

Innovation Policies for Inclusiveness – Policy Cases

Prototypes of Social Innovation

Country: **Chile**

1. Short Description

The **Prototypes of Social Innovation** programme aims to develop proofs of concept and prototypes for new solutions to **solve regional challenges** through open innovation and territorial projects. The programme allows communities to identify major regional challenges, and issues an open call for innovations to resolve them, encouraging individuals, entrepreneurs and entities legally incorporated in Chile¹ to innovate. Since 2014, it has offered financial support for the development of proof of concepts and prototypes for selected social innovations (defined as novel solutions to social problems that are more efficient, equitable and sustainable than existing solutions and that create value for society as a whole rather than a few individuals).

This policy profile is part of a [policy toolkit on innovation policies for inclusiveness](#). It is relevant for territorial and social inclusiveness.

2. Policy Characteristics

Basic Information

Country and implementing institution(s):	Timeline:
Chile The programme is led by the Chilean Economic Development Agency (CORFO) of the Ministry of Economy and regional institutions (regional governments and public services). The National Innovation and Development Council, the Inter-American Development Bank (IDB) and the regional government were also involved in supporting the pilot initiative in the region of Aysén.	2014 to the present (as of December 2016)
Target group	Size and budget:
Region and groups The region of Aysén was chosen for the pilot programme, as it is isolated from the	The budget for the pilot project in Chilean pesos is CLP 430 million (approx. USD 1.1 million, PPP). 13 projects were selected for implementation

¹ Including companies, universities and other organisations subject to capital income taxes.



economic and political centre, has one of the lowest population densities in the country and faces increasing social challenges. The instrument is now being implemented in six new regions: **Atacama, Antofagasta, Los Lagos, Valparaíso, Coquimbo and Los Ríos.** during the pilot phase.

Type of policy instrument(s)

Direct financial support: Grant
Outreach

Inclusiveness focus

Territorial inclusiveness
Social inclusiveness

Policy objectives

This project aims to implement science, technology and innovation (STI) policies that address **social challenges**. Beyond the development of products and services, the instrument is designed to impact local ecosystems by involving local actors and communities. The programme's medium-term objective is the development of innovations into successful projects with **sustainable business models (triple impact)**, involving **communities** in the generation and implementation of innovative solutions. The longer-term objective is to foster the replication and scaling up of projects and achieve a high social impact. Another central objective of the programme is to support the creation of a network that generates new linkages between actors in the region. The project also aims to encourage broad civic participation, in particular by building a critical mass of social innovation from the recipient regions themselves.

Rationale

Chile has determined that social problems arise when groups cannot easily access products and public services that meet their needs and lack the necessary channels to signal their demand to private markets and public authorities. While **innovations and new technologies offer opportunities to resolve social** issues, the Chilean innovation system lacks the necessary insight from affected communities to develop such solutions. "Prototypes of Social Innovation" is part of a wider policy effort to promote the development of innovations that answer to social challenges in Chile. Complementary policies include a cross-institutional public committee developing a national agenda on social innovation, an evaluation of the regulatory framework for social entrepreneurship and several funding instruments.

Policy target recipient and selection mechanism

Once a call for solution is issued in relation to the identified challenges, **individual entrepreneurs and Chilean legal entities (companies, universities and other organisations)** can submit proposals. Foreign submissions must include a local partner to be eligible. Candidates may involve partners for joint funding and as co-executors for implementation.



Candidates must first submit their ideas through a dedicated online platform, where they can interact with mentors and local communities in order to develop and improve their concept. Final proposals are submitted for funding and the best solutions are elected. Proposals must describe the solution, compare its novelty against existing alternatives, and explain the methodology (with regard to technical implementation and linking regional organisations through execution of the project). They must also include a plan of action for both funding phases (proof of concept and prototype development) that **involves local communities** in activities, a budget and a plan for evaluating results. A CORFO Committee² composed of experts from government, the business sector and academia selects the winning solutions.

The criteria for selection include the following:

- The innovative solution must **answer the social challenge** at hand more effectively and sustainably than existing alternatives in the area, taking into account socio-economic factors.
- The innovative solution must be suitable for intellectual property protection, potentially replicable, sustainable and suitable for scaling up. In addition, the innovative solution should have a high social impact.
- The innovative solution must generate significant improvements in the economic, social and environmental dimensions of social challenge (triple impact).
- The innovative solution must **generate social value** to the community by fostering new forms of collaboration and co-creation.

Policy instrument(s)

Public-private partnership (open call for innovation): The pilot project in the region of Aysén identified local challenges through a process of co-ordination and collaboration that included interviews and meetings with different social groups throughout the region. The process involved small businesses, government employees, students, workers and social activists. The community of Aysén prioritised two central challenges: youth and environment. The programme then issued a call for solutions on an open social innovation platform, where participants and stakeholders could discuss solutions and submit their final proposals. The “Prototypes of Social Innovation” programme received 40 proposals and selected 13 for funding.

Financial support (grant): The chosen solutions will receive a non-refundable **grant** of up to CLP 40 million per project, covering up to 80% of project development costs. The applicants are responsible for the remaining percentage in cash or in kind. Funding is allocated for two phases. Phase one covers **proof of concept** and is limited to CLP 4 million. Phase two supports the development of a **prototype** of the social innovation, including testing with the recipient community, the development of a sustainable **business model**, and plans for scaling up the solution for economic

² In Spanish, Subcomité de Difusión Tecnológica y Entorno para la Innovación.



and social impact. While scaling-up phases can be developed with public support (through applications for complementary funding instruments via CORFO or other funds from public or private institutions), there is no fast track to other CORFO funding instruments for winning prototypes. The timeline for implementation is up to 15 months and can be extended for an additional six months upon a justified request. The first phase (proof of concept) must not exceed three months. CORFO then evaluates projects for continuation of funding into the second phase.

Throughout the two phases the funding covers the costs of raw materials, travel and contracts with relevant specialists (for tasks such as design and market research) including international experts, and other activities leading to the development of the solution. Up to 30% of funding can be used for staff remuneration (but not for new personnel).

Policy challenges

The instrument faced the following challenges during implementation:

- the country's **weak innovation culture** (in particular, lack of awareness regarding the concept of social innovation), which resulted in difficulties in formulating projects;
- difficulties in **defining metrics** to track and evaluate social innovation;
- **low co-ordination** between the different institutions and actors involved in the different stages of the instrument;
- **weak leadership capacity of regional actors**, given the limited development of the regional innovation ecosystem.

Actions undertaken to address challenges

The following actions were taken to address these challenges:

- **Regions were empowered** to lead social innovations in a decentralised fashion by providing them with additional responsibilities during the implementation process. Moreover, the authority to select solutions to social challenges is being transferred to regional committees.
- CORFO sought to **increase the coherence of the different processes** involved in the instrument. It also devoted efforts to **defining indicators** for processes and intermediary outputs and is evaluating whether a **single institution can act as a facilitator** through the different stages of the instrument.
- CORFO is **developing alliances with other institutions** (with close links to local communities) in the interest of improving workshop participation.

Evaluation and outcomes of the scheme

The first stage of the project (**pilot programme** in the region of Aysén) ended in October 2015 with the selection of 13 proposals. The pilot instalment was evaluated in terms of use of the open social



innovation platform and participation in the “Prototypes of Social Innovation” competition, both within and outside the region. The platform registered **18 389 visits** from 11 756 different users over a period of **three months**. The “Prototypes of Social Innovation” programme received **40 proposals**, with 25 from the region of Aysén. Eighteen proposals related to the youth challenge (11 proposals from the region of Aysén) and 22 related to the environment challenge (14 proposals from the region of Aysén).

The proposals included product and service innovations, process innovations and organisational innovation. Proposals for the youth challenge targeted various factors, including the creation of job and entrepreneurship opportunities, meeting spaces and recreational activities, capacities and technology generation, and health. Proposals for the environment challenge centred on technologies for reducing pollution, energy efficiency and reusing resources. Some proposals aimed to address both challenges conjointly by developing regional tourism potential together with the involvement and leadership of young citizens.

A wider evaluation process aims to pave the way for the replication of this instrument across the other regions of Chile (see Annex A).

Sources

IDB (2015), *Escuchando a la Periferia: Innovación Social en Aysén – un Nuevo Instrumento para Generar Políticas Públicas* [Listening to the Periphery: Social Innovation in Aysén – a New Instrument to Generate Public Policies], Inter-American Development Bank, www.bidinnovacion.org/aysen/data/BID_Innovacion_Social_en_Aysen.pdf.

Innovación Social Aysén (2015), Innovación Social Aysén website, www.innovacionsocialaysen.cl (accessed 23 January 2017)

InnovaChile/CORFO (2014), *Aprueba Texto de las Bases del Instrumento de Financiamiento Denominado “Prototipos de Innovación Social”* [Approved Text of the Bases of the Financing Instrument “Prototypes of Social Innovation”], www.corfo.cl/downloadfile.aspx?CodSistema=20020129172812&CodContenido=20111230118476&CodArchivo=20150623152653 (accessed 23 January 2017).

EC/OECD (2014), *International Science, Technology and Innovation Policy (STI) Database and Survey, 2014 edition*, www.innovationpolicyplatform.org/sti-policy-database (accessed 23 January 2017).

Information provided to the OECD by the Ministry of Economy, Development and Tourism of Chile (November 2015).



Background

This document is part of a repository of examples of **innovation policies that have for explicit aim to contribute to territorial, industrial and social inclusiveness**. The repository is part of an innovation policy toolkit developed for the **Innovation for Inclusive Growth** project and gathers national innovation policy programmes that:

- A.** Explicitly target **lagging and less innovative regions** (outside of regions that are highly innovative) or by design are more likely to support these lagging / less innovative regions.
- B.** Explicitly aim to include in innovation activities **individuals and groups that are not usually participating** in those activities and in support of broadening the group of innovators.
- C.** Explicitly aim to foster innovation activities in non-innovative firms, in particular by targeting **non-innovative sectors and non-innovative Small and Medium-sized Enterprises (SMEs)**.

Policies are searchable by inclusiveness type, objective and implementation challenge on:
<https://innovationpolicyplatform.org/inclusivetoolkit>



Annex A: Evaluation and Replication of the “Prototypes of Social Innovation” Programme

Figure 1 describes the changes expected in the region following implementation of the “Prototypes of Social Innovation” programme based on the Theory of Change methodology.³ It defines the instrument’s objectives and processes through causal relationships, starting from the social needs it seeks to address and the stages of implementation, up to the expected outcomes. The systematisation process described below contributed to the design of indicators for the evaluation of this programme.

- **Institutions involved:** The Chilean Economic Development Agency ([CORFO](#)) of the Ministry of Economy and Inter-American Development Bank (IDB, represented by the Competitiveness and Innovation Division).
- **Description:** The IDB and CORFO aim to support the scaling of this instrument, identify lessons from implementation of the pilot project in the Region of Aysén and develop a methodology for social innovation that can be replicated in the remaining regions of Chile. The Systematisation Process involves the critical interpretation of the pilot’s experiences aiming to formalise processes, i.e. codifying them for replication in other regions. This is achieved by analysing the factors involved in the first implementation of the instrument, their relationships and the underlying rationales. This process will produce knowledge and meaningful lessons about the programme’s pilot experience.
- **Principal activities of the Systematisation Process:** This process will be conducted with the support of researchers from the University of Chile and the Pontifical Catholic University of Chile. They will perform three main activities:
 1. **Study the pilot programme** by describing the types of co-creation involving project stakeholders. In particular, it will explore the implementation of “[Development Evaluation](#)” practices with regard to the process of social innovation in Aysén. It will also evaluate the actors involved in the process of social innovation in the region, and carry out surveys of primary supplementary information and critical processes of regional experience.
 2. **Identify the central elements of the process of Prototypes of Social Innovation in the Region of Aysén.** These elements are inputs necessary for the development of CORFO’s “Model of Social Innovation”, which is expected to be implemented in every region of Chile. Information will be systematized at the different stages through which prototypes are developed by analysing the pilot’s strengths, weaknesses, opportunities and threats.
 3. **Identify general elements that could be useful for the consolidation of the “Methodology of Social Innovation”** of the IDB, and the design of future initiatives for inclusive policies and social innovation.

³

See H. Clark & D. Taplin (2012). Theory of Change Basics: A Primer on Theory of Change. Actknowledge, New York.



- **Outcomes:** The Systematisation Process began on 1 July 2016 and is expected to last until mid-October 2016. A complementary activity aims to identify and develop appropriate tools to measure the impact of the programme. This activity will function as an input for the definition of process indicators for prototypes of social innovation.



Figure 1. Theory of Change for the “Prototypes of Social Innovation” programme

PROTOTYPES OF SOCIAL INNOVATION

Purpose: To promote innovative solutions to social problems that improve substantially the quality of life of the target population, through the generation of co-creation innovation instances with incumbent territories, communities and people affected by these problems.

