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## Innovation and businesses: a world of opportunities for the majority

Special edition



comfama

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# Building an equitable society through social innovation

María Inés Restrepo de Arango  
Director of Comfama

This special edition of *Revista Observar* shares the experience of joining forces with other strategic social innovation stakeholders around the world in order to analyze the latest social innovation trends in a global context.

**C**omfama is a socially oriented company that has worked for six decades implementing comprehensive social development projects for the benefit of the most vulnerable communities. It has a proven record of high impact interventions for improving quality of life and equal access to basic services. It is thanks to our capacity for social innovation that we have been able to be at the center of social policy in the Department of Antioquia for sixty years. Successful and profitable innovation has never been easy. Nonetheless, Comfama has reached valuable landmarks, and we feel this is a fitting time to begin to replicate and adapt these experiences in other locations, while continuing to learn from the best practices of other countries that may be suited to our own reality.

The core asset of many social innovations represented by Comfama and the Sistema de Compensación Familiar (Family Benefits System) is the social responsibility mandate entrusted in us by private companies and workers. This is a common practice for social harmonization and cohesion between capital and labor, to better serve the demands and needs of the most vulnerable families. Together with public and private institutions, Comfama has developed the capacity to innovate with large-scale solutions including, among others, social housing, micro-finances, inclusive culture and recreation, and health for those at the base of the pyramid.

**We understand social innovation as the ability to co-create solutions that support the many social needs that neither the market nor the State have been able to solve.**

It is the responsibility of seeking the reduction of inequality in access and opportunities, which is visible through the high Gini coefficients in a region such as Latin America. Although this may be difficult to replicate given the characteristics of each location; social innovation will be successful depending on the possibility of creatively adapting it to new social dynamics.

Another valuable feature of social innovation is its multidimensionality; its many facets include human capital for conceiving ideas, social capital for generating networks, ecological capital for guaranteeing sustainability, and corporate capital for harnessing technology and productivity to optimize processes.

Social innovation through public-private partnerships has been Antioquia's foremost instrument for contributing to a better productivity of human capital, and the generation of greater equality. To this end, some of the social innovations of Comfama have contributed to improving the chance for equality and mitigating problems, specially by allowing more access to social services, building human capital, and helping in the accumulation of basic equity for vulnerable families, even during cycles of crisis.

Under the advisory and support of the Inter-American Development Bank (IDB), Comfama is going through the process of incorporating its Social Innovation Platform SIP, whose first outcome is this publication. Social innovation allows us to generate a network of people that interacts with different stakeholders and shares experiences in several countries, it finds the best conditions to execute new ideas while harnessing technology, it encourages an active participation of the community, and it promotes funding mechanisms and the development of interdisciplinary groups, virtual platforms and private-public partnerships. A systemic relationship is necessary for all of these conditions to converge, and to allow us to join forces and move towards the dissemination and implementation of a system for social innovation. This is the objective of the SIP we wish to develop, together with the IDB, as a tool for social change in the region.

The need to find alternate solutions to the challenges that arise with inequalities in our region drives us towards a permanent search for sustainable solutions. This is not a short-term gamble, but rather a long-term determination for building a more equitable society.

We see the SIP as an opportunity for establishing a relationship between social innovation centers. We also see it as a challenge to join forces within the current globalized context. It is necessary to consolidate joint processes with the different local, regional, national and international development agents, where each agent may contribute with its resources (financial, human, technological) as part of the strategies that will allow us to achieve collective goals.

This special edition wishes to acknowledge the intellectual and institutional support from the different international social innovation centers that contributed with the experiences we have shared in this publication. This support has allowed for us to perform an in-depth analysis that we wish to strengthen at Comfama, with the creation of the Social Innovation Platform.

We hope this material can contribute to the analysis of inclusive business in BASE Forum 2013



# Innovation and inclusive business: a market to explore

Luiz Ros, head of Opportunities for the Majority at the Inter American Development Bank (IDB)

On the occasion of the Base II Forum on Business at the Base of the Pyramid in Latin America and the Caribbean, to be held in Medellin, Comfama and the IDB present a special edition of *Observar Magazine*, focused on innovation as a mechanism for equity and inclusion.

**A**ddressing the issues of inequality and poverty in Latin America calls for joint strategies between the public and private sectors. A Gini coefficient of 0.52<sup>1</sup> reveals an inequitable continent, with high degrees of poverty (According to Cepal, in 2011, 30.4% of the population was poor, and 12.8% was indigent) and a large part of the working-age population labor in the informal sector, outside the social protection system.

In light of this reality, social innovations and inclusive businesses prove to be increasingly relevant as breeding grounds for ideas and solutions for a significant segment of the population that strives to overcome poverty. Within the inclusive business model, the risks faced by vulnerable people are reduced whenever businesses make goods and services available at affordable prices, or transfer their expertise to the community to build capacities and create human and social capital.

This has been a consensus building process, product of the contributions by businesses on their territories, through collaborative work with the communities. As Prahalad pointed out in his book *The Fortune at the Bottom of the Pyramid*, this concept arises from the premise that most poor people are underserved by the private sector: “Four billion poor can be the engine of the next round of global trade and prosperity. It can be a source of innovations. Serving the BOP consumers will demand innovations in technology, products and services, and business models. More importantly, it will require large firms to work collaboratively with civil society organizations and local governments.” Further still, it will



1. Tomado de CEPALSTAT, base de datos de la Cepal



require that they transform their commercial and business culture, accepting and permitting members of a new economic and commercial culture those who have been considered poor, or belonging to a less capable class, giving rise to the birth of new entrepreneurs.

The private sector rarely sees this population as potential buyers. Thus the need to develop new business models that allow companies to offer high quality products and services at affordable prices to those with less purchasing power. This is the context in which the Base II Forum seeks to highlight a set of experiences that have shown concrete, proven results in the Latin American region, as well as in other latitudes.

It is important that the private sector understand these initiatives and this segment of the population as a business opportunity, rather than as a matter of philanthropy or corporate social responsibility. In this setting, the statement “the base of the pyramid is profitable” becomes highly relevant.

Despite the growth in purchasing power among the emerging classes, the supply of quality products in healthcare, education, housing, or technology has not been designed to meet its needs. 70% of Latin Americans earn less than 300 dollars per month. One may think that this isn't a profitable segment, since their income precludes them from a certain set of goods and services, but this is far from the truth. As a whole, their income adds up to more than 500 billion dollars per year, making them an unexplored and underserved market.

In order for companies to penetrate this market, they must gain a better understanding of their social dynamics; they must know their day to day, study their purchasing capacity as well as how they decide on what to buy, and to know what it is that they need in order to improve their quality of life. Once these elements are clear, they will find a profit opportunity.

In Latin America, we have documented close to **40 innovative business models**

By way of example, we find: social leasing and Tienda Atacadao. The first program, known as Social Leasing with option to buy, is being developed with Comfama for people at the bottom of the income scale to purchase a home by paying the same amount they would normally pay for rent. The second is Tienda Atacadao in Brazil, one of the world's most inclusive businesses, because it markets raw materials for the fast food sold on the streets, and at the same time trains informal workers to improve their business, and provides them with working capital.

The poverty reduction impact of these models is leveraged on the empowerment of low-income groups, which in turn contributes to a reduction of inequality. Colegios Peruanos, for example, is a very well structured project that offers bilingual education, with good equipment, to close to 1000 students in 70 schools located in Lima's peripheral neighborhoods. There is nothing more transformative than having access to education.

Among the lessons learned through Opportunities for the Majority, we've concluded that partnerships are key, and that they must use existing platforms to reach more people, which in turn guarantees capillarity. Low income sectors demand quality, since their purchasing criteria are more rigorous, and the products and services offered must be creative and outside traditional frameworks.

Finally, we thank Comfama and the centers for innovation that participate in this edition for the opportunity to share these reflections and ideas that can contribute to the creation of new inclusive businesses from the perspective of innovation.



# Social innovation : the european perspective

Por: Jürgen Howaldt and Dmitri Domanski. Director and researcher  
Sozialforschungsstelle Dortmund. T.U Dortmund

**T**he importance of social innovation in successfully addressing social, economic, political and environmental challenges of the 21st century is recognised within the Europe 2020 strategy. The most important among these challenges are social exclusion and unemployment as well as inequalities in wealth, education and health, but also social consequences of climate change. Traditional ways in which the market and the state have responded to societal demands are no longer sufficient. At the same time technological innovations reveal limitations when it comes to resolving pressing societal challenges. In the European Union, it is especially against the background of the failure of the Lisbon Strategy for Growth and Jobs and the financial crisis that social innovation is increasingly seen as a new promising way to meet those major challenges (BEPA 2011). However, despite this growing awareness of the significance of social innova-

tion, there is still no sustained and systematic analysis of social innovation, its theories, characteristics and impacts.

Nevertheless, serious attempts have been undertaken in order to advance on this issue. One of the most promising initiatives has been the Vienna Declaration, a result of the first global scientific conference on social innovation (“Challenge Social Innovation”), which was supported by the European Commission. The Vienna Declaration on the most needed social innovations and related research topics (defining 14 prioritised research topics concerning social innovations) calls for the development of a new innovation paradigm that is open towards society. This would allow the importance of social innovation to grow not only in terms of social integration and equal opportunities, but also in terms of the innovative power and sustainability of companies





and of society as a whole (Vienna Declaration 2011). The Vienna Declaration has served to a certain degree as a guide for the European Commission in order to continue designing its approach on social innovation (e.g. it is reflected in the Commission's current large-scale project call on social innovation and social change).

For the European Commission social innovation is “a theme that runs through almost all the Commission's key initiatives underpinning the Europe 2020 Strategy; from ‘smart growth’ through projects in the Innovation Union and in the Digital Agenda, to the New Skills agenda and the European Platform against Poverty in the ‘inclusive’ pillar” (Van Eijl 2012: 1). Among the priority tasks there are: creating new products and services for unmet social needs (e.g. in home care, transport or education), identifying markets where existing products and services could be adapted to meet larger consumer demand, and supporting social innovation at the workplace (ibid)

Overall innovation is considered a significant means in current societies to overcome almost all sorts of problems and challenges. But established innovation methods, used in market settings and in public policies, do not deliver sufficient and strong enough solutions to deal with the ‘grand challenges’ of today and in future. Civil society and citizens should not be considered passive bystanders. In fact, in all major societal areas, stakeholders and social actors try to develop solutions for social problems. These are the social innovations we are looking for, in particular those with systemic impact.

But social innovation is still an uncoded field without a common set of theoretical underpinnings, datasets, or proven causal relationships (Franz et al. 2012). Although there is a growing body of literature on social innovation, the demand for categorizing the field is increasing (Howaldt and Schwarz 2010). We currently lack a theoretically sound concept of social innovation suitable to meet

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**A theory of social innovation shall be applicable and pragmatic rather than too abstract.**

the different demands in policy areas and regions. There is a need for robust models for the creation, roll out and diffusion of social innovations, as well as more knowledge and understanding about how to embed transformative change.

A clear understanding of the social innovation life cycle from inception to impact is essential (Murray et al. 2010). There are different drivers and success factors to be identified at each state of the social innovation life cycle. Social actors are sometimes not aware how to upscale their innovations. A theory of social innovation can help policy makers stimulate social innovation based on guided identification and analysis of critical social issues, demands and challenges. Innovation policies of the future should open up innovation processes to society by means of co-creation, user involvement, empowerment of citizens, and ameliorate the conditions of participation and self-management. It should combine the potential of social innovation in the social economy, civil society, business firms and the state (multi-level governance), and promote alliances between universities, companies and the state around social innovation.

It needs to depict how the innovation process can be opened up to society (elements of process), to demonstrate the relevance of social innovation to create new skills, provide jobs or health, create new regulations (content), to identify critical demands, challenges, necessary systemic change and how to create social value.

A theory of social innovation will make us understand which are the success factors for a new social practice in order to become “socially accepted and diffused widely throughout society or in certain societal sub-areas, transformed depending on circumstances and ultimately institutionalized as new social practice or made routine” (Howaldt and Schwarz 2010: 26). Here, the issue of social adoption of a social innovation rather than the innovation itself takes centre stage. In this sense, there are two challenges concerning diffusion





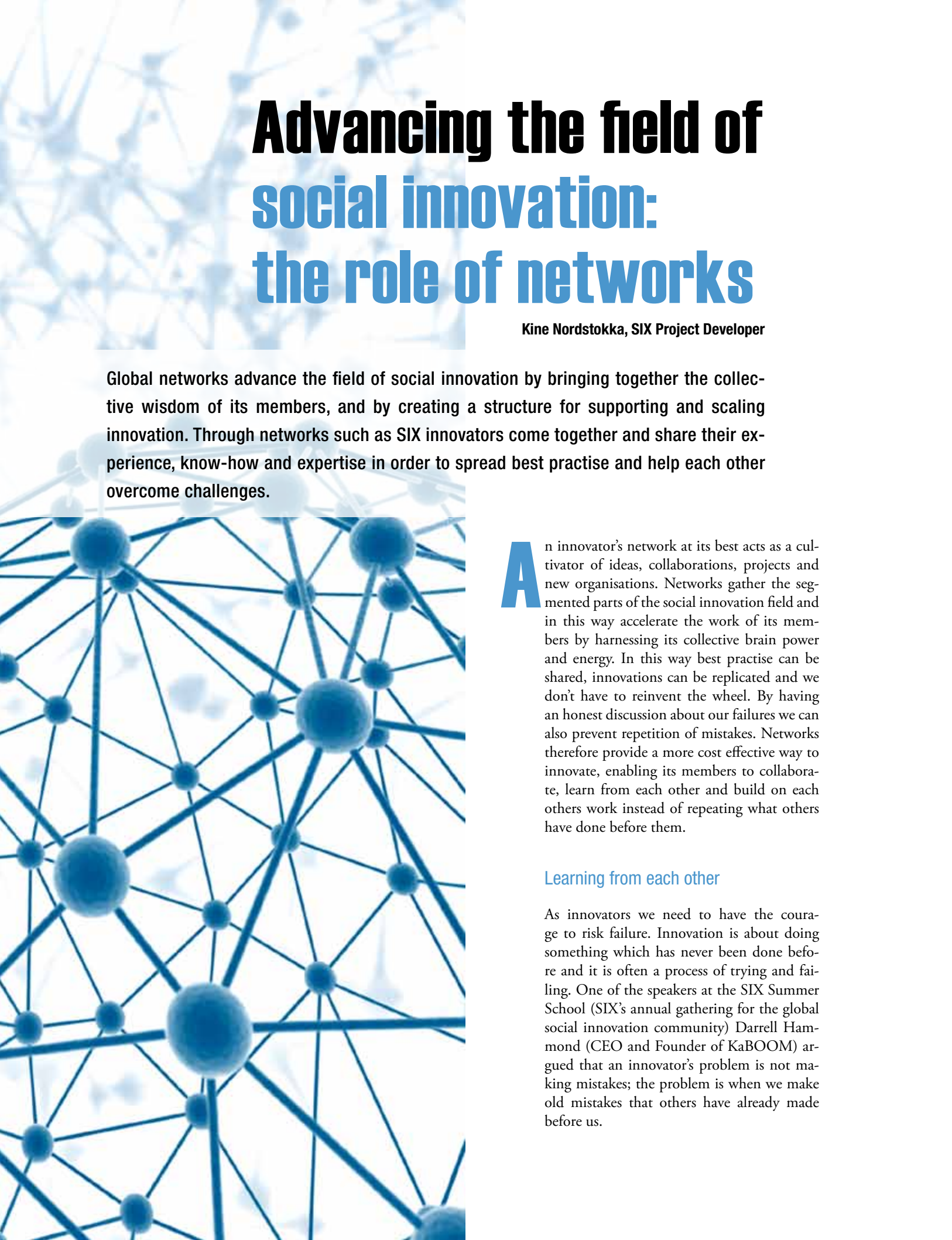
and institutionalisation of social innovations: scaling out and scaling up. The first one means replicating existing solutions, which can turn out more effective and efficient than trying to implement entirely new ones. The second challenge is that of scaling up which “refers to moving an innovation into a broader system and creating transformation through the linking of opportunities and resources across scales. Quite often, to effect transformative change in a broader system, the innovation will be reconfigured into an entirely new form to suit that context” (Moore and Westley 2011).

Further challenges are about measuring the impact of social innovations and integrating the relatively new field of social innovation within innovation research. All these challenges can only be met through a research initiative successful in considering social innovation from a global perspective. Depending on a country, a region or a continent, main topics on social innovation are not necessarily the same. While in Latin America, for example, fighting (extreme) poverty is the prioritised topic, in the European Union employment issues (especially in sense of workplace innovation), sustainability (against the background of climate change) and service innovations (including social services) have dominated the recent debate and politics.

Therefore, a global mapping of social innovation is needed. It would help providing an overview of various types of social innovations in different policy areas. Also, by including in-depth and detailed case studies of specific innovations, such a mapping would provide access to new intelligence about the variety of social innovation approaches in different parts of the world by practitioners, researchers and policy makers. This kind of comparative research would enable to determine a hitherto inexistent comprehension of the roles and impact of social innovations in different cultural contexts, including (unforeseeable) social consequences and ambivalence.

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# Advancing the field of social innovation: the role of networks

Kine Nordstokka, SIX Project Developer

Global networks advance the field of social innovation by bringing together the collective wisdom of its members, and by creating a structure for supporting and scaling innovation. Through networks such as SIX innovators come together and share their experience, know-how and expertise in order to spread best practise and help each other overcome challenges.

**A**n innovator's network at its best acts as a cultivator of ideas, collaborations, projects and new organisations. Networks gather the segmented parts of the social innovation field and in this way accelerate the work of its members by harnessing its collective brain power and energy. In this way best practise can be shared, innovations can be replicated and we don't have to reinvent the wheel. By having an honest discussion about our failures we can also prevent repetition of mistakes. Networks therefore provide a more cost effective way to innovate, enabling its members to collaborate, learn from each other and build on each others work instead of repeating what others have done before them.

## Learning from each other

As innovators we need to have the courage to risk failure. Innovation is about doing something which has never been done before and it is often a process of trying and failing. One of the speakers at the SIX Summer School (SIX's annual gathering for the global social innovation community) Darrell Hammond (CEO and Founder of KaBOOM) argued that an innovator's problem is not making mistakes; the problem is when we make old mistakes that others have already made before us.





Social innovation is often costly and hard. It is costly not only in financial terms, but because we are dealing with people, many of which are in a vulnerable position. We therefore have a responsibility to learn from others so that we don't make the same mistakes over and over again. We need to learn from each other, and have a wise approach to trying and failing.

### Cultivating innovation across sectors

Innovation happens in the intersection of sectors, when people from different sectors and backgrounds get together and start collaborating. Networks can be bridge builders and translators between these actors. There are many people around the world with invaluable expertise doing ground-breaking projects, but many are not speaking to each other and learning from each other. SIX was set up to overcome this challenge, and break down the silos that too often exists between sectors.

SIX has members from small and big NGOs, global firms, international institutions, entrepreneurial organisations, think tanks, public sector and universities. We do our best to get this diversity in our network as our experience clearly shows that when people come together and share what they know exciting new ways of thinking and projects come out of this. There is a multitude of solutions to be found, and networks enable us to work together towards these solutions in the most efficient way possible.

Geoff Mulgan (SIX Chair and CEO of Nesta), coined the term Bees and the Trees when explaining the benefits that can take place in the relationships between big institutions and small entrepreneurial organisations. Bees and the trees exemplify the entrepreneurial spirit matched with the power and reach of the bigger corporations. We both need the bees and the trees as the bees have great ideas but no power, the trees have great power, but few ideas. Many of the most successful innovators have learned to operate across the boundaries between these sectors and innovation thrives best when there are effective alliances between entrepreneurs and big organisations which can grow ideas to scale. Innovation comes from connecting bees and trees, and this is what intermediaries like SIX is trying to achieve.

### Creating an ecosystem

It has become clear that social innovation does not sit just in one sector, and that finding and implementing new solutions to social needs can no longer be regarded as the responsibility of the third sector only. We need the policy support and enabling environment from the public sector, the infrastructure, reach and finance from the private sector, the new tools and innovations from the technology sectors, the knowledge from the academic sector and the creativity, flexibility and experience from the third sector. As a global network SIX has seen an enormous rise in interest from players outside the sectors normally associated with solving social issues.



More and more private sector institutions are realising that the typical third sector issues (climate change, ageing, health care) will affect them as well, and that these are issues they need to focus on. These new growth sectors are seen as new markets to tap in to and the challenges in these sectors are likely to become the main drivers of innovation.

**A network that is efficient in bringing about change is a diverse network capable of drawing on the strengths of its various actors.**

Because of the diversity in the SIX network, it is able to gather together an ecosystem who collaborates with each other and brings the field of social innovation forward. Members of SIX work in the social innovation space in a wide range of ways; from implementing projects, advising and mentoring, creating favourable policies, funding, researching and so on. It is the role of a network to create the infrastructure for all these actors to come together and play their part.

### Enabling systemic change

Lastly, networks enable its members to have a more consistent, efficient impact. The impact of a network should be larger than the sum of its individual parts. SIX is based on the notion that we are better together. There are endless examples of people who use creativity to test out new solutions to social problems around the world. However, the field of social innovation is still fragmented and the combined impact of this work is therefore restricted. By joining up the parts of the social innovation ecosystem we could arrive at a place where social innovation would have a more sustained and efficient impact. For these reasons we need networks and systems which enable us to support each other, to share what we know and work together to advance the field of social innovation.









# Social innovation: a perspective directed towards **social transformation**

**Juan-Luis Klein**, Senior Lecturer from the Department of Geography and Director of the Research Center on Social Innovations (Centre de recherche sur les innovations sociales: CRISES). University of Quebec in Montreal

The Research Center on Social Innovations (Centre de recherche sur les innovations sociales: CRISES) is a body funded by the Quebec Fund for Research (Fonds de la recherche du Québec: FRQ) framed under the Strategic Group program (Regroupements stratégiques). The center exists since 1986 and was acknowledged as a center of excellence by FRQ data in 2002, same year in which this program was created. CRISES is a multi-institutional and multi-disciplinary center that gathers researchers from several universities and several disciplines.





In 2012, the center had 41 regular members in 8 universities, and 31 associate members. The work of these researchers moves around three research axes:

- 1) social innovations in the fields of work and employment.
- 2) life conditions.
- 3) territorial planning.

Working from a more cross-cutting perspective, reinforced by the implementation of a database from case studies carried out since the creation of the center, the establishment of international networks, and the implementation of a university incubator within the framework of an approach to research and the society.

As we have mentioned, this center was created in 1986. The time of its creation is not a simple chronological piece of information. In 1986, in Quebec, and in many other western society locations, there was a social crisis and epistemic challenge underway. The social crisis had been triggered by the Fordism crisis, which had forced the adoption of significant transformations in the manufacture based industrial economy. The transformations arising from this crisis led to the de-localization of manufacturing companies, which in turn brought the loss of industrial employment in western countries, benefiting areas appealing for capital investment as a result of low production costs. As in other places, in the city of Montreal; this industrial re-localization process led to closing factories, losing jobs, and a significant increase in unemployment and social welfare usage rates (Fontan, Klein and Tremblay, 2005).

The new economic competition standards imposed upon that moment brought more significant transformations, many of them disastrous. However, some of them were positive and they correspond to social innovations put into practice by social actors as a response to the crisis. This was about social and territorial re-conversion with the purpose of preserving job posts and, on the other hand ensuring a transition towards the new economy, based on what was known as new communication and information technologies (NTIC). In many of these re-conversions, the role of civil society actors was crucial (Fontan, Klein and Lévesque, 2003).

With respect to the epistemic challenge, it came upon the new post-modernist streams that slowly replaced theories that up to that point had been used to explain social development and change. The Development and Marxism crisis brought new perspectives based on complexity. Within this new epistemic trend; monolithic and structuralist perspectives that ruled until that moment, were no longer valid; macro-social and macro-economic perspectives lost their explanatory effectiveness and within the emerging dynamics, case studies became more important. Researchers accepted the case study method partly because of what it offers in terms of highlighting the role of social actors within the framework of specific institutional paths that also condition and create possibilities for the innovative actions of these stakeholders.

The creation of CRISES was established within the framework of the convergence of three theoretical sources that, despite maintaining the critical dimension of the previous analysis, provide more protagonism to the social actors and to social movements. These theoretical sources are:

1) the school of regulation, stresses commitments arising from the action of social movements, these commitments lead to reproduce capitalism in spite of its contradictions.

2) the theories of social movements, that focus the analysis on social actors and not on structures.

3) the perspective of innovation, which sees the economic crisis as creation and destruction processes (Lévesque, 2001).

CRISES undertook a theoretical and empirical mission within a historic framework in which society was going through a process that combined destruction and creation; this mission had an orientation different from that adopted by most of the other groups at the time. In general, these groups focused on the explanation and description of the factors that were generating destruction, and its disastrous effects. Without setting aside the social inequality criticism established by capitalism, or the incoherence of liberal and neo-liberal theories; CRISES focused on what was being built as a result of social movements, i.e. the new, and not what was under destruction (Lévesque, 2001). This explains the option of social innovation, which under CRISES is analyzed in terms of social transformation (Klein and Harrisson, 2007).

From an empirical perspective, the society of Quebec, and more specifically the “Quebec model” (modèle québécois), served CRISES as a specific observation field (Klein, Fontan, Harrisson & Lévesque, 2009). It is worth noting that the Quebec model refers to a specific governance regime that separates the society of Quebec from the rest of North America and Canada. We must remember that Quebec is part of Canada, a confederation comprised by a central government (federal) and provincial governments. In many ways the province of Quebec - which originates from the foundation of the City of Quebec in 1608, i.e. 150 years before England conquered Canada -, is a “different society”. First of all, it is known for being mostly French speaking, whereas the rest of the country speaks English; in second instance it operates under a specific legal system inspired in the Napoleonic Code, which is different from the Common law which rules in the rest of Canada, and; thirdly for its cultural tradition based on the catholic religion, whereas the English provinces are mainly Protestant.





The “Quebec model” is known for the participation of several actors and a hybrid of diverse methods of governance.

At the beginning of the 1960s, the “Calm Revolution”, a vast process of political, economic, social and cultural modernization through which the society of Quebec went through, gave rise to a governance model known for the dominating presence of the public sector. Some of the resulting realizations of the Calm Revolution had unquestionable positive effects, such as the creation of the Ministry of Education, the Network of Universities of Quebec, general and professional education Schools (CEGEP), the Ministry of Health and Social Services, public entities such as HydroQuebec and the Caisse de dépôt et de placement, etc.

The Quebec society is also known for its economic development model. Its economy, which is undoubtedly supported by private companies, as is the North American standard, is also supported by important public sector companies (created during the calm revolution) and by many cooperative and social solidarity based companies. On the other hand, a provincial legal statute within the province of Quebec, and not that of Canada governs social actors such as unions and associations. This allows us to see the strong institutional effects of a strong regional identity that guides actors in this province.

The response to the crisis of the eighties was translated into the renewal of the Quebec model, which gave rise to a cycle of social innovations that transformed the society. This innovation cycle continued until the end of the 1990s, when the intensity of the institutionalization limited its strength, questioning its effects, specially starting 2003; when the liberal party arrived at the government with a program that gave priority to neo-liberal type orientations. However, since the scope of these innovations has reduced, the liberal government could not eliminate them completely because of the institutional restrictions.

What we specially wish to highlight here, is that the renewal of the Quebec model revealed the importance of social actors based on the civil society, and established new problems that gave rise to the approach of researchers and social actors with which CRISES has carried out significant research. This process is also translated into new relationships with the government, social actors, and the research media; which is favorable to the university - society, and the co-construction of knowledge.

The Quebec case shows us the network of interrelationships built when combining several economic thoughts and when civil society actors play a main role in governance. Within this framework, the relationship between the University and social actors contributes to building a more democratic society, surpassing the limits imposed by the market. This is how the social actor - university approach, becomes an epistemic element essential to the construction of knowledge when it is not determined only for competitive means, but rather seeks improving the quality of life and of work of the community. This is also how innovation obtains its social characteristic and it allows including other types of innovation (technological, productive), within a logic of innovation in a system with a social objective.

The analysis of the evolution of the society of Quebec also shows us the need for maintaining constant attention on the changes generated by new aspirations in the society (Lévesque, 2003). This is the case of Quebec today. The renewal of the Quebec model was the response to the crisis during the 80s. This meant the presence of union actors and of the social economy, including community actors, in economic development instances. The main aspirations of these actors corresponded to the support and creation of employment, obviously because the main consequence of the Fordism crisis was the loss of employment, specially in the industry sector.

Today the society of Quebec is being affected by another type of crisis, starting with the financial crisis that exploded in 2008 and continues in several countries, mostly in Europe.



In Quebec, the crisis is specific. Currently the Quebec model does not fully respond to new social aspirations, which was demonstrated with the new important expressions - creative in a way - that exploded in February, 2012 and remained for several months. What is currently under crisis is a global model, that only affects the economy within a framework of an ever more dominant globalization that does not consider the social and environmental consequences of economic growth.

In response to this behavior, the society claims a different globalization, that respects social matters and includes certain dimensions that had been neglected by the response to the Fordism crisis, as in the case of culture, heterogeneity and the environment (Klein and Roy, 2013). This context caused by the current crisis, highlights a new task for our center, one that we are dedicated to and will approach in our coming work. This is what Laure Waridel referred to, inviting us to co-build knowledge that changes the world (Coconstruire un savoir qui change le monde), in the opening conference for a discussion carried out in Montreal in May, 2012. This is a pending task that we shall undertake.



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# Design in public and social innovation: some observations from experience

**Geoff Mulgan**, is CEO of the National Endowment for Science Technology and the Arts (NESTA) in the UK and author of 'The Art of Public Strategy' Oxford University Press, 2009.

**A flood of initiatives to use design methods is underway around the world. The hope is that these will advance public and social innovation and achieve creative solutions beyond the reach of conventional structures and methods.**

**S**ome of the momentum originates in firms like IDEO, public bodies like Mindlab in Denmark, and SITRA in Finland. Interest in these various methods has grown in tandem with rising interest in social innovation. There are now major social innovation funds in the UK, and across Europe, and in the US. Seoul in South Korea has a social innovation Mayor. Networks like SIX bring together innovators from many backgrounds to share experiences.

The language of user-led design, and recognition of the need to apply design thinking to public services, has become fairly commonplace, and a recent survey of social innovation methods in use around the world found many with design elements<sup>I</sup>. In this paper I look at the elements of the design method; the strengths of current models; some of their weaknesses and the common criticisms made of them; and what might be the way forward<sup>II</sup>.

I. The Open Book of Social Innovation, NESTA/Young Foundation, 2010, London.

II. This paper is based on observation and many conversations with people in the field rather than hard evidence (partly because the field has had so little external measurement and evaluation). I was on the board of the Design Council for several years, and helped review their work in public services. I've also taken part in many design conferences, festivals and competitions, and have benefitted from hundreds of conversations with designers and users of design. Like many I oscillate between enthusiastic inspiration, and occasional frustration.

## Strengths of the design method in social innovation and public service

Design promises to bring flair and delight to services that can seem dull, homogeneous, and unresponsive. Its methods generally combine five main elements:

**Understanding user experiences:** a first set help with understanding, and getting to the roots of, the problem that needs to be solved. Designers have adapted some of the methods of ethnography to see how the world looks and feels to the users of services, tools that were at times used in public services but more often forgotten. The use of stories, videos, picture boards to map the real experience of being a patient or a welfare claimant invariably provide new insights.

Under the banner of 'user led design' designers have also adapted some of the methods of social movements – like the disability rights movement - which have always involved people in need in shaping new alternatives. As they've found, serious engagement with end users of any kind brings new insights to the surface, showing how apparently well-designed systems often fail to take account for the fine grain of daily life. Individual services may work well but the whole service journey does not, whether for a patient with a life threatening condition, or a pupil passing through schools and colleges.

**The emphasis on user engagement has generally had an enlivening effect on public servants.**

These methods bring freshness and clarity to public services that often take their existing frameworks for granted. Design quickens thinking. It bridges the gap between thought and action<sup>iii</sup>, and it can bring to the fore the micro-politics of services and the question of who is defining the purposes of services. NESTA's public services Lab has made extensive use of these methods to shape new services, and individual projects like the Studio Schools movement involved teenagers and parents in designing the kinds of school they would most want to learn in.



iii. The Open Book of Social Innovation (El Libro Abierto de la Innovación Social), NESTA / Young Foundation, 2010, Londres. Para una serie de otros informes que describen el campo de la innovación social y sus métodos, vea lo siguiente: Mulgan, G. (2006) 'Innovación social: qué es, por qué importa, y cómo se puede acelerar.' Londres: Basingstoke Press; Mulgan, G. (2007) '¿Está o no listo? Tomando en serio la innovación en el sector público'. NESTA Provocation 03. Londres: NESTA.; Mulgan, G., Ali, R., Halkett, R. y Sanders, B. (2007) 'Sincronizado y fuera de sincronización: El reto de las crecientes innovaciones sociales'. NESTA / Young Foundation, Londres.







**Ideation:** the next set of tools move on from diagnosis to ideas. Tools for creativity can sound opaque and mysterious, or superficial. But the serious analysis of design has shown that relatively straightforward tools can have a big impact on creativity, helping teams develop much longer menus of options. For example, IDEO's methods can be deconstructed into simple, incremental steps<sup>IV</sup>. My own experience of service design in the social field and around public services has confirmed for me that a series of easily used steps can help teams to come up with much more radical ideas. The table summarises a version I developed, along with examples. The usual method is to draw on a range of inputs – ethnographic, economic &c – and then apply each of these approaches listed below to the problem or service being considered so as to generate menus of new options.

Symbol	SOCIAL DESIGN TOOLS™
^	Inversion (farmers become bankers, patients become doctors)
∫	Integration (personal advisers, one stop shops, portals, speeding flow)
x	Extension (extended schools, outreach)
∂	Differentiation (segmenting services by groups, or personalisation)
+	Addition (getting GPs to do a new test, libraries running speech therapy)
-	Subtraction (no frills, cutting targets, decluttering)
t	Translation (airport management into hospitals, business planning into families).
g	Grafting an element from one field into another, creating a new fusion (coaching into a secondary school)
∞	Creative extremism – pushing ideas and methods to their furthest boundaries
r	Random inputs (eg dictionaries, Yellow Pages)

**Rapid prototyping:** Once new ideas begin to crystallise, they can be tried out fast, again an approach that is alien to mainstream bureaucratic practice. Designers tend to favour rapid prototyping; learning fast by doing things rather than very detailed planning, and today we have not only rapid prototyping of things, using new tools such as 3D printers, and not only the tools of CAD, but also a third generation of prototyping tools that allow fast, collaborative creation of new systems and services.

Rather than spending years perfecting a new service model or strategy the best way to improve it is often to do it on a small scale, and for real. This has always been the way in some of the crafts, and architects such as Christopher Alexander<sup>V</sup> have long advocated this approach for buildings too – using mock-ups of structures and putting them in situ to see whether they really do feel right. It comes naturally to social entrepreneurs, and to some innovators in the professions. Michael Young, for example, always believed in what we now call rapid prototyping, starting small-scale precursors of what became NHS Direct or the Open University partly to learn what works, and partly to create momentum.

IV. A Markman and K Wood (ed) Tools for Innovation, Oxford University Press, 2009

V. Christopher Alexander's huge collections from the 1980s and the 2000s still represent an unmatched vision of both the principles and practice of design, though he rarely uses the word itself. [ADD REFS]



**Visualisation:** during each of these stages design methods tend to be very visual – and graphic designers have played an important role in both the practice and promotion of design. Clear visualisations of problems, and of potential solutions, can have a surprising impact in cultures dominated by blocks of prose, and the occasional data chart.

**Systems:** finally, designers have adopted ideas from systems thinking, partly in response to earlier criticisms that portrayed designers as coming up with overly discrete product or service ideas. System thinking prompts us to ask the right question rather than taking questions at face value. What, for example, is the real problem of non-attendance at school? Is it a failure on the part of schools themselves, of families or of young people? Do the real causes lie in the fact that lessons are boring, or that popular culture devalues hard work? Or what of the apparent rise in mental illnesses across the developed world? Is it just an artefact of the statistics, since we now measure things that weren't measured in the past?

### Weaknesses of design projects and methods

It should already be clear that design methods are best understood as a synthesis of methods drawn from many fields, including product design itself, that together helpfully mitigate the traditional limitations of public policy making. So what are the weaknesses?

The criticisms have mainly focused on cost (highly paid consultants jet in from London or Los Angeles to work in poor communities, using methods that may work for electronics manufacturers or sports goods but turn out to be ill-suited to the cash-constrained realities of the poor) and on commitment (that designers appear to be committed but disappear as soon as the money stops flowing). Others criticize designers for not matching their skills in creativity with skills in implementation.

Many would concede that design methods widen the menu of options available to public services. But they warn that lack of attention to economics – ensuring that ideas are cost-effective – and lack of attention to organizational issues and cultures, condemns too many ideas to staying on the drawing board. So for example, it's common to see new ideas which claim to save money for the public sector by preventing future costs – prison numbers or hospital admissions. But the costings tend to be simplistic; to ignore the knock-on effects on other services; or the sort of evidence that policy-makers might require, such as trials with proper control groups. Much of the evidence on what helps innovations to diffuse has yet to be integrated into design thinking<sup>VI</sup>.

In response to these criticisms a lot of work has been done to develop more comprehensive and rigorous methods for innovation. Some of this has been done under the aegis of SIX, and of Nesta's Open workshop, building on good examples from around the world that have achieved impact rather than only nice projects.

The economist Brian Arthur emphasizes in particular the 'deep craft' that is key to sustained technological innovation. Much of this has to be intuitive, built up from a feel for the elements that are brought together in a service or product, and from experience of what does and doesn't work. The deep craft needed for innovation in fields like education or health is as likely to have its roots in psychology as in engineering; in social dynamics as much as physical ones. The lesson is an old one: to be a really good innovator it often helps to have a deep understanding of a field. With that foundation, the addition of lateral methods and observations can expand the space for possibility – and achieve great results.

VI. See for example Everett Rogers (1995) *Diffusion of Innovations* Free Press New York; Nutley, S Davies, H and Walter, I (2002) *Learning from the Diffusion of Innovations* University of St Andrews; Nooteboom B (2000) *Learning and innovation in organisations and economies* Oxford University Press, Oxford



# Innovation, human development and international cooperation

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Innovation is the multidimensional process of generating and using new ideas, organizational or technological tools to obtain more effective results in relation to a given objective. It is made possible by human creativity and capacities. Innovation is not necessarily, in and of itself, a good thing and can lead to positive or negative results depending on the quality of the objectives selected. For the purpose of this article, innovation for human development refers to those innovative processes, technologies or methodologies that

contribute to creating human societies that meet the needs for well-being and security for all their members, including the poorest and most marginalized, and that do not deplete the natural resource base for future generations. While the key source of innovation is human capacity and creativity, for this to contribute to inclusive human development, it is fundamental to invest not only in individuals but in social systems that build the capacity and knowledge of everybody, including the poorest.





In recent years the debate about innovation as a tool for improving development has intensified. There is general agreement on the centrality of the issue but not on the significance of the word “innovation” itself. Much emphasis has been placed on the importance of complex industrial and technological innovations in the formal sector, such as genetically modified organisms (GMOs), on the fundamental role of research in the private sector and market mechanisms. Yet the benefits of innovations emerging in the formal sector rarely address the needs of the poor because most innovation policies are aimed at achieving economic growth and competitiveness and not at reducing poverty. What is needed are innovations that instead of depending on a profit motive are spurred by the search for the common good.

In fact, a recent study by the International Development Research Centre of Canada<sup>1</sup> noted that while some technological innovations in the formal sector can genuinely alleviate poverty (for example, social innovations such as micro-credit), striking examples that have had a widespread impact are few. The study also notes that an enormous amount of innovative activity takes place in the informal sector in developing countries, such as innovative waste management approaches, construction methods, vehicle maintenance, cell phone repairs and distribution, or ways of producing energy. But growth-oriented approaches to innovation fail to measure, encourage, or support these activities and so their impact tends to be marginal.

As part of this debate, the Organization for Economic Cooperation and Development (OECD) has produced guidelines for donors on how to support green growth and poverty reduction through international cooperation. These guidelines, to be published shortly, were developed through a consultation lasting nearly two years. One of the topics addressed was innovation<sup>2</sup> and the KIP International School and its programmes collaborated in this process. In this brief article

we will consider one of the central questions that emerged in this process:

**¿what type of innovation can help to reduce poverty and contribute to the quality and inclusiveness of the development process?**

As already mentioned, not all types of innovation can be considered innovations for human development. In terms of green growth and poverty reduction, for example, the consultation indicated the need to support those that reduce environmental degradation; reduce waste production and rationally manage waste; increase the production and use of renewable energies while simultaneously reducing the production of non-renewable ones; improve energy efficiency; preserve natural resources by rationally managing water, land, forest and other common goods and preserve biodiversity; rationally organise urban assets; and reduce the effects and factors of social and economic exclusion that are responsible for poverty through inclusive capacity building initiatives, by facilitating and stimulating the active and responsible participation of all social actors, by incentivising human solidarity and by facilitating universal access to decent employment and income, savings and credit, information, primary and secondary education, vocational training, proper nutrition, health, social protection, decent housing, justice and a healthy environment.

Innovation for human development, thus, is not just technological, but above all regards the ways institutions and services are organized, the methods used to plan and manage the development process and the systems for financing and incentivizing them. Nor do innovations for human development necessarily originate in rich and technologically advanced countries. Innovations, especially innovations produced in the informal sector, are produced

1. [http://www.idrc.ca/EN/Programs/Science\\_and\\_Innovation/Innovation\\_for\\_Inclusive\\_Development/Documents/IID-Prospectus-Public-version.pdf](http://www.idrc.ca/EN/Programs/Science_and_Innovation/Innovation_for_Inclusive_Development/Documents/IID-Prospectus-Public-version.pdf)

2. The others were governance, policy coherence and natural resources.





everywhere and indeed, those developed in poor or middle-income countries often have the most potential for wide-reaching impact and are most easily adapted to other contexts that face similar challenges. An example of this is the widespread adoption of micro-credit schemes and social economy enterprises.

For this reason, priority should be given to endogenous innovations, that is, those produced in the country or in the same area, because those that are imported risk being difficult to apply to the local reality because of technical or cultural problems, lack of appropriate training or because they can create dependence on the countries where they are produced. At the same time, however, much work needs to be done to scale up these small-scale innovations so that their use and impact is extended. This work involves research and investment in capacity development, as well as financial investment and strengthening of national innovation systems.

Thanks to the internet, there is a vast availability of information about innovations in all areas and from countries around the world. This opportunity should be welcomed, but it is also important to establish criteria that can help public administrations and citizens in all countries to choose those that are most likely to contribute to human development.

For example, regarding technological innovations, those that are simple to produce, use, reproduce and diffuse on a wide scale should be prioritized. They should be relatively low cost and can be produced by small and medium-sized local businesses; can be easily and widely utilized by individuals, families, small and medium-sized businesses, associations, public administrations, universities and other structures for planning or implementing activities at local level in different fields of social and economic life; facilitate the creation of many sustainable jobs based on activities that have positive ecological effects, enhance natural and historical resources, contain few risks for human health and security and facilitate a broad and responsible involvement of all social actors in development processes. A good example of a simple technological, and also organizational, innovation for human development is the mother-kangaroo method for caring for underweight infants, developed in Colombia<sup>3</sup>.

Regarding organizational and methodological innovations, priority should be given to those aimed to reduce social and economic exclusion and facilitate the active and responsible role of social actors and the collaboration between different sectors and professions to reach the complex results desired. Such innovations can help to implement policies

3. see: <http://www.ideassonline.org/innovations/brochureView.php?id=11>

and practices towards: democratic decentralisation or deconcentration; integrated and participatory territorial planning, local green value chains, local economic development, local employment systems and social economy, proximity economy, internationalization of local development and promotion of legality.

Regarding financial innovations, priority should be given to innovative measures that discourage industrial pollution, such as through taxes and fines where revenue is used to create new green jobs, or provide incentives for citizens' involvement in economic and social activities aimed to protect the environment and reduce poverty, (such as the "community equities" in waste management social enterprises), that facilitate creation and management of small businesses linked to local value chains and social economy schemes, as part of appropriate local development plans, alternatives to closing factories by supporting workers in recuperating them in a green way, such as in the experience of "fábricas recuperadas" in Argentina and sustainable micro-level investments at scale and local credit schemes accessible to non-guaranteed groups of people.

A good example of innovation for human development is the Local Economic Development Agency (LEDA) of the department of Morazán in El Salvador is an innovative organization established in the framework of the U.N. PRODERE development programme in 1994, supported by the Italian cooperation. Its aim was of contributing to the peace process after the civil war, through activating the local economy in coherence with a human development approach. It was designed to be self-sustainable in a permanent way without need of public or private subsidies, and to valorise the local economic resources for providing jobs to the poorest people, while safeguarding the environmental resources. As matter of fact the LEDA, during the last 20 years, has grown quite a lot: in 1994 it employed 6 people, while today it employs about 200 people; during the last 5 years only it provided almost 600 new jobs and supported more than 700 micro and small enterprises and cooperatives; it trained 4500 people among the poorest of the department; it facilitated export of local products abroad (mainly in the USA) through the "nostalgic trade"; it managed a fund of 18 million dollars for credit to producers and executed various projects for environmental protection.





The financial investment for creating the LEDA amounted to about 550,000 USD in three years, including technical assistance and capacity building, support to its start up, and capital provision of about 300,000 USD for establishing a credit fund.

This is a very small amount taken into account the results achieved such as: job creation, alleviation of poverty for many people, creation of permanent new businesses and the persistence of the LEDA itself for 20 years so far. The Morazán LEDA has been an important example for many other cases of similar structures that now operate in Latin America, the Caribbean, the Balkans, Africa, and Asia.

LEDAs are legal, non-profit structures, generally owned by the public and private entities of the territory which act as a mechanism through which local actors plan and activate, in a shared way, initiatives for territorial economic development, identify the most appropriate operational tools and provide a coherent system for their technical and financial support. Sixty LEDAs are gathered in the ILS LEDA world network. LEDAs are mentioned by OECD as best practices in the book *Organizing Local Economic Development – The role of Development Agencies and Companies* (Clark G., Huxley J., Mountford D., 2010)<sup>4</sup>.

International cooperation can be a formidable tool for learning about and disseminating innovation for human development, for supporting the creation of national innovation systems, including through publicly-funded research and for forming future development leaders with the capacities to identify and use appropriate innovative approaches. The KIP International School is committed to this form of international cooperation<sup>5</sup>.



4. Abstract from the case study presented to OCSE by ILS Leda Programme of the KIP International School. See also [www.ilsleda.org](http://www.ilsleda.org)

5. See: <http://www.kip-un.org>



# Strategy of social innovation in the Basque Region

Gotzon Bernaola Ariño. Program director of Social Innovation at Innobasque

In the beginning of the XIX century, the Basque Country began its incorporation in the industrial revolution process, being the first region in Spain to do so. Up to that point, the industrial base of the Basque Country's economy has been adapting to each succeeding "crisis", maintaining its industry as the main economic driver. The crisis of the 1980s, which exhibits various points of comparison with the current crisis, had a strong impact in the Basque Country in social terms (with an unemployment rate of around 25%) as well as in economic terms (fall of the basic industry).

During the 80s and 90s there was a total re-structuring of the Basque economy in order to overcome the recession; this was known as "The First Great Basque Transformation", and it was supported by a change of structure supported in turn by technological development through the creation of a network of organizations, growing cooperation processes, and the integration of the existing structures in order to align with increasing scientific and technological specialization.

The current crisis, however, is much more widespread, and is anchored to an obsolete economic development model; it requires the

establishment not only a new production or consumption scenario (as in previous crisis), but rather a new social-economic strategy that addresses social challenges in a sustainable fashion (economic, social and environmental), stressing local action without neglecting the global scenario ("glocal" approach).

To this end, and based on a strong culture of collaboration, Innobasque - Basque Innovation Agency, promotes a public - private alliance for innovation with the vision of making the Basque Country the European benchmark model for innovation in 2030.

**Since its inception (before the crisis), Innobasque has been an advocate of the fact that any knowledge society must have innovation as its leverage for development.**

Innovation understood as a response to the challenges in a society that contributes economic and social value to its environment. A concept of innovation that goes beyond technological or corporate innovation, and includes Social Innovation as an axis of strategic development for the innovation policy.





To understand the relevance and development of Social Innovation in the Basque Country and its context as a relevant case in this area, it is first necessary to understand certain basic aspects of the Basque Country that offer some perspective on our region's achievements, and also acknowledge the path taken to reach this point. The Basque Country, with over 2 million inhabitants and an area of 7,235 m<sup>2</sup>, is a European region with a GDP per capita 20% higher than the average for the EU (of 30,274€ in 2011). It is also one of the Spanish regions with the highest levels of self-government, and its contribution to the Spanish GDP was of 6.2% in 2011.

Social Innovation becomes more relevant than ever within the search for triple sustainability and the need for transforming the Basque society in one generation. But, What is Social Innovation? Social Innovation defends the need for catering to the significant social challenges faced by a society such as the Basque (the "What"); including for example population ageing, employment, or education; counting on the society and therefore all those who comprise it, as an element that generates these responses (the "How").

Social Innovation promotes its essence in which "people are those who innovate" (each and every one of them, and they can be innovation and transformation agents in their environment), defending an approach to innovation with a bottom-up focus promoting the generation of new innovation competencies between citizens with each innovation process implemented. The people that comprise a society, are those who best know the true challenges they face, and they can, and must, be part of the response given to these challenges from innovation, and from the value of multilevel, multiagent and multisector cooperation.

With this vision in mind, in 2010 Innobasque published and proposed a Social Innovation Strategy for the Basque Country, based on the experience and proposals of over 500 people and organizations that worked in the Social Innovation scenario in the Basque Country, and proposed 5 large action axes to promote social-economic transformation of the Basque Country (addressing the challenges of Ageing, Employment, Education, Governance, and Values). Innobasque proposes Social Innovation be seen as an opportunity to respond in a comprehensive and structured fashion to the challenges of the Basque Country, using its support levers to generate economic growth and employment, and consolidating a forefront position that allows our territory to maintain a high level of well-being and a profound social commitment to the world in the future.

The Social Innovation strategy proposed by Innobasque responded to the need for promoting a strategic alignment with the initiatives implemented in this area, at the local and European levels, and this was so acknowledged in the report on the regional innovation system of the Basque Country carried out by

OECD in 2011. In spite of this favorable development and implementation situation, we must consider that traditionally, innovation has been focused from the economic and technological perspective (R + D), leaving the social aspects that generate social transformations and have a direct impact on the Society's future, in second level.

This fact has complicated and still complicates understanding Social Innovation as an activity and transformation sector, and in spite of opening the agendas of organizations and agents in the private and in the public sectors; currently the Basque Country does not have a similar structure to that which was conceived for the Technological Innovation System (Sistema Integrado de Innovación Social), which was, as explained at the beginning of this article, one of the key points that made the "First Great Basque Transformation" possible.

To address the need for structuring Social Innovation in the Basque Country to contribute with more visibility and better positioning at the local and international levels; one of the strategic lines of Innobasque for 2013, is the creation of a "Social Innovation Node benchmark in Europe", that sets a value to all agents and initiatives under development in the Basque Country, in a strategic and coordinated fashion, configuring the "Basque Social Innovation" as a "Basque front for Social

Innovation in Europe" that confronts social challenges in our country from the public - private partnership, and provides visibility to all agents, capitalizing the Euskadi potential in the strategic environments of Social Innovation.

In this sense the objective is to make the value chain comprised by the different agents more visible (with different roles and responsibilities) through the creation of a space / network in order to interact and define a dynamic flow that allows coordinating the 3 stages of Social Innovation (analysis of reality, generation and application of knowledge and awareness, outreach and education) joining visions and generating shared definitions.

In summary, it is about going from thought to action, strengthening individual actions of each agent, designing and agreeing on a Social Innovation conception for Euskadi, that allows a permanent dynamic for encounters, exchanging, analyzing and acting, as well as establishing a position in the European space. The purpose is to join forces in order to overcome the innovation - research dichotomy from the fields related to Social Innovation, implementing and combining cross-cutting collaboration ideas. Because "only by asking different questions will we obtain different answers from those we already have".



#### References

To obtain more detailed information on our project:

[www.innobasque.com](http://www.innobasque.com)

INNOBASQUE. (2011). Social Innovation Strategy. A window of opportunity for Euskadi. <http://www.innobasque.com/home.aspx?tabid=1058&idElementoBiblioteca=130>



# The TACSI Story

**Brenton Caffin**, Founding CEO The Australian Centre for Social Innovation

Adelaide in South Australia is the 5th largest city in Australia, with a population of just over 1 million people. Settled 150 years ago, Adelaide has a proud tradition of social innovation and reform. The first jurisdiction in the world to allow women to run for Parliament, and advocate of all manner of social reforms from aboriginal land rights to gay rights, the establishment of Australia's first public housing authority, the list goes on.

It was in this tradition that the Premier of South Australia, following the advice of global innovation expert Geoff Mulgan, agreed to establish and seed fund The Australian Centre for Social Innovation as a national centre for excellence in identifying and promoting the innovative ideas, methods and people for accelerating positive social change. To turn bold ideas into better lives.

By many measures, Australia is doing extremely well. We have an effective rule of law, low levels of corruption, a stable democracy, and decent social safety nets. Our national wealth is both high and relatively well spread and our quality of life indicators are some of the best in the world.

Yet we know that not everyone is thriving as much as these measures suggest. Significant proportions of the community are doing it tough and are not effectively supported by our institutions to achieve for themselves the kinds of lives that they aspire to. Over the last few years, we have explored some of the areas of greatest challenge in our society.

Traditionally, we address social issues with band-aid solutions aimed at bringing everyone up to a minimum standard. This approach is characterised by deficits within client systems, and driven by economic imperatives and a culture of risk minimisation. TACSI, however, sees a greater moral responsibility,



which recognises that the pursuit of minimum standards is not the same as harnessing people's desire to want the best for themselves, their families and their communities.

We believe that if we truly want more people to thrive, existing welfare systems and services aren't sufficient.

**We need to explore the areas of the system that are most in crisis and identify opportunities to seed systemic change.**

We need to co-design social solutions — principles, platforms, organisations and programs — that develop our capabilities, aspirations, relationships and achievements.

### Thriving, not just surviving

Family by Family is a new network of families helping families. It enables families to set and achieve their own goals with the support of families who have 'been there, done that'. Goals like improving kids behaviour, making better friends, getting out more, or learning about Australia. The service finds and trains families who have made it through tough times, matches them with families who want things to change, and coaches family pairs through a 10-30 week link-up. The aim is to enable families to thrive, not just survive.

The project was an exercise in co-design, which blends design thinking, policy thinking, social science and business to solve social problems and demonstrate new ways of working with and for social services. Over twelve months, a dedicated team of three – a sociologist, an industrial and service designer, and a social worker – worked with over 100 families to explore what good outcomes mean for them and to prototype new and better ways to enable them to get there.

Since its launch in April of 2011, Family by Family has received national radio, television and press coverage and is probably the only service to win both a national Child Protection Award as well as an Australian Interna-

tional Design Awards. It has been fortunate to receive considerable –though still insufficient – investment from a range of government, community and philanthropic sources to further develop the model in a growing number of locations with a view to spreading Family by Family across Australia, for which there is increasing interest. And, most importantly, it is changing people's lives for the better – its first external evaluation found that the program was found to produce better outcomes for 90% of participants over time, prompting leading child protection academic, Emeritus Professor Dorothy Scott, to describe it as the most inspiring program to help vulnerable families that she's seen in four decades.

More recently, TACSI has explored another major social challenge facing Australia and many other countries, namely the ageing of our society. While extending our lifespans is something to be celebrated rather than lamented, we have yet to come to grips with the major shift in our communities that comes with that. Our institutions, whether the aged care pension or our aged care and healthcare systems, have been built on demographic patterns that no longer hold true. Finding innovative ways to mobilise informal care alongside formal approaches will become a fiscal necessity.





## Bold Ideas, Better Lives

In addition to our own explorations, a number of our activities have asked others for their thoughts about what they see as the big challenges that Australia is facing as well as their ideas on how we go about tackling them.

The Bold Ideas Better Lives Challenge uncovered innovative ideas for addressing the big social and environmental challenges that we face in Australia today. Over 250 applications from around the country spoke to us about the challenges that Australians saw and wanted to address. The response was diverse and covered a huge range of areas, including families, transport, urban design, youth, health, indigenous Australia, education, disability, employment, homelessness, women and refugees. While we were not able to support all of the ideas that applied, it nevertheless helped us to better understand the demand for better responses in Australia to the challenges we face.

In many ways, we have only begun the scratch the surface of demonstrating and supporting social innovation in Australia. TACSI's future plans include a greater emphasis on capacity building in other individuals and organisations as well as efforts to build the Australian and global social innovation community through networks like the Social Innovation Exchange, with whom TACSI hosted the international SIX Summer School in Adelaide in November 2012.





# Instiglio: Bringing social impact bonds to Colombia

**Sebastian Chaskel**, Senior Associate at Instiglio and  
**Michael Belinsky**, Founding Partner at Instiglio

**G**overnments in Colombia and throughout the world contract with private organizations to provide social services to their populations. In most of these contracts, government pay service providers for the processes they go through, rather than for the outcomes they achieve. This means that a program to improve nutrition, for example, may be funded through a contract that pays a service provider for the number of meals it delivers. Similarly, a program that helps people released from jail re-integrate into society may pay the contractor for the number of workshops it holds. One problem with this method of contracting is that giving out meals and holding workshops may not lead to the desired outcomes of, respectively, improved nutrition and social integration of former inmates. The meals and workshops may be insufficient to address the underlying problem, or they may miss the problem altogether. Public funds, therefore, may be spent on programs that fail to deliver the desired outcomes.

In an attempt to address this issue, some governments have experimented with hiring service providers on a pay-for-success basis. In this type of contract governments may pay providers a portion of the total amount of the contract for fulfilling the required activities, but reserve a percentage to be paid only if the program has the desired impact. Instead of simply giving organizations a bonus at the end of their period of service de-

livery if they perform exceptionally well, the government holds back a significant portion of the the promised funding to ensure that the organization's financial bottom line is aligned clearly with its social results.

This type of contract helps governments bridge the gap between the social outcomes it purchases and the results it receives. The contract, however, is not without faults. One inherent aspect of this setup is that many service providers, which are often non-profit organizations, lack the capacity to operate with this type of agreement. They may not have the cash flow to fulfill the contracted services, or they may not be able to take the risk of not demonstrating impact, as this may significantly impact their financial solidity, or even put the organization's existence at risk (Liebman, 2011, 8-9).

To find a sustainable way to improve the impact of social services, the Young Foundation in the UK first developed the concept of social impact bonds (SIBs) in 2008-2009 (Mulgan et al., 2011, 5).

**In a SIB, the government contracts with a service provider for a specific service, but pays nothing unless the impact is achieved.**



The private sector, in the form of philanthropists or investors, is brought in to make an up-front investment into the service provider. If the project delivers the expected impact, then the government pays an agreed upon fee, which is used to return the investment plus interest to the investor. If the project does not have the expected impact, taxpayer dollars are not spent, and the investors lose their capital.

The first SIB was created by the Ministry of Justice of the UK in 2010 to reduce the recidivism rate of short-term inmates at a prison outside London. In this first experiment with SIBs, foundations invested about US\$8 million dollars, and may receive returns of up to 13% depending on the extent to which the recidivism rate is reduced (Social Finance, 2011, 2-3).

SIBs build upon a number of different recent developments in the provision of social services. First, there is currently a strong movement to use scientific knowledge in the policy arena to decide which policies to implement. To do this in the social sector, many governments and foundations have contracted with researchers to perform randomized controlled trials or quasi-experiments to scientifically evaluate the impact of specific policies. SIBs rely on these tools to determine whether a program achieves the expected impact. The expectation is that once a program has been successfully implemented via a SIB once, governments will want to contract for that service directly without a SIB because the impact of the service will be apparent. In this way, SIBs are expected to incentivize the adoption of policies that are deemed successful through rigorous evaluation.

Second, the concept of impact investing has emerged to identify a growing field of actors who are interested in using their funds to achieve social impact. These actors include foundations as well as private investors who consider themselves to be impact investors, interested in seeing returns in terms of social impact, while expecting moderate or no financial returns at all. Impact investors are different from traditional charities in that they expect measurable impact as a result of their

investment. While impact investment has led to the implementation of significant social programs, the field is often critiqued for operating independently of the government. SIBs provide an opportunity for impact investors to achieve measurable social impact while also supporting the public sector.

Since the first SIB was designed in the UK, various governments have begun to experiment on their own with this model. In the United States, President Barack Obama proposed US\$100 million for SIBs in the 2012 budget (Rockefeller Foundation, 2012, 8). The states of Massachusetts and New York, as well as the city of New York, are among a group of innovative governments that are piloting SIBs in the United States. Other countries such as Australia, Canada, and Israel have also created initiatives to explore how they can use the model.



Instiglio was founded in February of 2012 and incubated at the Harvard Innovation Lab in Cambridge, Massachusetts. In fact, members of Instiglio's staff helped Massachusetts create the first social impact bond in the United States. With a mission to bring social impact bonds to developing countries, the organization is based on the premise that middle- and low-income countries face many similar social problems as do richer countries, and therefore may benefit from many of the same solutions. If SIBs are helping developed countries improve the impact of their social programs, this model may also be useful for middle and lower income countries.

In August Instiglio established an office in Medellin, reflecting the importance the organization attaches to working on-the-ground with governments and service providers. Colombia was chosen as a suitable base due to its significant social programs at the national, state and local government level, its sophisticated social sector, and the presence of various innovative political leaders who were thought of as potential champions for the social impact bond model.



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# Organizations more willing and interested in managing change in a global world

**Fernando Palop Marro**, founder of Triz 21 SL, Prof. from the Polytechnic University of Valencia. Technical Director of PPT ERICA VT and IC

*We've taken ownership of critical knowledge for improving our company's competitiveness, and in doing so changed our company's culture. It is now proactive, and more attentive to external information.*

**Manager of one of the companies, when evaluating the result of his participation**

**A**ny person who has to make strategic decisions nowadays, must have considered the acceleration of different changes that happen around us, and how they condition certain decisions. Before, it was enough to have simple depictions of situations kept in our memories or in a memory chest to understand or to analyze modifications in the horizon and in all objects in our lives. That's how we'd open or close stores and other commercial establishments on a street, garments would change, the object of consumption would change, or even the type of work or means of transportation. Now, I must say, that these changes are so fast that we do not get to understand them only based on comparing before and after pictures. Today it is necessary to understand the movement and direction of change. This is the only way in which we can sense the consequences and possible evolutions.

It is no coincidence that we are ruled by video. As a consequence of this "animation" experienced in the evolution of every day reality, the environment around business - and in a different way the world of research - has become more volatile, uncertain, complex and ambiguous. These characteristics are present to a point in which they have made English speakers use an acronym for them- "VUCA". The truth is that they are from a globalized world, where only recently important geographic areas and countries and mostly their inhabitants, had very little or no protagonism in the future of the planet.

This changing and dynamic environment requires a new paradigm.

**This with respect to culture and the learning processes for the organization in terms of change around it, as well as the way in which decisions are built and made.**

This means that the organization and its area of influence detects, anticipates, and "reads" the meaning and implications of these changes. But this also applies to how it integrates and transforms the results of this capability of learning into actions and decisions.

Technological supervision and intelligence to compete are part of this new paradigm; they are key tools for defining technological development and innovation programs in corporate and academic environments. But they also show their value in the objective of public policies to direct the efforts and resources of science, technology and innovation (C+T+i). They contribute therefore, to materializing innovations and new technologies that provide a competitive advantage for regions, sectors and actors involved in the development of C + T + i. This is because this new paradigm is a firm starting point for identifying opportunities, detecting threats and defining lines of research and innovation projects. At the same time, this allows organizations to obtain and analyze key information of all sorts, so that the directors make strategic decisions with a better capability to manage uncertainty, and hence reduce risk. This is key to take full advantage of corporate and research opportunities<sup>1</sup>.

On April, 2011 the VT and IC - Competitive Intelligence and Technological Supervision Regional Capability Transfer and Development Pilot Project began<sup>2</sup>, as a result of the ERICA<sup>3</sup> program and the agreement as counterpart with the Polytechnic University of Valencia. The beneficiaries of this transfer have been 21 companies and 7 institutions in Antioquia. The objective: to improve the capability to direct and execute the strategy for companies and institutions through strategic and prospective methodology institutions (technological supervision and competitive intelligence). The purpose was to strengthen a more significant capability to detect and learn from changes in the environment in all participating organizations, to make the corresponding decisions. In summary, this would leverage change in a way that would improve competitiveness and development in Antioquia.





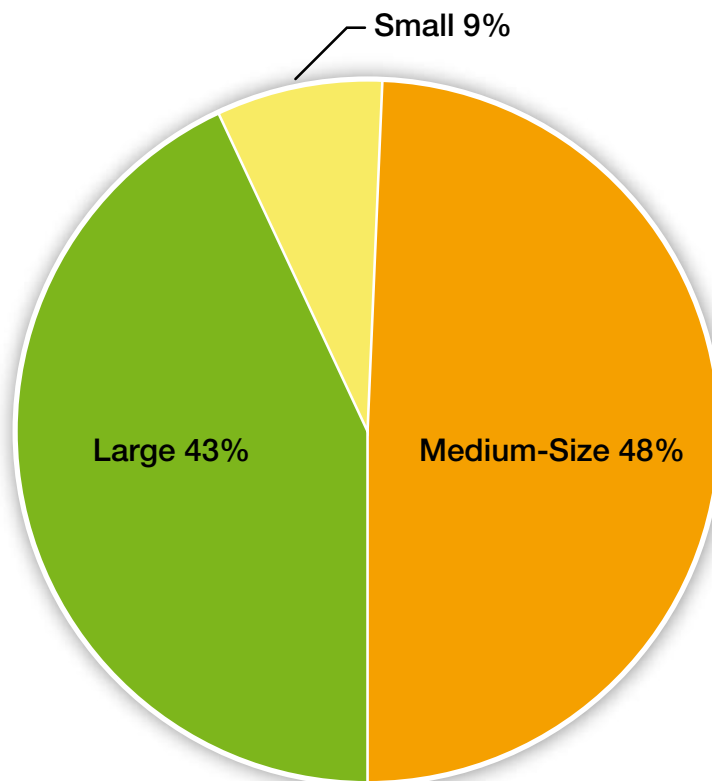


The level of engagement was not inferior, as the objective begins with aspects related to the organization's culture. It is not surprising to know that VT and IC are based on a state of awareness and willingness in people, or in reference to companies, under more awake organizations. Organizations motivated by the opportunities that change has to offer, curious and tenacious when facing novelties, seeking them as well as being ready to react in an agile fashion before any threat they may represent.

On the other hand, the transfer also involved "learning while performing" in participants, to create these capabilities in their organizations in time. This included appropriating certain knowledge and its form of application into certain management skills and information and knowledge analysis. But according to this idea, this required learning and practicing a teamwork process in VT and in IC; initially as a pilot, for the company to validate its suitability and include it in time as its own process. VT and IC are "team work" above all. It uses an existing - but usually neglected - potential in the community comprised by the organizations in their area of influence.

In turn the objective has been to provide a sustainable dynamic to the transfer process. This means that there were specialists in essential skills trained as required by VT and IC, which in turn acted during a second stage mentored by the Direction of the project as facilitators of the implementation of VT pilot exercises in companies, according to a validated work process. Training material was developed and an implementation guide finally published. Therefore the transfer process had the capacity to produce its own dynamics at a certain point without the need of the direction provided by the Polytechnic University of Valencia or Ruta-n as managing entity<sup>4</sup>.

The PPT has been open to all companies in Antioquia regardless of their size and activity. This is how they shared experience and training from small companies of not over thirty employees to large corporations as shown in figures and graphs 1 and 2.



Source: Final Report PPT ERICA VT and IC. Medellín - Valencia. May 25, 2012



There was an unplanned balance of gender in the participants: 54% men and 46% women were trained, and a similar number applied to the facilitators.

Two years after this project began with the transfer of best practices, the project's indicators and other evidence has proven that the region is undergoing a process of capacity-building, as well as strengthening those existing in these areas, in an ongoing self-sustained process. Upon conclusion of the initial project, the process contributes in strengthening companies and institutions that

are part of the regional innovation system of Antioquia. Close to 90% of the participating countries confirmed that they applied the received methodology in 2012, and no less than 80% continued to carry out new VT exercises after the first pilot. Those involved have been highly satisfied with their participation.

Currently this PPT has found continuity in another directed specifically to academic institutions for improving their planning and orientation of their research lines; this refers to FORCIVT, promoted by the Ruta-n program in progress during 2012-13.

1. Palop, F., 2013. *Competitive Intelligence, a new paradigm in the strategic direction of organizations in a globalized world*. Strategy Books, special edition. Madrid
2. It receives different names, and the best description for it is competitive intelligence
3. ERICA, a platform of inter-institutional coordination is comprised by public, private and academic institutions of Antioquia and Spain [www.programaerica.org/](http://www.programaerica.org/)
4. ERICA, 2013 *Technological Supervision and Competitive Intelligence Practice Methodological Guide*. Palop Marro, F. and Martínez Cadavid, J.F. for the ERICA Program. Medellín, 35pp.



# Entrepreneurship and social innovation in a context of crisis

Olga Porro Martorell, Momentum Project coordinator

It is a challenge to be a social entrepreneur at a time in which the economy is in full tension. At this time, existing social entrepreneurs are remaining closer to their core values of determination, passion, eagerness to improve, capacity to innovate and mobilization of resources to overcome all obstacles inherent to the crisis

In reality, a time of crisis is when more new social entrepreneurs are necessary to respond to the significant challenges included within the new economic paradigm. They have the potential to create sustainable economic value, and this is one of the most valuable and solid tools available to offer a solution to the crisis. Their viable models can become somewhat of a “magic potion”. It’s very possible that many of us would only see problems and limitations in places where a social entrepreneur can only detect opportunities. At a time when the established capitalist system is seeking a fresh approach, social entrepreneurs may provide the necessary perspective to live in a more equitable, human and balanced economy.

The Momentum Project developed by BBVA and ESADE came upon this commitment at a time in which the economic situation is very complex, and there was no

intention of abandoning social entrepreneurs, so it seemed like a good idea to create a program to assist them and help them grow. The intention was for social entrepreneurship not to seem like an act of heroism during critical times, but to fully understand the vital role of social entrepreneurs in times of crisis, it’s necessary to define what is understood as the social entrepreneurship phenomenon, and how it relates to social innovation.

The social entrepreneur category and the term social entrepreneurship seem a bit confusing for many, as creating an enterprise includes a social component in itself. In fact, an entrepreneur is responsible for creating wealth for the society, offering new job posts and enabling the development of new services and products - which seem to have a social component involved.





To understand the social entrepreneurship concept properly, it's necessary to show that it isn't redundant to add the word "social" to the word "entrepreneurship", and that a new category of social entrepreneur was necessary. The distinction arises from the fact that the main driver behind a social entrepreneur is not the same as that behind an ordinary entrepreneur. A social entrepreneur seeks above all to attack a social problem (or an environmental problem) and generate a social transformation impact and process. This is the foundation for his / her decisions. To meet this mission, the social entrepreneur decides to create an initiative based on a strategy and a corporate approach. On the contrary, what motivates the ordinary entrepreneur is the simple adventure and challenge of creating an enterprise.

Therefore social entrepreneurship is a phenomenon that uses corporate principles and tools (therefore anchored to the criteria of efficiency and competitiveness) to create and manage initiatives that generate sustainable social transformation. Therefore, the objective and main mission is to create social value, although it will always be necessary to ensure its survival (in other words, economic sustainability).

There is a detailed explanation on the social entrepreneurship phenomenon in the book *Empresas que inspiran futuro* (Enterprises that inspire future) by Alfred Vernis and Maria Iglesias, where the authors also discuss the successful business models of eight social entrepreneurs' cases.

In reality, it's very difficult to define a single profile for what constitutes a social entrepreneur. There are also several definitions and interpretations of social entrepreneurship based on the school of economic thought and the context to which the term applies. The Momentum Project for example, uses the definition proposed by Pamela Hartigan, Director of the Skoll Centre for Social Entrepreneurship at Oxford University: "Imagine the combination between Richard Branson and Mother Theresa of Calcutta".

Even so, it's possible to identify common features. The most important one, is the use of social innovation as a strategy to find a different / new product or service, or a new approach to a social challenge.

**Social innovation refers to new ideas and approaches that come upon to solve social issues.**

As of today, and possibly as an outcome of the crisis; social innovation grows at an unprecedented pace, and each time there are more examples of social innovation that are more successful and sustainable in time. To that end, the Social Innovation Institute has recently published the book "Vías hacia el cambio sistémico: Empleo y variables para la innovación social" (Roads towards systemic change: Employment and other variables for social innovation), where authors Heloise Buckland and David Murillo discuss this new paradigm. The book explains four cases of social innovation: the largest online community of activists in the world, a local network of networks that exchange goods and services without using money, a food bank specialized in recovering food that has not been traded commercially and re-distributing it to people in need, and an organization from the United Kingdom government with the mission to apply behavioral finances to public policies in search of social well-being. This shows the enormous diversity of current social innovation types.

With the Momentum Project in Spain, BBVA and ESADE wish to support social entrepreneurs to create a powerful social entrepreneurship ecosystem that may respond to many of the problems that the economic system of this country has to face. Social entrepreneurs with the power to innovate and an energetic and persistent attitude are essential to the change process. At Momentum, they receive support and access to funding so that they can succeed in the markets where they compete in, and grow and scale their impact.



# Social innovation from the government is it ¿Mission impossible?

Natalia Currea Dereser, Knowledge management coordinator at ANSPE

Colombia has shown to be lagging behind considerably with respect to countries with similar characteristics regarding the development of science, technology and innovation. In 2009, the total research and development investment in Colombia was of 0.2% of the GDP; a very low percentage in comparison with countries such as Argentina, which invests 0.5%, Chile 0.7%, Brazil 0.8% or South Korea 3.2%<sup>1</sup>.

**T**he Prosperidad para todos National Development Plan 2010-2014, acknowledges innovation as an essential axis for all development scenarios, guaranteeing the sustainability of economic growth, but also the country's competitiveness, environmental sustainability, and social progress. On the other hand, the National Innovation Strategy includes the promotion of social innovation as a mechanism that allows seeking and developing novelty solutions to social issues in Colombia, where the reduction of poverty, and improving life conditions of the most vulnerable population are the most important.

Within this context, the Social Innovation Center - CIS, from the National Agency for Overcoming Extreme Poverty - ANSPE; is a pioneer strategy to develop social innovation from the Public perspective.

An entity such as this, which seeks to identify, scale, and reply alternate solutions to the necessities of those populations suffering from extreme poverty; has to face significant barriers that are explained basically with the fact that Public logic is different from that of other sectors.

When complying with their mandate, State institutions must focus on enhancing their

coverage, which has an impact on their programs' relevance. The solutions offered in the housing sector are an example of this situation, where building materials and technical features for homes are standardized without regard to the community's context. On the other hand, social innovation processes arise to respond to specific needs in the community with methodologies that are based on the social, cultural and geographic characteristics of a particular community that will ensure both the allocation and relevance of these solutions.

It is also necessary to understand that social innovation is linked to social change that requires time to be both understood and adopted. On the contrary, planning processes are long and laborious in the public sector, and execution processes are usually short, in response to annual fiscal periods.

Social innovation usually goes through stages of creation and developing the idea, prototype and pilot. This process includes the opportunity to run trial and error exercises, where the possibility of failure in social innovation is acknowledged. For the public sector, this dynamic is difficult to adopt, as it's not possible to assume the investment in projects that imply risk capital.

1. Source: Prosperidad para Todos (Prosperity for All) National Development Plan

There are also other types of barriers. The first one is related to the generation and appropriation of knowledge around social innovation. There are different ways to define social innovation: it can be a process, a solution, a practice, a product, a methodology, a new design, or a change in ideology, or culture. This is a concept in its early stage of development and it establishes certain dilemmas and discussions such as the difference between social entrepreneurship and social innovation, or the association between social innovation and social development. To enrich this debate, it's necessary to recognize the value of all knowledge from different sectors: the academy, public entities, private companies, NGOs, and specially the knowledge from experience and wisdom of communities.

The latter is associated with the need for reinforcing a culture of organization and documentation of social innovation experiences; this knowledge will be the foundation for the collective strengthening of projects based on the generation and dissemination of lessons learned.

In addition, we must mention the false belief that investing in social innovation is not profitable. To understand this is not the case, it is necessary to have a profound understanding of what social profitability is.

Lastly, there is yet no favorable environment for social innovation. Colombia lacks a culture of association based on collaboration between organizations to promote the growth of all stakeholders. There is a fragmentation of local stakeholders and difficulty in agreeing upon common wills and interests, to solve common problems.

In spite of confronting major challenges, it's important to highlight the significance of working for social innovation from the public sector. The CIS offers the possibility of promoting, replicating and escalating solutions that have been proven with an ensured relevance. At the same time, it is possible to work more effectively from the Public sector in the creation of favorable environments to promote eliminating barriers, as well as the creation of incentives to favor social innovation.

**Finally the public sector is required to lead innovative collaboration schemes between the public, private, civil society, academic and community groups that ensure exchanging lessons learned, knowledge and expertise.**

CIS therefore seeks working articulated with the private sector, the academy and the third sector; to transform this type of solution into public policy.

Without a doubt, it is necessary to create favorable conditions within the government to promote the development of social innovation initiatives, creating the necessary incentives for social innovators - both individual and organizations - to commit to find solutions for social issues and exclusion, working on development alternatives for disadvantaged Colombians.







# Deusto Innovación Social: the “human perspective” of innovation

**Garbiñe Henry**, director of Deusto Innovación Social (University of Deusto)

Globalization, the society of knowledge and the global crisis are generating changes in behavior and social habits. People are the drivers of change towards a sustainable development model that is socially responsible and generates wealth while respecting the environment. At Deusto Innovación Social, we wish to “look” into the globalization, innovation and social change processes through people’s eyes; analyzing the impact of these processes in their lives, in the changes in customs and values, in the transformations of coexistence frameworks and in cultural transformations. Social empowerment is essential for translating transformation and change processes into Development and Innovation (D + i) while not generating inequalities or social gaps.

**T**he University of Deusto is known for its clear social commitment, with the fight for justice in the world and more specifically in our environment, and committed to a more fair and equitable development. To this end, Deusto seeks socially responsible and sustainable innovation, i.e. with the purpose of solving challenges and maximizing their social environment. This line of deep understanding and valuation of social innovation consolidates Deusto Innovación Social as a University Development Unit within the Deusto Foundation, and it’s closely linked to the Faculty of Social and Human Sciences, that collaborates in social matters with the rest of Faculties and Centers in the University of Deusto. In July 2011, the Deusto Innovación Social 2014

Strategic Plan was approved, including ten objectives, four Strategic Lines and ten Action Programs that involve over 150 people.

Deusto Innovación Social is an initiative of the University aimed at strengthening research and knowledge transfer in social innovation scenarios, at scientifically understanding social change, anticipating future scenarios and formulating projects that favor an improvement and transformation of the society, based on a few values and attitudes that locate people at the core of all action scenarios, as we are deeply convinced of what Aristotle said: “The purpose of speculative science is truth, and the purpose of practical science is action”.

## The Strategic Objectives that are sought out in Deusto Innovación Social are:

1. Collaborating with the structural and cultural transformation required by the society of knowledge, from the ethical and human perspective that appears in the Deusto University Project, and giving the society all the scientific heritage from the University of Deusto, the results of research and teaching, as well as the results of any other related activity.
2. Promoting the coordination between all stakeholders in the Social Innovation value chain at the University of Deusto: research, dissemination, transfer and support to social entrepreneurship, providing feedback for teaching activities in all faculties.
3. Obtaining and managing projects, and promoting knowledge transfer activities for all faculties and centers at the University in the different social environments, with maximum quality.
4. Obtaining collaboration agreements and significant financial resources.
5. Promoting collaboration between faculties, centers and research teams at Deusto around social matters.
6. Attracting and retaining talent.
7. Collaborating closely with the corporate, institutional and social world.
8. Seeking international presence.
9. Seeking collaboration with other centers of the Aristos Campus Mundus group.
10. Supporting the promotion and dissemination of social research results carried out at Deusto.

## Four Strategic Lines: have been deployed for the compliance of these Objectives:

**Line 1. Research and transfer.** Deusto Innovación Social intends to support and value the research on social matters and the transfer of knowledge generated for society at local, national and international levels.

**Line 2. Networks and social projection.** Deusto Innovación Social promotes the profile of the University of Deusto as a center committed to the transformation of society, through its research, outreach, and action, and by way of its participation in social, citizen, institutional and corporate networks at local and international levels.

**Line 3. Management and people.** Deusto Innovación Social is a center that gathers and promotes quality social research, in a motivated, participative and efficient manner at the service of people seeking continuous improvement in all of their actions and services “from”, “for” and “with” people.

**Line 4. Principles and values.** College education is increasingly more explicit in its commitment to the teaching of values, and this is especially true at the University of Deusto, a Jesuit University. The commitment towards values underlies the identity of Deusto Innovación Social, and is inherent to the services offered to the university community, specifically the society in general.





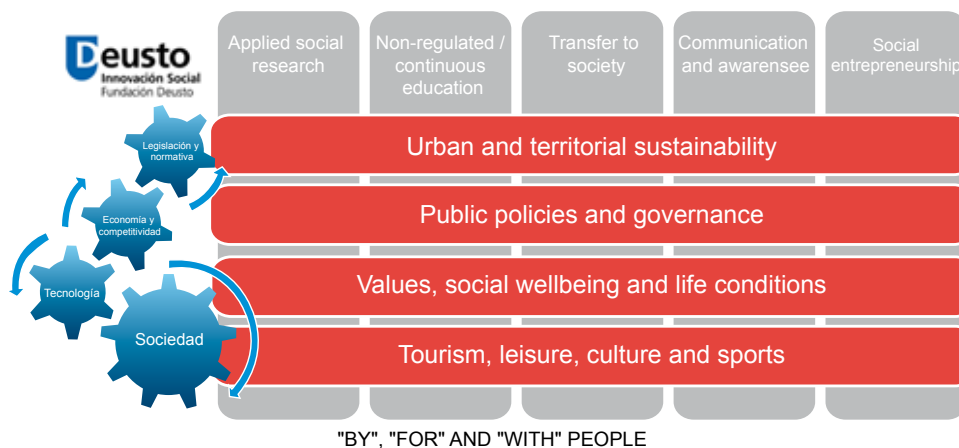
To execute the 2014 Social Innovation Strategic Plan, our value chain begins with Applied Social Research to try and understand social change, anticipate future scenarios and prepare projects in favor of an improvement and transformation of the society. We continue with Education in Social Competencies to qualify students with the competencies required for their life and work, beyond the knowledge obtained during their college years. The third link is the Transfer to Society to transform knowledge into specific results. In fourth place we consider Communication and Awareness around the knowledge necessary for society, essential to participate in a responsible culture that is sustainable over time. Lastly, the promotion of Social Entrepreneurship through competency building to develop people in a comprehensive fashion and improve their level of enjoyment.

In each of the sections of our value chain, Deusto Innovación Social works on the different streams of human behavior before social transformations, prioritizing four scenarios: Urban and territorial sustainability; Public

policies and governance; Values, Social Wellbeing and Life conditions, and; Tourism, Leisure, Culture and Sports.

Certain examples of projects carried out in Deusto Innovación Social are among others, the Bilbao Neighborhood Urban Observatory (Observatorio Urbano de Barrios de Bilbao), the urban project citizen participation process of the Garellano zone, the co-direction of the publication of the book on the Fourth Sector in Euskadi, sessions of discussion and cooperation of different agents implicated in specific realities such as youth employment, equality, sustainability, etc.

To close, I would like to insist in the fact that Social Innovation is the mark of excellence at the University of Deusto. Because everything is made “by” people, “for” people and “with” people.



"BY", "FOR" AND "WITH" PEOPLE

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# Open social innovation learning practices

Ignacio Vidal, Socialab general manager

**A**t Socialab we wish to bring companies and society together. They can both benefit from acting as allies rather than enemies. Social innovation is the path to follow to achieve this goal. We have developed social innovation consultancies with this purpose in mind, through a process of co-creation, together with future users, providing advice to companies in the development of new business units that seek to serve the poorest members of society, and including them as valuable consumers.

If the company achieves its goal, it will be able to generate business with tremendous potential (63% of the global population is poor and is not being served) and will also generate positive social change with a broad impact, by democratizing the market and satisfying this segment's needs. This is somewhat of a Corporate Social Responsibility 2.0 with high social profitability and economic return. Some companies in Latin America have undertaken this challenge with excellent results: Movistar, Inchalam, CGE, and Jardim, to name a few.

Movistar, for example, after its partnership with Socialab, broke a huge paradigm related to the creditworthiness of the poorest segment in Chile. They understood the context and realized that these families spent close to USD \$50 on connectivity, but through a cyber-café. Movistar proposed a notebook (paid in monthly installments) with mobile Internet. The outcome for these families was to pay less (close to USD \$30 a month), having Internet at home and on their own computer. For Movistar this meant generating a new business unit where over 2 million families were to be connected in 3 years.

A few years from now, companies will be forced to reinvent themselves if they wish to survive an increasingly saturated and competitive market. At Socialab, little by little, we are showing the world the opportunity that lays in serving this large segment that has been traditionally stereotyped by society as commercially irrelevant. By portraying them as valued consumers, we see business as the





The support provided to entrepreneurs considers a planning process that includes a 10 month period for incubation at the Socialab academy, where the main basis is to solve in a fast and inexpensive way, through a methodology focused on the user and considering co-creation with people present throughout the entire process.

Proyecta Colombia, the first contest organized with Anspe and Compartamos con Colombia ended a few days ago; the challenge was to solve qualitative housing issues in the extreme poverty sector. We received 136 solutions, after a 2-month process in which entrepreneurs left their offices and worked together with their future users. Only 8 reached the grand finale, where the evaluating panel selected 5 to receive funding.

Unfortunately there are several cultural barriers that do not allow seeing entrepreneurship and social innovation as solutions to complex social problems with high impact and return. One of these barriers lays in understanding these complex problems through their sadness. When this happens, they'll be seen through the lens of assistance and charity.

most powerful tool for overcoming poverty. Today we have the participation of Chile, Argentina, Uruguay and starting the end of 2012; Colombia. At Socialab we also have an open innovation platform where we seek to promote the development of future social entrepreneurs to solve the most significant problems they face.

What we do at [www.socialab.com](http://www.socialab.com) is to bring a problem from the field, together with the users (or future clients) that live in the most vulnerable communities. We convert it into a challenge and we post it on the platform, making it available to the community. We then fund and support whoever may solve it in a sustainable and responsible fashion, allowing ideas to be transformed into a scalable project, as this has the potential of creating an impact and changing the world, becoming an essential tool to overcome poverty.

**But our focus is that civil society and the private sector see these issues as challenges without any shame.**

On the other hand, there is also a demonization of profit, which does not coexist properly with social wellbeing; they are practically understood as opposite. We understand profit as the generation of return by an initiative. For a social business to become viable it must generate a positive impact in people and must be economically profitable, otherwise it will be doomed to failure. Being profitable does not mean obtaining profit indiscriminately. As long as there is no difference established, there will be a negative impact on social innovation.



# Comfama within the Social Innovation Context

**C**hanges of great complexity are to be expected in societies characterized by their diversity and dynamism. Comfama was created in 1954 at a time when a particular social context permitted a consensus between entrepreneurs and workers to flourish, giving rise to a governance model geared towards public-private partnerships.

Institutional literature tends to highlight those innovative projects that have left a mark in our target population. However, behind each of these projects there is an institution that, since its inception, has incorporated social innovation as the core of its interventions.

The arrival of new players, the growth of the service sector, early de-industrialization, and business informality, among other social problems, have added complexity to the provision of social services, making social innovation a problematic subject. Nonetheless, one of the keys of our success in seeking innovation lies in reducing complexity and having the capacity to reinvent our organization.

*“Comfama connects other actors in a strategic manner around common problems and then coordinates administratively to ensure that local solutions are found, fitted and implemented. Its results are evident in the high levels of user satisfaction in its many service lines, and in the positive perspectives its partners have about the work it does. Business, labor and political partners are effusive about the organization.” (Andrews and Hoyos, 2012).*

Over the years, Comfama has evolved according to the social demands of the region, addressing them with everything from education loans for the employees' children, to training services, surgical services, education aimed at incorporating women into the labor market, or childcare and preschool facilities to ease the mothers' participation in the economy. In this way, services have been progressively added in accordance with the needs of the population over several decades, all aimed at insuring the well-being of the working population.



*Comfama brings organizations from these different sectors together to ensure services are made available to beneficiaries. It typically plays both a strategic and administrative role in these processes. The strategic role involves connecting organizations at a policy or mission level to agree on what services need to be provided, how this should happen, and who should be involved. The administrative role involves coordinating actual operations across multiple organizations and often providing the hands-on management required to run service delivery facilities and processes. There are various examples that explain these roles, in providing more traditional public sector services (like housing and education) and in fostering engagements to promote entrepreneurship (including new business development) and community building. (Andrews and Hoyos, 2012).*

If we are to analyze its institutional history, innovation can be identified as a constant factor in Comfama's evolution. The question becomes: How did these innovations come about? One could argue that one of the keys of innovation involves reducing complexity without simplifying reality in order to anticipate emerging social needs. This approach led Harvard University to express interest in making Comfama one of its case studies.<sup>1</sup>

The case methodology is employed by a number of schools at Harvard as a pedagogical exercise in simulation, in which a board of directors must address a concrete problem or challenge analytically, and decide upon the best response within several alternative scenarios. The central question for the Comfama case study was whether the best practice embodied in the partnership model for the provision of social services could be replicated in other countries, and if so, under which conditions.

One of the groups' conclusions worth highlighting here is that one of the secrets of Comfama's success that can become an international best practice isn't so much the model it follows, but rather its organizational structure and governance. The best practice consists in the way Comfama has built institutional relations to do a detailed needs assessment in the area it seeks to operate in, and develops the mechanisms to adapt and produ-

ce adequate solutions. It has thus consolidated the competency of becoming a strategic node among actors, catalyzing and leveraging capacities within this fabric of actors, and acting as a tactical coordinator and active administrator of the interaction in order to facilitate adequate, productive and successful implementation of the solutions.<sup>2</sup>

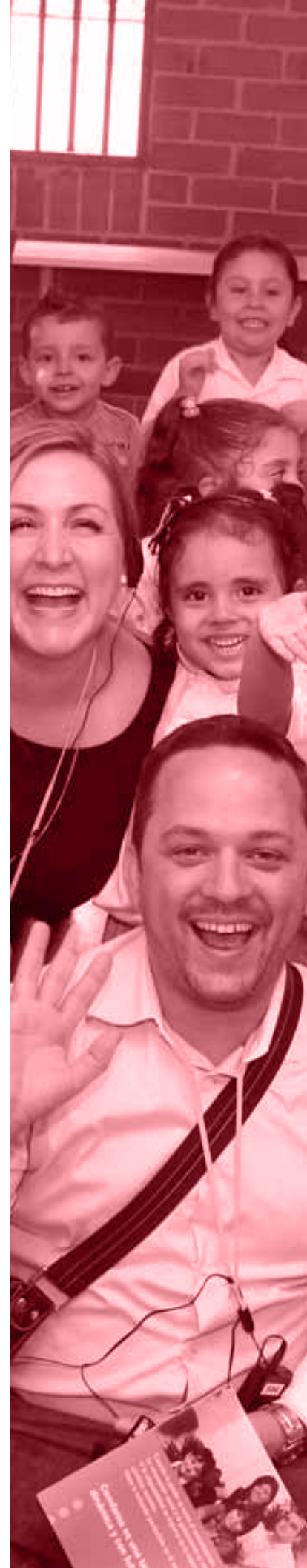
Faced with a historic lack of capacity among public agencies, Comfama's model has been able to leverage the ethical commitment and executive capabilities of a strong private sector in the service of efficient and profitable social service provision. Comfama was able to unleash what, in the words of the prestigious economist Dani Rodrick, is called 'social spin', which is a sustained engine of practices and solutions to new challenges, which is, for Rodrick, a model that could be adapted successfully to the industrial practices of many countries. The report points out that:

*Con el tiempo se ha convertido en un catalizador para las asociaciones público-privadas, a través de intervenciones caracterizadas por la transparencia y el profesionalismo. Sus actuales niveles de actividad son mucho más amplios de lo que eran incluso hace una década, en parte porque han sido vistas como efectivas y confiables, y porque leyes como las de 1993 y 2002 permitieron ampliar el portafolio de servicios y crear nuevas alianzas. Indudablemente, es un modelo organizacional al que deben mirar otros países en vías de desarrollo, pero con un cuidadoso análisis de sus raíces y de los muchos acontecimientos que fomentaron su crecimiento (Andrews y Hoyos, 2012).*

Over time it has become a catalyst for public-private partnerships that generate social development, through engagements characterized by transparency and professionalism. Its current levels of activity are much more expansive than they were even a decade ago, partly because they have been seen as effective and trusted, and because laws like those in 1993 and 2002 allowed an expanded service portfolio and the creation of new alliances. It is undoubtedly an organizational model that other developing countries should look at, but with a careful consideration of its roots and the many events that fostered its growth.

1. This study was led by Professor Matt Andrews at the Harvard Kennedy School. The case was discussed in Professor Andrews' public policy class, attended by 50 Public Administration and International Development, and Public Policy M.A. students.

2. Conclusions by Comfama's C.E.O., María Inés Restrepo de Arango, 2012





# For such a time as this:

## social innovation and enterprise in Singapore

Tong Yee, director of The Thought Collective

**S**ingapore's context is very unique, in that we are one of the few countries in the world that enjoy the privilege of having a very reliable and efficient government. It is often joked in Singapore that our government is the biggest and most successful social enterprise in the world given its track record in achieving phenomenal economic growth while broadly addressing social development issues in our rapidly growing state. Ironically, it is because of our overall responsible government that our own citizens have not been motivated in creating civic solutions of our own, much less social enterprises or civic movements. Global changes have however brought extremely tumultuous waves of change to our shores and it seems that the necessity to create ground up solutions is of paramount importance now.

For one, the past three years have seen an unusually dissenting populace become increasingly critical of our government. This trend is not dissimilar to the broader global trends we are also witnessing in Russia, China, the Middle East and South East Asia; an increased access to ideas and the ability to connect and organise themselves seamlessly online has emboldened the public to speak passionately about our growing income gap, rising living costs and seemingly ineffective state policy. At the heart of it, our traditionally stalwart institutions have begun to lose the trust of our people, creating a serendipitously conducive space for the growth of civic driven social enterprise and innovation. With the recognition that we need to encourage ground up initiatives, the Singapore government has generously invested in social sector capacity building such that a now cynical populace can begin to find new entities by which they can trust and rely on, while not compromising on addressing broader national needs.

This is the unique space that we, the Thought Collective, found ourselves in 11 years ago. In 2002, most of us on the pioneering team were public school teachers that desired to set up a school serving the unfortunate in Singapore, a school that would go beyond the course of curriculum study and find innovative ways to combat apathy and irresponsibility in our society. Without taking government funding, we pooled resources together and raised enough to set up our first entity.





What began as a work of the heart to serve those that struggled financially in Singapore, has since grown into a collective of 5 social enterprises with a combined staff strength of 140 people and bringing in annual revenues of approximately S\$9 million. We honestly never imagined that our vision for our social enterprises would scale to this stage but the past decade has indeed taught us multiple things and we look forward to sharing the key strategies and learning in this article.

### **Capitalise on existing market habits**

In Singapore, there are some very strong sectors that benefit from market trust or love in certain goods and services. The education sector for instance is very stable and it always happens to be the first industry that we developed our first social enterprise in. Our social mission of combatting apathy through our classes, gained much popularity not because people cared about our social mission, but because people already had habits of going for tuition classes. Capitalising on Singaporean market habits helped keep us sustainable in the early years.

### **Our social mission is not an excuse for market mediocrity**

Too often, people believe that because they are doing work for a good cause and support a social mission that it is good enough reason for them to patronise their social enterprise. This is cannot be further from the truth. In Singapore, and probably similarly across the world, a social enterprise is subject to the same standards and quality expectation as any other enterprise. In that sense, social enterprises are therein much more challenging to be successful. Never let your product become

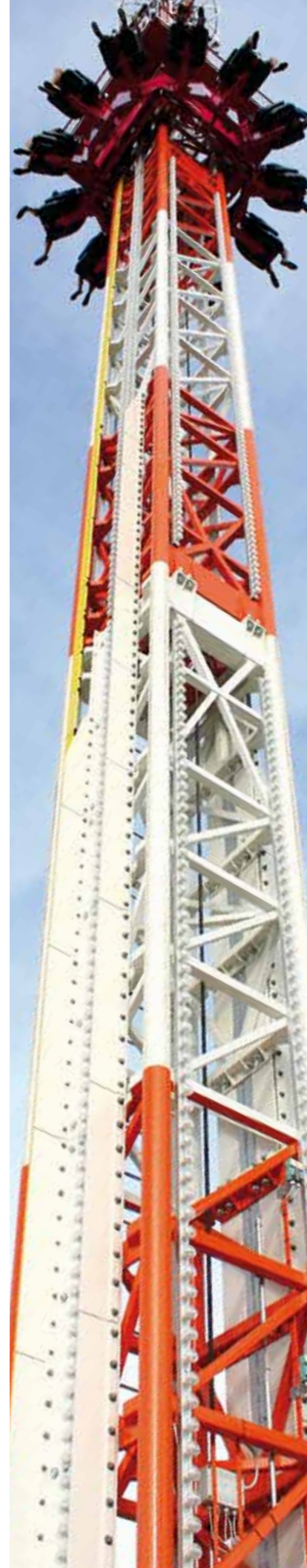
mediocre simply because you believe you are doing good and are justified in being average.

### **Solve your own problems through new businesses**

The Thought Collective consistently solved our own internal problems by setting up new businesses. This lateral expansion benefitted us in several ways. Setting up our own publishing company in order to satisfy our own need for a marketing platform allowed us to build more capabilities as a group of companies, without needing to outsource too often. Strategically, each new company we set up was helpful in serving our most immediate and costly needs. This kept operating costs low and also made us increasingly nimble in adapting to changing global context and needs.

### **Serving other players redefine your clients and pool of resources**

When we began to develop more and more capabilities, we discovered that we were in an increasingly advantageous position to benefit and help others. Unlike most entities that continue to struggle with the bottom line and remain in financial siege, we were able to benefit from our lateral expansion by creating different ways we served younger enterprises. Offering shared office space, free advertising through more publications and complimentary event space in our restaurants lowered the costs of other start-ups and helped us make more friends and learn from each other. We planned our enterprises always with the agendas of our nation, communities and other corporate entities in mind. This redefined who we set ourselves up to serve and gave the impetus for many synergistic new solutions.



## Passion and charisma are both a choice and a skill, they are not innate talents

Both passion and charisma were immensely helpful in allowing our projects to grow as we were able to communicate vision with greater ease and built trust with less resistance from others. Charisma as a short term effect should not be under-estimated and passion as a long-term driver should similarly not be understated as a crucial skill. Too many believe that passion and charisma are inborn but this belief distracts from the fact that we can also choose to be vulnerable, emotionally committed and empathetic; all skills that can be practiced with a consequent rise in passion for life and other's interest in you and your work.

## It is ok if you do not know what you are doing

5 social enterprises and multiple successful social initiatives later, we confidently say that we only learnt what we now know in retrospect. In the beginning we rarely understood what we were doing or where we were going. This remains true till today. What we remain committed to are our social missions and it is this responsibility to the multiple things that we have chosen to lead in that has inspired us to continue to learn and develop new skills. Our scope of responsibilities define our scope of skills. People who created change in the world were not experts in their field of change; they were simply willing to lead and learnt what they needed to know along the way.







# **Inclusive businesses: innovation for value cocreation with the base of the pyramid**

Germán Ignacio Casas Arango, Comfama-IDB Base of the Pyramid Markets Advisor.

The Base of the Pyramid (BoP) concept addresses the segment of the world's population located in the lower and middle portions of the world economic pyramid. Close to 4 billion of the world's low income persons find it difficult to meet all their food, transportation, education and other needs with their earnings. In spite of their low purchasing power, however, World Resources Institute and International Finance Corporation studies demonstrate that BoP consumers represent more than US\$ 500 billion in purchasing power parity.<sup>1</sup>

<sup>1</sup> World Resources Institute and International Finance Corporation. Next Four Billion. 2007

Content on proposing an effective solution capable of eradicating poverty, Indian and North American authors C.K. Prahalad and Stuart L. Hart have argued that low income individuals should no longer be seen as victims or as a burden on society and governments. Instead, their potential should be tapped as “highly creative entrepreneurs and consumers who are conscious of value, quality and performance, capable of contributing to the economic and social development of their nations and regions.”

This article presents some of the characteristics of BoP markets that pose barriers to market creation and development, efficient use of resources and access to goods and services for those who are part of the BoP. It also introduces an innovative solution that several multilateral organizations fighting poverty are implementing in Latin America and the Caribbean, a new tool to improve the living standards of low-income individuals specifically called Inclusive Business.

### Breaking Traditional Paradigms

In order to overcome poverty, the intervention process must be seen as one of joint creation or what the authors call co-creation, where BoP consumers are regarded with respect as individuals who contribute to the resolution of their problems. Participation by stakeholders is required for the proper conditions to be created. Thus the private sector plays a fundamental role in raising the purchasing power of the poor, promoting alliances and mutual trust with consumers at the base of the pyramid to facilitate access to and consumption of its products, and implementing measures to minimize asymmetries in contractual information, in this way generating mutually beneficial businesses.

To produce the expected impact of value co-creation and economic inclusion of low-income individuals, the new BoP negotiation approaches need to work exhaustively to change the mindset of business and political leaders, multilateral agencies, nongovernmental

organizations and philanthropic entities. They need to intervene in a coordinated way and abandon the social and economic assistance-based model.

### An Innovation Opportunity

The BoP is an important fraction of the world's population comprising a little-explored and unexploited market. C.K. Prahalad detects entry barriers to meeting the needs of those at the base of the pyramid, highlighting the following:

- The lack of understanding and penetration of these markets, together with deficient implementation of innovative technologies to this effect.
- Environments that restrict access to financial services for the poorest individuals.
- Information asymmetries and the high transaction costs involved in the processes of creation, supply and consumption of goods and services for the population at the base of the pyramid, in part due to the lack of physical infrastructure and poor connectivity in countries.

In Latin America and the Caribbean (LAC), according to the World Resources Institute and International Finance Corporation figures from their publication *The Next Four Billion*, 70% of the population, or close to 360 million people, lives on less than 300 dollars a month. This market has a very high unmet demand for basic goods and services, jobs and decent housing.

In absolute terms, the countries contributing the largest population figures to the base of the pyramid in the continent are Brazil with 114.5 million, Mexico with 76.5 million and Colombia with 30.5 million. Nevertheless, in terms of percentage of the total population, the BoP represents 65% in the first case, 75% in the second and 70% of the population in





the third case. In contrast, Haiti with 95%, followed by Ecuador and Bolivia with 90%, which are the countries with the largest percentage of their population included in the base of the economic pyramid.

These are not encouraging figures for Latin America and Caribbean, but they do represent opportunities for innovation and new market development to promote the inclusion of low-income individuals in the generation of economic value. This potential US \$509 billion market (in terms of purchasing power parity) is unexploited and can lead to new business creation for both BoP individuals and large companies seeking to supply basic unmet needs. Such opportunities can lead to profitable businesses and help reduce poverty thanks to the higher purchasing power of low-income individuals, made possible by their inclusion in the productive and distribution chains of large companies.

### Implementation of an Innovative Business Model

Seeing low income individuals as potential producers and consumers makes it possible to create new business opportunities at the BoP, meeting needs that would not be met under traditional production and distribution approaches. The possibility is generated of promoting a new business model that can more actively involve this low-income population in the generation of economic value, producing impact on several fronts (social, economic, environmental) with the same effort.

One innovative proposal implemented by several multilateral organizations, including the Inter-American Development Bank, is Inclusive Business (IB) as a significant value creation contribution. IB is defined as “a business initiative that includes low income communities as part of company value chains, promoting poverty reduction and creating win-win situations in which companies and communities mutually benefit each other.”

IBs operate by means of the interaction between a company called the “anchor” or “tractor” company with local entrepreneurs and consumers, with the goal of minimizing transaction costs and maximizing social benefits for the impacted community. The anchor company adds low-income persons to its production network, either as business partners, raw materials suppliers or service providers and distributors and finally as consumers, when the company introduces products and services that meet the needs of low income persons, fulfilling conditions of accessibility and quality.

Figure presents an Inclusive Business plan proposed by the Colombian Business Council for Sustainable Development [Consejo empresarial colombiano para el desarrollo sostenible] (CECODES). The flow in the figure clearly shows the players involved in BI. The anchor company includes low income individuals in its value chain, while state agencies, multilateral organizations and NGOs dynamically accompany, support and promote the creation of new businesses, including the provision of timely feedback.



*Source: Colombian Business Council for Sustainable Development [Consejo Empresarial Colombiano para el Desarrollo Sostenible] (CECODES).*

Large and medium-sized enterprises, micro-enterprises, civil society organizations and the public sector all converge in IB, with everyone seeking to improve the situation of the poorest segments of the population. This can increase market investment capacity, optimize supply chains, improve product quality, increase information use and help reduce transaction costs.

With the participation of multiple organizations interested in generating new markets and reducing property, valuable opportunities are created to more effectively provide goods and services to the base of the pyramid. The social costs of poverty are reduced, while economies of scale, aggregation and scope are generated, which permit better use of scarce resources.

If a single organization were to address the conditions that generate poverty traps, working without the collaboration of others, al-

most unlimited resources would be required ---something which, in the context of a global economy, is not possible--. Hence the need for proper coordination of policies capable of creating public-private alliances, where multiple results-oriented resources concur under management to facilitate the measurement of the impact produced by the interventions.

Interventions need to be comprehensive, since all possible aspects must be included, together with the proper know-how, so that the tools that help reduce poverty can be used in and adapted to hostile BoP market conditions. Past experiences must be used to adapt new tactics for the future. Success cases must be replicated, understanding that each country has its own particularities, but also acknowledging that most countries face the same plague of poverty and also have the same opportunities to jointly combat poverty, with the valuable participation of organizations that have successfully addressed the issue.





In conclusion, it must be understood that BoP markets do not constitute a solid block where one solution fits all. On the contrary, in order to satisfy their needs these markets must be understood as having multiple sub-segments requiring different solutions, depending on the social and economic context. Therefore multi-dimensional and flexible solutions must be created that can rapidly adapt to the needs found in hostile environments.

When the agents involved are capable of understanding the different needs involved and how to address them, market opportunities will create virtuous circles capable of producing benefits for all parties involved. This will considerably reduce transaction costs and help reduce poverty in regions, while breaking with the traditional paradigms that economic agents have been acting in.

2. Textos sobre la base de la pirámide: hacia la co-creación de valor y desarrollo [Texts on the Base of the Pyramid: Towards Value Co-creation and Development]. Miguel Ángel Gardetti. 2009, pg. 21.
3. Ibid, pg. 8
4. UNU-WIDER, World Distribution of Household Wealth. 2006.
5. The Multilateral Investment Fund (MIF), a member of the IDB group, has detected a fundamental problem in the incorporation of new businesses at the BoP in LAC: "The low income population of Latin America and the Caribbean has an enormous and growing purchasing power and constitutes an attractive consumer market. However, many large enterprises have not been able to operate successfully in Base of the Pyramid markets, and have dedicated themselves to simply selling to the poor, instead of regarding the poor as cocreators and co-owners of new business initiatives. These companies are unaware of the new and innovative business models that can produce the double final benefit of generating corporate profits and simultaneously producing social impact, by making use of the available resources, some of which are unexploited, at the local level." Traducción libre de la cita original en español
6. Inclusive Business Guide. SNV Netherlands Development Organisation. IDB. Proposal Version 1.1., June of 2009.
7. Taken from [www.negociosinclusivoscolombia.org](http://www.negociosinclusivoscolombia.org)
8. The term addresses the difficult conditions found in markets at the base of the pyramid, such as the lack of infrastructure, inadequate health and sanitation conditions, reduced Internet access, etc.

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