



INNOVATION IS DEVELOPMENT



Science and Technology Division
Inter-American Development Bank
technology@iadb.org | www.iadb.org/tech

Why do we promote innovation?
Because our mission is development.

What is required to foster innovation?
Leadership, human capital, long term vision and financial resources.

Who are our partners in this challenge?
National and regional governments, NGOs, research centers, universities, and the private sector.

Investing in Technology and Innovation in Argentina

The Argentine government has turned its former Office of Science and Technology into a Ministry of Science, Technology, and Productive Innovation, signaling the importance it attributes to scientific and technological progress in its quest to become a modern, more developed and inclusive society. Through a new conditional line of credit (CCLIP) of US\$750 million, approved by the IDB in 2009, Argentina will address the mid and long term financial needs of its innovation system, building on the capacity and progress already achieved during three previous IDB loan operations. The first program under the CCLIP will create new Sector Technology Funds to finance strategic projects in sustainable energy, health, agribusiness and the social sector. The program will also help private companies invest in R&D activities to become more productive and competitive through funding by the Argentine Technological Fund (FONTAR). In addition, it will fund research grants and investments in human capital formation as well as scientific and technological infrastructure to retain and attract world class scientists and researchers through the Science and Technology Fund (FONCYT).

Creating World-Class Companies in Panama

Panama is world-renowned for the maritime commerce flowing through its Canal. Although less well-known, the country also took upon itself the challenge of founding a "City of Knowledge" which, with support from the IDB, now includes a new technology park as well as other investments in research and development facilities. Within this environment of knowledge creation and exchange, a company named Container Consultants & Systems was established to help develop Panama's growing logistics sector. The company has been honored internationally for the development of software that can identify empty containers anywhere in the world. This saves both time and money for the container transport industry, allowing huge improvements in the efficiency of maritime transport. Thus, given the right conditions and incentives for innovation, grows a world class company.

WHAT WE PROMOTE

"We need to invest in Science and Technology to position the country in the right direction. Without investment in these areas, we won't close the gap in quality needed to compete in the world." ●

Lula Da Silva, President of Brazil, November 2007.

"The development of an enterprising culture, training in advanced technologies and innovation, technological undertakings, business incubation as well as funding and capital support for research and development, are extremely important to our country. All of this is aimed at promoting the creation of new dynamic and innovative firms, and at contributing to the growth and strengthening of our micro, small and medium enterprises, and the industrial and business sector all across the country, in order to increase national competitiveness, quality and productivity." ●

Oscar Arias Sánchez, President of Costa Rica and Peace Nobel Prize Winner, June 2009.

1 Investments in Science and Technology

Innovation relies on the availability of a solid human and physical infrastructure, a good part of which is highly specialized. There are at least four types of skills needed for innovation systems: researchers with advanced degrees in science, engineers, intermediate technicians, and basic scientific literacy in the general population. While these types of skills are taken for granted in advanced economies, they are very scarce in developing economies so dedicated efforts and considerable investments are needed if they are going to be put in place in countries such as those in Latin America. Basic laboratory capabilities in physics and chemistry (metrology services) provide an indispensable support so that a country's exports comply with technical specifications tailored to the needs of global markets. Technological and scientific infrastructure cut across the whole spectrum of any economy by providing the backdrop needed for the use of new knowledge and the technology transfer that is at the core of the process of catching up to more advanced economies. The Science and Technology division provides financial support for investment programs in human capital and technological infrastructure in these critical areas.

2 Innovation Policies

Enhancing innovation is a multi-dimensional task. It is not possible to trigger innovation if a set of policies and contextual conditions are not properly aligned, sequenced and coordinated. Indeed innovation is not only the result of policies that promote research and development; it also depends on the right definition of intellectual property rights, the implementation of effective competition policies, corporate law and bioethical regulations, among others. Innovation efforts in Latin America, in particular by the private sector, must be supported by policies and incentives that create the right environment for continued productivity growth. We collaborate with our partners in the region to ensure that innovation policies are central to their development strategies and that they are designed to address key economic and social challenges.

3 Innovation Systems

Innovation is not static or automatic; it is dynamic and depends on a confluence of factors: institutions, productive structures, human capital, social networks, and geography and culture. How these factors come together and how different actors interact can determine the capacity of firms to learn and innovate. Strengthening innovation systems, at the national, regional and local levels, is key to accelerating the adoption of technology and innovation by the private sector and addressing the great challenges of today. We support countries and regions in this effort through capacity-building, human capital formation, up-grading of scientific and technological infrastructure, and promotion of clusters and networks of firms, research institutions, universities, and government.

4 Information and Communication Technologies

Information and Communication Technologies (ICT) offer unlimited opportunities for business and social innovation, increase the production and distribution of knowledge, and provide tools for people to become knowledge workers. Investments in ICT, supplemented with comprehensive policies for ICT adoption by governments, private sector and society, are essential for countries to become knowledge-based economies. We assist countries to design and implement digital strategies, enhance the competitiveness of the national ICT industry, accelerate the spread of broadband networks and incorporate the ICT dimension in other sectoral policies, with a focus on responding to the needs of the majority.

WHAT WE DO



"We will restore science to its rightful place, and wield technology's wonders to raise health care's quality and lower its cost. We will harness the sun and the winds and the soil to fuel our cars and run our factories. And we will transform our schools and colleges and universities to meet the demands of a new age. All this we can do. And all this we will do." ●

Barack Obama, President of the United States, Inaugural Speech, December 2008.



HOW WE DO IT

Working closely with our partners in the development of:

- Lending programs.
- Reimbursable and non-reimbursable technical assistance programs.
- Partnerships for capacity building and resource mobilization.
- Evidence-based policy analysis and indicators.
- Policy dialogue.

Fernando Amestoy : **CEO, ANII - URUGUAY**

"We feel very comfortable working with the IDB project team. We share the same goals and we work together to coordinate the implementation of innovation policies."

Uruguay's National Research and Innovation Agency is currently carrying out its third technological development program with the IDB. The objective of the project is to increase the investments in innovation, a clear priority of the government.

"The IDB's presence at the local level allows us to work closely together. The continued interaction is of great benefit to the projects we execute."

Francisco Sagasti : **DIRECTOR OF BOARD, FINCYT - PERU**

"Today, a unique set of factors come together to make this a key moment to significantly increase investments in science, technology, and innovation."

The Presidency of the Council of Ministers in Peru is now working with the IDB to implement a program that promotes scientific and technological research, business innovation, and advanced training in science and engineering. Francisco Sagasti, who chairs the Board of this program, has maintained a close relationship with the IDB for more than 40 years.

"Apart from financing, the IDB supports us in positioning these issues as priorities on the national agendas. The IDB also provides technical assistance and facilitates networking with other similar programs in the region."

OUR PARTNERS

The **Inter-American Development Bank (IDB)** is a multilateral organization established as the main source of financing for economic, social and institutional development in Latin America and the Caribbean. Through its Science and Technology Division, the IDB offers its member countries financing as well as capacity building and technical assistance conducive to their integration into the global knowledge economy. It also offers a network of expertise and a platform for knowledge generation, exchange, and dissemination of best practices in the areas of science, technology and innovation.





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