

Barriers and incentives for social innovation in Colombia. Towards the construction of a public policy

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Barriers and incentives for social innovation in Colombia: Towards the construction of a public policy in this field

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Abstract

Colombia is currently facing important challenges that demand the incorporation of alternative and innovative mechanism into public policy strategies, in order to respond to them in a more efficient and sustainable way. Faced with this outlook, a need emerges to formulate and implement a national social innovation policy that incorporates new instruments and stakeholders into its development. This article explains the methodology being developed in Colombia for the design of the social innovation policy and the results attained based on collective intelligence strategies for the co-creation and appropriation of the policy by social innovation stakeholders, as well as the barriers and incentives of social innovation in the country. It concludes with a set of public policy guidelines.

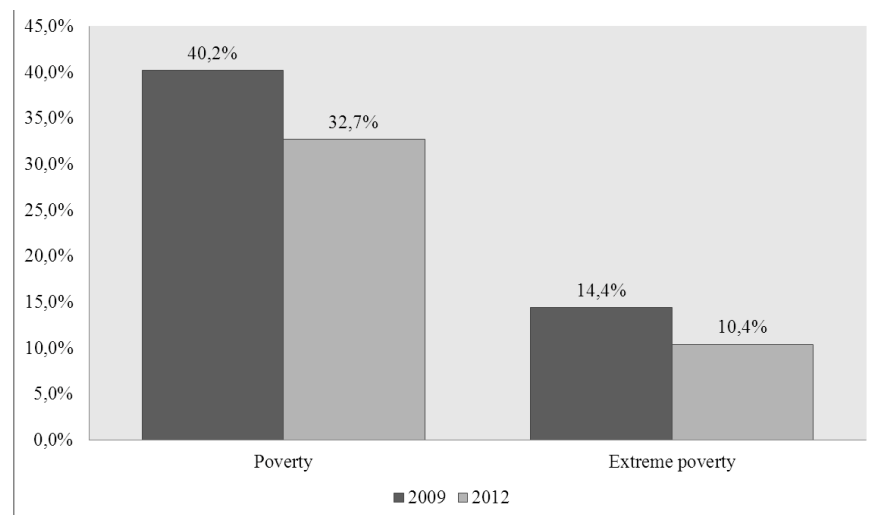
1 Introduction

Over the past five years, the Government of Colombia has started to incorporate social innovation (SI) as an alternative and complimentary instrument of the economic and social policy, in order to raise the importance of the social aspect of innovation and to place it at the service of the country's social objectives. The existence of multiple social issues which cannot be efficiently solved through traditional interventions, and that sometimes are reinforced by economic growth, makes the emergence of new policy approaches relevant, as these will contribute to connect economic growth and social welfare, while at the same time generating social value.

Within its development path, Colombia is facing challenges that require the incorporation of new alternative and complementary mechanisms into traditional public policy (PP) strategies, in order to overcome them in a more efficient, sustainable and effective manner. Regarding the issue of overcoming poverty and extreme poverty (EP), despite significant advances in their reduction (see diagram 1) there are still significant challenges. Colombia's Millennium Development Goals of reducing the percentage of individuals living in EP to 8.8 and the percentage of individuals living in poverty to 28.5, presents challenges especially in the rural context, where the EP reached 22.8 percent in 2012, as well as in the regional context, where departments such as Chocó, Cauca and La Guajira reached EP percentages of 40.7%, 34% and 27.7 % respectively. Likewise, the continuous challenges to achieve a more equitable society and to distribute the benefits from economic

growth across the population, are reflected in the fact that even though the country showed a slight reduction of 0.028 in the Gini coefficient during 2012 compared to 2008, when it was 0.567, it is still one of the highest in the region, reaching 0.539 (DANE, 2012). On the other hand, challenges associated to vulnerability due to the effects of climate change¹ and to environmental degradation have significant impact in overcoming poverty, while phenomena such as the shortage of drinking water, the rise in the emergence of diseases originating from environmental causes and floods, primarily affect the poor.

Diagram 1 – Poverty reduction in Colombia



In this regard, the National Development Plan² 2010-2014, establishes that “Colombia faces the great challenge of aligning its economic development to its social development as the basis to achieve an equitable, inclusive, prosperous and peaceful society”, and, in turn, recognizes that innovation is a fundamental axis of all development spheres that guarantee, besides the country’s economic growth and competitiveness, social progress and environmental sustainability (DNP, 2011). The Plan included the promotion of SI as a mechanism that allows identifying and developing innovative solutions for the country’s social problems. In that sense, the creation of the Social Innovation Center within the National Agency to Overcome Extreme Poverty (ANSPE)³ represents a milestone, not only in terms of the creation of a direct support mechanism for social innovations through start-up capital, but also in the implementation of SI approaches for the implementation of PP.

Faced with this outlook, the need to formulate and implement a SI policy⁴, which allows the incorporation of new instruments and new stakeholders in its development emerges within the National Government, with the goal of providing better solutions to the challenges faced by the country today. This article explains the methodology for the design of the SI PP being developed in Colombia, as well as the results attained based on collective intelligence strategies for the co-creation and appropriation of the policy by the key agents in the social innovation environment, as well as the

1 In 2010 Colombia was the third more affected country by climate change in the world according to the Global Climate Risk Index, and maintained itself in 2011 and 2012 within the countries with greater exposure to risk (Germanwatch, 2011)

2 It is the formal and legal document that serves as basis and provides the strategic guidelines of the public policies formulated by the President of the Republic through his Government team. Its elaboration, socialization, evaluation and follow up, are the direct responsibility of the DNP (DNP, 2010)

3 The signing of Decree 4160 of 2011, gave creation to the National Agency to Overcome Extreme Poverty – ANSPE – in charge of leading the Social Protection Network to Overcome Extreme Poverty – known as United Network. It establishes within its main functions “(...) promote the social innovation through the identification and implementation of private and local initiatives, among others, aimed at overcoming extreme poverty. (...)”.

4 Conceptually speaking, the design of the policy begins by understanding SI as a “process through which value is created for society through practices, management models, and innovative products or services that satisfy a need, take advantage of an opportunity and resolve a social problem in a more efficient and effective way than the existing solutions, producing a favorable and sustainable change in the system in which they operate. SI is characterized by having scalability and replicability potential; being sustainable and promoting greater levels of community empowerment and generating partnerships among different players in society” (DNP, Colciencias & ANSPE, 2013).

barriers and incentives (B&I) of SI in the country. The document is divided into four sections, this being the first one. The second section shows the methodologies used in the identification and prioritization of the B&I for the PP; the third section makes an analysis of the trends and findings of the main B&I; the final section presents public policy recommendations and some conclusions that explain the lessons learned during this process.

2 The construction process: proposed methodology

The conceptualisation and use of SI in Colombian PP is a relatively new element. There is a wide diversity of players⁵ that develop initiatives aimed in this direction; nonetheless, there is little systematic information about them. Thus, one of the most important challenges at the moment of creating a SI policy is precisely the identification of problems based on valid and trustworthy information.

The national context is set, on the one hand, by a group of initiatives that are not labeled as SI experiences, a wide diversity of players that promote them, the different issues they address and the very little progress made measuring these types of processes which leads to the lack of statistical information. On the other hand, we find a catalogue of twenty SI initiatives for extreme poverty eradication (ANSPE, 2013), a catalogue of twenty five initiatives for human development (UNDP, 2012) and the winning experiences from the SI contest in Latin America and the Caribbean organized by ECLAC (ECLAC, 2009) who awarded eight Colombian projects. Although these are great advances in the definition and identification of SI initiatives, the information is still limited for what is estimated to exist in this front.

Additionally, the challenges of designing a PP in a scenario characterized by the existence of an institutional framework which is inadequate to design policies with a systemic approach, and the emergence of new SI promoting initiatives due to the growing interest of the subject locally, required creating a methodology for its construction and subsequent implementation, that would appeal to the logic of the collective intelligence and a user-centered design, and that, at the same time, would contribute to the development of a SI environment without losing sight of the country's diversity and the disparity of regional dynamics.

In this scenario, and given that public issues are not data external to a context, but social constructions that depend on the values of the subjects that define and structure them, the Government decides to identify B&I from two fronts that worked independently but in complement, therefore providing constant feedback: (1) through the consolidation of a platform for the collective action of the citizens, the communities, and the government around the SI policy and (2) with the use of qualitative research techniques such as the multiple case study⁶.

2.1 Collective Action Platform: Social Innovation National Node

From the National Government⁷, the Social Innovation National Node⁸ (NNIS) was designed and implemented as a collective action platform for citizens, communities, Government and the rest of society's sectors relevant in the construction and implementation of SI policies, programs and projects. Inspired by the Open Government principles⁹, the NNIS proposes an alternative exercise for the construction of PP in which the call for action, in this case the performance of strategic initiatives that promote regional SI ecosystems and enhance visibility of the application of SI ap-

5 Players such as business foundations, companies, central government entities, superior education institutions, international agencies, NGO, associations, non-profit private enterprise and hospitals.

6 According to Yin's proposal (1994), the four types of case design are: a) simple case: sole unit, b) single case-multiple units, c) multiple case- single unit, d) multiple case-multiple units. In this study we will use the multiple case – multiple units type, since we will perform a comparison of the B&I found, which may vary from case to case. Nonetheless it is possible to obtain a holistic vision that is a comprehensive vision of the studied subject.

7 With the coordinated leadership of the National Planning Department (DNP), the Administrative Science, Technology and Innovation Department (COLCIENCIAS) and the National Agency to Overcome Extreme Poverty (ANSPE).

8 At the time of writing this article, close to twenty entities from the public sector are participating in the NNIS, as well as more than twenty five representatives from academia, private and third sectors and members from communities and social innovators.

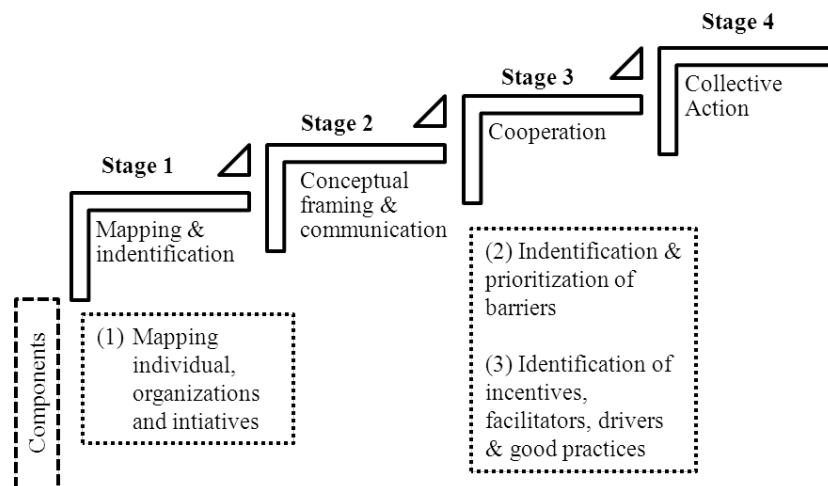
9 Transparency, cooperation and involvement.

proaches in public sector, constitute a fundamental element to achieve greater levels of participant empowerment, and favors a user-centered design that generates institutional capabilities that facilitate policy's implementation.

The creation and consolidation process of the NNIS consists of four stages that are developed under its own dynamics at the national and territorial levels: (1) mapping and identification of players, initiatives, and B&I, (2) definition of a conceptual framework and a common language, (3) cooperation for the creation of strategic initiatives for promoting SI and the design of PP, and (4) collective action for policy's implementation.

This section focuses on exposing the methodology followed in the first three stages, which, for analysis purposes in this article, in turn consist of three components: (1) mapping individuals, organizations and initiatives that at a national and regional level are key for the construction and implementation processes of the policy; (2) identification and prioritization of SI barriers; (3) identification of incentives, facilitators, drivers and good practices for the promotion of SI, and of the collective construction of the policy guidelines (see diagram 2). The specific components related with B&I are constantly providing feedback of the subsequent stages of the process to the extent that the involvement and experimentation of the NNIS members translates into knowledge and insights in this regard.

Diagram 2: NNIS creation and consolidation process



Source: Own development.

The NNIS is configured through four communication instances:

- National Workshops-format meetings: from the collective construction of a problem tree and the diagnosis of the public policy, the SI's B&I have been identified.
- The web platform: where two particular tools were implemented to identify B&I, an open discussion forum and survey, www.politicadeinnovacionsocial.co
- Thematic Social Innovation Nodes: five thematic nodes have been configured around the issues of: poverty, entrepreneurship, sustainable development, knowledge management and government.

- **Regional Workshops:** Six workshops were performed with local players, where the identification of barriers was framed on the feedback from the problem tree, and the identification of incentives was framed on the collective construction of the national policy guidelines and strategic actions. The workshops also allowed the start of the creation of SI Regional Nodes.

2.2 Multiple Case Study

For the second work front, a multiple case study was designed to analyze the SI's B&I based on five local experiences. The study of the SI processes as a social phenomenon requires an understanding of the factors that contribute to the process, how to combine these factors, what players intervene, and what are the aspects of the institutional environment that strengthen/create obstacles for said processes, among others. The study aims at achieving an understanding of how these processes work, what are the dynamics that characterize them, as well as learning the policy lessons on the aspects that act as B&I to the SI. This study was complemented with an analytical review of documents from the political and regulatory framework in Colombia.

The analysis unit selected for the study is: SI in relation to the context in which it lies, as such it may consist of one initiative or project. This, given that social innovations do not occur in isolation, but from the interaction of multiple and diverse players. In addition to providing a voice to social innovators, it is an opportunity to recognize the contexts and situations that frame social innovations in Colombia.

As with all processes, there are stages or phases in the path to social innovations: (1) Definition of challenges and exploration of opportunities, (2) Development/Experimentation, (3) Sustaining, (4) Expansion, and (5) Systemic Impact (Murray, R., Caulier-Grice, J., Mulgan, G., 2010). For purposes of the study, these phases became an important methodological reference to identify and classify the B&I found in the analysis of the Colombian regulatory and political framework, as well as in the case studies.

While the unit of analysis is the SI process and it involves different players and study levels, it is of special importance to structure this process into three levels: micro, meso and macro. The micro level corresponds to the processes and internal characteristics of innovation as such; it includes organizational elements, as well as facilitating players and its users. The meso level involves other functions that are linked to it from an external perspective within the process, as can be the local policy, organizations that support the sector where the studied SI is registered, and other players that may contribute to it and that have a medium scope and may link to the micro level. The macro level refers primarily to national institutional frameworks such as national public policy and culture, and is a more of an external relation and less direct with the SI.

In this study the challenge was centered in obtaining the largest possible amount of information about the B&I, finding diverse cases among themselves, with typical experiences, that would allow identifying innovations that encountered different stages, performed by different players, through distinct instruments and forms.

Three mechanisms were used throughout the investigation to ensure the validity and reliability of the information: triangulation, the chain of evidence and the revision of results by the players who served as reference for the collection of the information (Yin, 1994).

Based on the existing catalogues (CEPAL, 2009; PNUD, 2012; ANSPE, 2013) a group of initiatives was selected, after this, in a selection Panel made up of SI national experts, the five cases for the study were selected (see table 1).

Table 1: Selected cases for the study according to criteria

Selected Cases1	Criteria			
	Phase	Topic	How	Player
Hermes Project. Chamber of Commerce	Sustaining	Education	Model	Company
Participative Rural Innovation. PBA Corporation	Scaling	Agricultural and environment	Methodology	NGO
Escuela Nueva Fundacion Escuela Nueva	Systemic change	Education	Model	NGO
Community socio- economic services Network. Laudes Infantis	Expansion	Poverty	Services	Entrepreneurs
Alianza EAFIT University and Utópica Project.	Development	Science and technology	Product	University

Source: Own elaboration

After conducting the interviews to social innovation facilitators, users and systemic players¹⁰, we were able to find common and contradictory elements with respect to the B&I that characterize SI in Colombia. It is not the intention of this article to go into the description of each case, but instead, account for the trends found on the intersections of the multiple case studies.

3 Identified Barriers & Incentives

The following identified B&I emerge from three processes that resulted on the framework of the two work fronts exposed in the previous section: first, the documental revision of regulations and national PP; second, the preliminary findings of the multiple case studies and; third, the work performed in the NNIS. At the time of writing this article, the multiple case studies and the NNIS continue the inquiry process.

3.1 Barriers

A wide range of barriers was identified according to the SI phase and the level of incidence thereof (See annex 1). As an initial tendency, we found that at a macro level, there are four important factors of a cross-cutting character that show a degree of incidence in each of the IS phases: (1) the current institutional and public policy framework does not develop conceptual elements or sufficient instruments for the promotion of SI from the Government, therefore, it does not create a favorable environment for its development; (2) the weak knowledge management in SI, which includes the development of systematization, measurement and evaluation processes of initiatives, hinders the application of knowledge in new experiences, as well as the scaling and replication of successful social innovations, due to the fact that there is no capitalization of knowledge or consolidation

10 Players who lead or have led organizations that act as a bridge between the social innovation processes that could also be seen as facilitating players for the systemic processes of the social innovation initiatives developed in the country.

of evidence from the results of social innovations; (3) the deficiency in support services (financial, technical, etc) associated with the entrepreneurship and innovation support industry is present due to the lack of existence thereof or because of the low level of specialization and therefore a low applicability to resolve the peculiarities of SI in that case; and (4) the insufficient involvement of citizens and communities in SI processes, weakens the scope and impact since without their appropriation and empowerment, these innovations are restricted and depend on the management of a leader, and not from the community's demand.

In the innovation's definition of challenges and experimentation phase, the micro-level barriers have less significance than those at the macro level. During these initial phases, the surrounding conditions, such as the lack of financing for pilots and prototypes and the weak coordination between players that develop or promote the SI, operate as barriers that have a greater negative incidence than those related to organizational capabilities.

Now, in the sustaining phase, the barriers seem to be more concentrated in micro level factors such as the lack of solid business models, lack of management from the social innovator and the support on weak organizational structures that lead to the stagnation of innovations in terms of their continuous improvement; increasing the risk of failure before market conditions.

During the scaling phase a barrier that, although cross sectional in all phases, is crucial at the time of replicating or scaling a social innovation. The weak capacity in managing the acquired knowledge and of cataloguing the lessons learned, that lead to the initiatives having reliable information on the processes performed and the obtained results that lead to decision making; without this information, it is not possible to expand an initiative in an efficient way. This barrier is associated to the low capability of communicating the initiative's achievements, given that without arguments and evidence it is not possible to disclose and position a process of this type in the public agenda. Meanwhile, in the systemic change phase, the meso and macro level barriers associated with the institutional, regulatory and public policy framework have great prominence over those that stay within the exclusive scope of the innovation itself; nonetheless, the management and ability to relate of the social innovators, become fundamental factors when it comes to facing uncertainty and lead the innovation towards resolving situations that go beyond the solution to the initial problem. Social transformations and paradigm shifts that should be provided by the systemic change innovations are not possible if the innovations themselves do not propose changes in the power structures within them as well as in the environment.

Incentives

In matters of incentives, their identification and prioritization was framed within those factors, practices and initiatives that facilitate, promote or drive the SI development in any of its phases (See annex 2).

A detailed review of the mapped incentives reveals that these can be classified into six main categories: (1) those that aim at strengthening the coordination between collaboration and cooperation players, through instruments such as network creation; (2) those that leverage with financial resources to promote or consolidate the social innovations; (3) those aimed at facilitating and enabling citizen participation, community empowerment and the recognition of local knowledge; (4) those associated to the support and promotion of knowledge management, favoring the development of systematization, evaluation and measurement processes; (5) those that focus on dissemination and visibility aspects of the consolidated initiatives and their impact through publications, awards or recognitions as a way to favor their scaling and to promote a SI culture; and (6) those that provide technical consulting services aimed at improving the capabilities of social innovators, structuring business models and optimizing the organizational structures of social innovations, among others.

As part of the findings from the study, it was noted that these six incentive categories should be favored for each one of the phases of the social innovation, of course, stating the respective differences resulting in each phase and responding to the needs and barriers arising from each one. It is important to take into account that these are incentives that innovators have found in the management and development stage of their initiatives; incentives that they have had in practice. Nonetheless, during the inquiry, we found other factors that are perceived as incentives of the innovation processes that, although not yet taken into account, are considered valuable by the players who participated in the study. There are three trends among these factors:

1. First, it was found that while it is true that in some cases there has been progress in systematizing innovations, the need to generate stimuli to measure the impact of social innovations is perceived, and for its results to be visible before different players.
2. Second, the direct contact with those who manage public policy is perceived as an important facilitator, as to achieve the exchange of knowledge and experiences; not only for innovations in the scaling or systemic change phases but also for those in the definition of development phases, which implies not only the innovator's interest for the approach, but also that of the policy manager. Following the above, the involvement of the SI as a central tool for public management, both for the PP and public services levels, could be a driving factor for large-scale social innovations.
3. And finally, the development of capabilities of the social innovators is seen as a driving factor. This not only includes formal education programs, in fact, cases provide evidence that there are more enlightening processes such as internships in other organizations that promote social innovations, national and international encounters for exchange of experiences, placements in organizations that articulate or promote social innovations, etc.

4 Recommendations

The policy recommendations contained in this section take into account not only the B&Is found through both work fronts presented in the methodology section, but also Colombia's potential to implement institutional and social progressive arrangements that will facilitate the creation of a favorable environment in which social innovations are developed at the necessary scale and speed, to respond to the most complex social and environmental needs and challenges.

In line with the above, the Government's role is understood as that of an agent who facilitates the creation of favorable conditions for the dynamics of SI to reach systemic impact levels. This approach assumes the need of a holistic public policy focus of the SI that will translate into an integrated management of social, economic and environmental policies, particularly those that have a direct incidence over issues related to the country's most significant challenges while trying to reach a greater welfare and quality of life for its citizens. Likewise, it is important for the implementation of the recommendations to be performed from a territorial perspective; taking advantage of the regional competencies and establishing differentiated approaches for the rural context.

Following are the recommendations based on four critical dimensions for the creation of a favorable SI environment: (1) the institutional framework dimension, (2) the cultural dynamics and social capital dimension, (3) the knowledge management dimension, and (4) the support services dimension.

4.1 Institutional Framework

Guidelines surrounding institutional coordination factors, the creation of channels for the Science, Technology and Innovation system (SNCTI) to be able to service the social needs, promotion of the SI use as a public management tool and regulatory incentives, among others.

- 4.1.1 Implement progressive institutional arrangements that allow for the integration of coordinating bodies and social policy decision making, the Science, Technology and Innovation (ST&I) policy, and the competitiveness policy at the national and territorial level, thus promoting the involvement of representatives from the civil society in these spaces.

- 4.1.2 Develop specialized mechanisms to articulate the social needs and challenges with the SNCTI's offer. In this regard, the implementation of platforms or mechanisms to promote open innovation enables the creation of synergies between companies, the academic and scientific community and citizens, based on problem resolution under SI schemes.
- 4.1.3 Leverage the SI development in its different stages, through Public-Private Partnership (PPP) that involve not only players from the traditional business sector, but also organizations from the social sectors. These mechanisms are ideal within contexts where the high fragmentation of social demands, disruptions of the CSR supply with said demands, and information failures generate high transaction costs. In Colombia, the Pioneros de la Innovación Social (Social Innovation Pioneers) PPP is an example of how this type of exercise takes advantage of the available governmental information on population in situation of extreme poverty, to focus efforts that will improve the efficiency of interventions in this matter.
- 4.1.4 Creation of an cross-cutting body within the National Government that will promote the use of SI approaches, tools and methodologies for the planning, implementation and evaluation of public policies. Said body will have among its functions: (1) to support the methodological development of PP in public sector, (2) act as a liaison who will facilitate the flow of information and the joint work between these entities and the rest of society's players for the development of initiatives with a systemic approach, (3) promote an organizational culture and the development of technical and human capabilities among public servants, favorable for SI.

4.2 Cultural Dynamics and Social Capital

Guidelines to promote a socially innovative culture and to strengthen social capital in areas such as cooperation and solidarity.

- 4.2.1. Integrate the SI component within the promotion strategies for innovative culture and entrepreneurship. These should be developed in three levels: the macro level, society and territorial; the intermediate level, for organizations from the different economic and social sectors; and the basic level, meaning the people. To the extent that the sets of values, regulations, customs, beliefs, ideologies, habits and codes of conduct that favor SI converge in these three levels, these will start emerging at greater scales.
- 4.2.2. Develop new platforms and enhance the existing volunteer and community service platforms around SI practices that directly impact specific problems in the regions and strengthen their social capital.
- 4.2.3. Promote planning, implementation and evaluation schemes for public policies that include the involvement of communities and citizens through personal and virtual mechanisms that take advantage of the ICT's¹¹ potential.
- 4.2.4. Visualize and promote entities that articulate and encourage SI; promoting their actions to favor interaction between social innovators and possible national and international financing or technical consulting agents, providing follow up and supporting the consolidation of these relationships
- 4.2.5. Promote the development of the social innovator's capabilities based on partnerships between the government and the academic sector, which may appear in terms of formal educational programs, as well as internship programs in social companies in which social innovators may be accompanied by the universities.

11 There is a tendency to increase the interaction between citizens and government through electronic means, and the SI processes should not be oblivious to this. According to the United Nations report, Colombia is the second leading country in Latin America and the Caribbean in Electronic Government and Citizen Involvement programs, and the sixth in the world in electronic participation. (United Nations, 2012).

4.3 Knowledge Management

Guidelines to strengthen society's capacity for the generation, implementation and systematization of the different types of knowledge, including empirical, scientific and traditional.

- 4.3.1 Implement SI evaluation, measurement and systematization initiatives that, among other things, facilitate their expansion or scaling through public policy schemes: (1) integrating SI indicators to the development of ST&I policies and to the measurement of public investment in this matter; (2) promoting the systematization of social innovations that address critical problems in the country; (3) performing impact evaluations in priority initiatives. It is important for the results from these processes to be viewed in a comprehensive manner.
- 4.3.2 Develop and promote technology transfer schemes from universities to third sector organizations and communities in order to strengthen their problem solving capabilities through the use of scientific and technological knowledge. These schemes will be more effective to the extent they are adapted with the relevant extension university programs and within a framework of knowledge and learning exchange where not only Universities provide their knowledge, but also open channels to identify and share local knowledge.
- 4.3.3 Design and implement communication channels with social innovators that will allow them to share their results and needs, as well as allowing them to systematically learn about the proposals that from the government, in coordination with the private companies and academia, are being created to develop social innovation in the country. These spaces provide policy managers the opportunity to learn experiences that could be replicated or scaled to respond to already established or emerging social problems.
- 4.3.4 Increase public spending for research and development focusing on SI, while promoting the increase of this type of investment in the private and third sectors.

4.4 Support Services

Guidelines to promote financial and non-financial mechanisms and instruments that support the SI at the different stages.

This dimension requires a triple helix approach that will develop the support strategies directly to the social innovations, especially to those that are in the stages where the macro level barriers are more critical, combined with strengthening strategies of the support industry.

- 1.1.1 Implement specialized instruments that target the existing public offer in matters of innovation and entrepreneurship during the different SI stages. Such instruments can be developed in the framework of existing financial mechanisms such as the Francisco José Caldas Fund¹² and the Emprender Fund¹³, as well as innovation promoting entities such as Bancoldex's Unidad de Desarrollo e Innovación¹⁴ (Development and Innovation Unit). Those instruments must be developed from a country and regional demand and social needs perspective.

12 It is the financial mechanism to strengthen the SNCTI through which Colciencias integrates public, private, international and donated resources to fund the development of programs, projects, activities and entities from CTeI.

13 Fund created by the National Government to finance entrepreneurship through start-up capital.

14 Unit created in 2012 by the National Government to promote "innovative and dynamic entrepreneurs", concept referred to initiatives that comply with the following characteristics: operational margin above 8%, potential of selling at least \$4.000 million pesos during the first 5 to 10 years, historical average operational margin greater than 4 per cent and employees with salaries above three SMLMV (Current Minimum Monthly Legal Salaries). Consulted: September 18th 2013, <http://www.innpulsa.com.co/>

- 1.1.2 Promote the use of philanthropic investment and CSR as a catalyst for early stage social innovations¹⁵ to increase the initiative's critical mass, which in turn will increase the possibility that more innovations will be able to reach sustainability and scaling stages. The characteristics associated with this type of capital allow making high-risk investments for extended periods of time, as evidenced by the development of the micro-finance sector at a global level (Koh et al, 2012), as is required for the consolidation of many social innovations.
- 1.1.3 Support the strengthening of the emerging group of social impact investment funds and financial intermediaries that invest in organizations that address social problems as innovative models, thus capitalizing on the experience of these agents in order to scale high impact social innovations.
- 1.1.4 Implement public-private scaling platforms that identify high impact initiatives and support their scaling through the coordination of the existing financial and non-financial services offer

5 Conclusion

The NNIS, as a policy design methodology, has proven to be a useful instrument to strengthen the SI ecosystem, coordinating diverse national and regional stakeholders, strengthening institutional capabilities and generating awareness about this subject in the country.

In the case studies, the used methodology not only allowed the identification of concrete facts, but also provided answers to the origin of those issues, attempting to understand its causes and effects. This also shed light on the trends that help to achieve an understanding of the country's issue in terms of SI. The main identified challenges for the analysis of the incentives that would be relevant for a PP were the existence of few policy instruments and a general poor understanding of the issue resulting from the lack of statistical information and studies on the SI.

15 The low volume of innovations in the early stages is one of the causes of the failure to take advantage of impact investments in the country.

Footnotes

¹ Hermes Project: The general objective of the “Hermes” Program is to provide the members of the educational community, a series of educational tools to transform conflicts, through an encounter with dialogue and cooperation, in a respectful environment towards one another and where a tolerance for difference is a reality. Participative Rural Innovation: It is based on the participation and sustainability to empower small farmers and transform them into important players for local development. It contributes to the quality of life improvement and overcoming poverty situations of small rural farmers, through participative innovation processes that search for the preservation of the environment and the sustainable and peaceful development of the community. Escuela Nueva: Model that promotes active, participative and cooperative learning, a strengthening of the school-community relationship and a flexible promotion mechanism adapted to the conditions and needs of children. The focus of the Model, centered in the child, its context and community, has increased scholar retention, reduced drop-out and repeat rates and has showed improvements in academic achievements, as well as in the formation of democratic behaviors and peaceful coexistence. Laudes Infantis: The community socio-economic network, through processes developed by it for social, physical and economic recovery of its territory. The model is strengthened through exchange, a philosophy where individuals can receive a benefit for themselves, family or even, the community, in exchange for giving back something to their neighborhood. Utópica: Construction of a floating school in a rural community in an extreme poverty situation. Built over a platform made up of disposed plastic bottles, with the goal of making it an adaptable construction to the effects of climate change.

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Annex 1: Barriers for social innovation in Colombia

Phases / Levels		Barriers		
		Micro	Meso	Macro
1. Definition of challenges and exploration of opportunities	Innovation promoters face difficulties communicating and socializing ideas		Funding difficulties because initiatives don't generate direct and/or immediate economic benefits for its potential investors.	Restrictions over society for the production and free circulation of information.
			Tendency of the Higher Education Institutions (IES for its Spanish acronym) to carry out technological transfer activities with commercial but not social means.	The country's entrepreneurial culture and CTI has marginalized the social impact component.
				Disarticulation of the IES's research activities with the population's problems and needs.
				Social inequality conditions restrict the population's innovation capacity.
			Inexistence or shortage of training programs directed at the promotion or development of SI initiatives.	Communities do not have effective mechanisms to outline a solution to their social demands through SI.
2. Development / Experimentation	Routines and habits of the organizations (e.g.resistance to change) obstruct an efficient development of the initiative.			Little encouragement to generate ideas that respond to social needs.
				Little value granted to the community's role in solving social problems.
	Low capacity of the human resources in designing several solutions to address a problem.		Mistrust towards innovation caused by conditions such as low effectiveness capacity and yield arising in the innovation's initial development phase.	Weak articulation between SI stakeholders.
	Difficulties in building trust with the population in the SI processes.			Insufficient entrepreneurial funding on early stages.
				Cultural resistance from the communities to implement new practices.

3. Sustaining	The operation and business models are not robust.	Lack of cooperation and trust from potential investors in the Social Innovation initiatives because the promoters of the initiative don't belong to the traditional business sector.	Little financial encouragement from public and private entities.
	Difficulties in accessing resources and in capturing funds.		Small scale dissemination of the actions developed by the government in order to support the SI's initiatives.
4. Scaling up	Risk and vulnerability of the innovation due to the market's competition conditions.	Dependency on unstable funds and resources initiatives.	Lack of direct contact between social innovators and public policy managers.
	Deficiency in the assessment and follow-up of the programs which would favor the analysis of their replication and escalation potential.		The government does not visualize SI experiences that are in their sustainability phase as initiatives to be scaled up into public policy.
5. Systemic change	The SI responds to specific dynamics and contexts, it is not always possible to achieve escalation or replication.	Colombian organizations difficulties to articulate in networks, associate with other initiatives and establish cooperation contacts.	Insufficient systematization and measurement of SI's initiatives complicates decision-making from public and private officers that might support its scaling up.
	The SI stops being innovative. Problems change, therefore solutions must also change.		Political changes that have an impact on the lack of continuity or the decrease of the quality of initiatives, due to bureaucracy or budget cuts.
5. Systemic change	Bottom up strategies may be extended and scaled up without achieving a systemic impact.	Public order issues don't allow reaching some places in the country, or it sometimes causes the project's interruption.	Weak holistic approach in public policy design and implementation.
	Scaling up may jeopardize the quality of the SI if the only focus is on massification		

Annex 2: Incentives for social innovation in Colombia

Phases / levels	Facilitators		
	Micro	Meso	Macro
1. Definition of challenges and exploration of opportunities	Permanent communication of the initiative to the community throughout the design, implementation, use, regulation and visualization of the social innovation.		Social enterprises based on alliances between the public, private and social sectors. They provide integral offers in terms of goods and services that could contribute to tackle social challenges.
	Mobilization and linking of the population's tacit knowledge to strengthen the relationships between promoters and users.	Programs to encourage the formulation of ideas that respond to social needs.	Articulation and collective action mechanisms for SI stakeholders
	Linking entrepreneurial leaders that identify opportunities.		An entrepreneurial and ST&I culture that promotes the creation of social value, not just economic value.
	Acknowledging the value of local knowledge.		
2. Development / Experimentation	Linking charismatic leaders among the population to drive the relationship of the innovation's promoters with sectors of the population.	Support and contact networks around social entrepreneurs to support their role as agents of social changes.	Sufficient offer of public resources for social innovations on early stages with funding mechanisms specifically designed for this type of entrepreneurial projects.
	Personnel trained in resources management for the SI.	Support social innovators in formulating a good business model.	
	Visualization of the SI, identify tools and mechanisms for socializing the results.	Having base lines and indicators for SI.	Canalize philanthropic and RSE investment on SI that tackles country's priority issues
3. Sustaining	Assessment and measurement of the social innovation's impacts as strategy to attract new investors and funding sources.		Creating and encouraging new inclusive businesses markets, fair trade, etc. from policies, that allow to circulate, commercialize and promote products that are born from social innovation.
	Generate spaces for community participation to motivate empowering and sustainability of the SI.		Technical support services (training, consulting, etc.) to consolidated social entrepreneurs/innovators.
	Linking diversity of funding sources in order to prevent specific dependence from a specific fund.	Articulating organizations to favor the association and relationships between social innovations and investing agents.	
	Organize and participate in entrepreneurial support networks.		Regulatory framework for SI to access resources such as social innovation funds, sponsors funding, angel investor, among others.
	Social enterprise and SI promoters emulating the strategies and dynamics of the traditional business models with the aim of obtaining social objectives.		