II. Design of and implementation of impact evaluations including surveys, and other activities related to data gathering and analysis.** This component will support the design of IE plans and the execution of activities related to the IE of ST&E projects. Priority will be granted to the evaluations of the interventions designed with the support of component I.

3.5 This component's products will include: (i) technical notes on the design of the IEs of the selected instruments (evaluation plans); (ii) databases on beneficiaries and control groups; and (iii) technical notes and working papers on the findings of the IEs.

IV. BUDGET

4.1 The indicative amount of funding needed for each component is indicated below.

Table IV- 1. Indicative Budget in US$

Component	Description	IDB/Fund Funding US$	Counterpart Funding US$	Total Funding US$
Component I	Conceptualization of innovative policy treatments to be tested through experiment	$59,000	-	$59,000
Component II	Design of and implementation of IEs including surveys, and other activities related to data gathering and analysis	$20,000	-	$20,000
Total		**$79,000**	**-**	**$79,000**

V. EXECUTING AGENCY AND EXECUTION STRUCTURE

5.1 Bank Policy GN-2470 establishes that the Bank may execute TC in areas of its expertise provided that the proposed activities are consistent with the Bank's strategies and programs. The Bank has a long tradition in the design and implementation of impact evaluations of STI&E policies and in the production and analysis of (STI&E) indicators, justifying the fact that the Bank will be the executing agency. *Buenos Aires Emprende* in Argentina, CORFO in Chile, JBDC in Jamaica, and ANII in Uruguay have been pre-identified as potential partners for activities of this TC.

VI. PROJECT RISKS AND ISSUES

6.1 There are no major implementation risks. However, the success of the project will depend on the capacity of the selected partners to effectively manage the pilot programs. In order to mitigate this risk, the project team will work closely with partners in all the phases of the project. Moreover, choosing partners with previous successful experience with the Bank will substantially reduce this risk.

VII. ENVIRONMENTAL AND SOCIAL CLASSIFICATION

7.1 Given the nature of the program, there are no associated environmental or social risks. Based on the Environment and Safeguards Compliance Policy (OP-703) this operation is classified as "C." (See Safeguards Policy Filter Report and the Screening Form.)