

Study of Social Entrepreneurship and Innovation Ecosystems in the Latin American Pacific Alliance Countries

Country Analysis: Colombia

Fundación Ecología y Desarrollo

Office of the Multilateral
Investment Fund

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Country Analysis

Colombia

**Multilateral Investment Fund (IADB) ·
Fundación Ecología y Desarrollo**

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1. Country overview

The following section gives an overview of Colombia's current economic and social situation as well as the key social challenges the country faces.

1.1 Country Profile¹

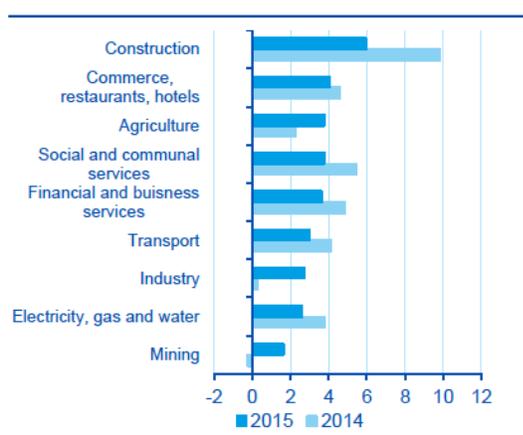
Population (2014)	47.79 million
GDP per capita (2014)	7,904 USD
% of rural population	24%
CO2 emissions per person (2011)	1.6 Mt per capita
GINI coefficient (2013)	55.9
Population below national poverty line (2013)	30.6%
Unemployment (2014)	10.1 %
Social Progress Index (2015)²	68.85% (49 th /133)

1.2 Economic and social overview

Colombia's economy has grown at an annual average rate of 3.5% in the last four years and foreign direct investment was over 10 USD billion in 2015. Inflation has increased to 4% in the last year due to high food prices and currency depreciation on imports. Unemployment reached its lowest level to 8.9% in 2015 due to reforms to reduce non-wage labor costs. Also, in 2015, Colombia remained among the fastest growing countries in the region thanks to effective macroeconomic and fiscal management.³ However, in 2015 global economic slowdown and lower

oil prices have affected the country's economic growth.

Figure 1. GDP growth in Colombia by sector



Source: DANE and BBVA Research forecast

Colombia's economic sectors with highest growth today are construction, commerce and agriculture, as shown in figure 1. Colombia is also known for its wealth in natural resources such as oil and agricultural land. The country depends heavily on energy and mining exports, with top exports crude petroleum, coal briquettes, refined petroleum, gold and coffee. Colombia is the world's fourth largest coal exporter and Latin America's fourth largest oil producer. Colombia has signed more than a dozen of Free Trade Agreements (FTA) relying heavily on international markets. In 2013, Colombia started formally the

process to become a member of the OECD, helping the country to improve regulations, address emerging policy challenges and promote further reforms. The World Bank Doing Business reports ranks Colombia 84 out of 189 economies on the ease of starting a business.

¹ All data is taken from <http://data.worldbank.org/> except GINI coefficient which is taken from <http://hdr.undp.org/en>. The figures are taken from the World Bank so data can be compared with other countries in the region and in Asia.

² Michael Porter's Social Progress Index measures multiple dimensions of social progress, benchmarking success, and catalyzing greater human wellbeing <http://www.socialprogressimperative.org/data/spi>

³ World Bank Colombia Country Profile (2016)

Colombia remains Latin America's oldest democracy. However, the more than 50 year-long conflict has had an incredible social impact, according to UNHCR 2014 official figures, more than 5.7 million people have been internally displaced in Colombia since the start of recording official cumulative registration figures and almost 24,000 people have been officially registered by the national Victims Unit.⁴ When President Uribe took office in 2002 for two full terms Colombia was at its peak of guerilla and paramilitary violence. His main mandate was that his government would negotiate with armed groups only after they had abandoned “terrorist” activities and ceased hostilities. Uribe’s intensive security operations against the Revolutionary Armed Forces of Colombia (in Spanish, FARC) were productive overall, as the number of crimes, kidnappings, and terrorist attacks in Colombia had significantly decreased since 2002. In 2009 Uribe received the U.S. Presidential Medal of Freedom, the highest civilian award in the United States.

President Santos began his second term in office mid-2014. The hottest topic he had to deal with was the end of the conflict, which includes the disarmament and the demobilization of the guerilla fighters. In 2016 a Special Jurisdiction for Peace was created and in March of the same year the National Liberation Army (in Spanish, ELN) and the government started peace talks. Previously, in 2012 the government had started peace negotiations with the FARC. Although guerrilla groups remain a threat to the government, FARC and the ELN have low military strength and public support to become again a challenge to constitutional order.

Colombia is one the closest allies of the United States in South America. This close relation has led to friction between Colombia and neighboring countries such as Ecuador and Venezuela, yet relations have improved in the last years. The US administration is keen to tackle the supply of more than 90% of cocaine sold on American streets that comes from Colombia. Since 2000, the US government has spent several billion dollars on training and equipping Colombian forces and providing intelligence to help tackle the drug cartels and eliminate supply. There is still considerable work to do however, as coca production remains a short term, lucrative option for many farmers with serious social consequences and recent attempts at fumigating crops have done little to support alternative agricultural activity.

1.3 Key social challenges

In Colombia, the gap between rich and poor is among the largest in Latin America and in the world. It is said that in Colombia the wealthiest 1% owns 20% of total wealth. Inequality is the major cause of poverty and conflict. One of the main reasons behind the inequality gap is the labor market. Informal economy in the country makes up almost 50% of all jobs created in Colombia. Access to social security or retirement benefits is impossible in informal jobs compared to regular employment.

According to 2013 figures, extreme poverty affects 30% of the total population. Many of the rural poor, including small-scale farmers, indigenous and Afro-Latino descendants have been displaced from their land due to violence and illegal occupation. Illiteracy and limited access to schooling exacerbates poverty and this is worse in rural communities. Women and young people are among

⁴ UNHCR, <http://www.unhcr.org/pages/49e492ad6.html>

the most vulnerable to poverty. Afro-Latino communities and indigenous peoples, located mainly in remote rural areas, are among the country's poorest people.⁵ Security in the country has increased, peace talks, drug eradication and economic development has made Colombia a tourism destination in the last five years. Land concentration in Colombia is biased towards large landowners at the expense of rural small-scale farmers: little more than 1% of landowners own more than half of rural land.⁶

The quality of the education system in Colombia is recognized in the region and the post high school education is progressing in accessibility and quality. However, 45.4% of students dropped out of tertiary education in 2010 and 39% of young Colombians never continued studying after secondary school.⁷ In Colombia, young people represent almost 30% of the working age population.

Finally climate change is becoming a serious challenge for a country given that its population has settled in areas prone to flooding and in unstable lands of the high sierras. In addition, the country presents a high recurrence and magnitude of disasters associated to climate conditions. On the economic side, Colombia's GDP is largely based on agriculture and natural resources. Increasing temperatures and lack of rainfall is threatening many crops and intensive monocultures, particularly banana and palm oil, and also threatening the livestock sector. The climate scenarios presented in Colombia's Second National Communication on Climate Change (2010), predict an increase in the average temperature between 2° and 4°C by 2070, along with changed hydrological conditions (for example, certain regions may see their rainfall reduced by up to 30%). Data from the Institute of Hydrology, Meteorology and Environmental Studies (Spanish acronym, IDEAM) states that Colombia has approximately half of its territory covered by natural forests, functioning as carbon sinks and also, protecting watersheds and soils. The country is also a biodiversity hotspot. The government has several strategies to tackle climate change; among others are the Colombian Strategy for Low Carbon Development, the National Plan for Climate Change Adaptation and the Financial Protection Strategy against Disasters.

⁵ <http://www.ruralpovertyportal.org/country/home/tags/colombia> (Access May 2016)

⁶ Colombia, Amnesty International (2014)

⁷ World Bank news, Colombia's Goal: More Success in Higher Education, More Opportunities for Youth (Jan, 2013)

2. Overview of social entrepreneurship and social business movement

The field of social entrepreneurship and social innovation in Colombia has rapidly developed over the last few years and has great international recognition, with significant funds and efforts from various actors as national and local governments, foundations, NGOs, and private companies. The World Economic Forum's report⁸ on a guide to scale up social innovation selected Colombia's Department for Social Prosperity as a prominent example globally of public sector institution emphasizing its role in introducing concepts of social innovation at all policy levels.

The social innovation concept varies among the different institutions in the ecosystem. Some institutions think of social innovation as part of science and technology development, others identify it as a means to eradicate extreme poverty; others see it at process of co creation or knowledge management.

At the public level, the concept of social innovation was included in the National Development Plan 2010-2014 *Prosperity for All*. The plan recognized innovation as a key sector to reduce extreme poverty and achieve environmental sustainability, as well economic growth and competitiveness. By 2014 there was considerable public momentum generated for social innovation with a proposal for a new public policy on the theme. However subsequent national elections in 2014 (with a record abstention of 60%) and local elections in 2016 have meant that the political objective of Peace has taken over as a political priority. Internal restructuring has also meant that the existing organizations promoting social innovation have been moved around within government and the current political emphasis is on "Social Innovation for Peace."

Compartamos con Colombia has played a key role as broker of social innovation in Colombia. It was founded in 2001 as a not-for-profit Corporation formed by 16 firms in consulting, investment banking, auditing and law who channeled pro bono services to strengthen civil society organizations. One of the founders of *Compartamos*, Luis Gallo has also been an instrumental figure for the social innovation ecosystem in the country, helping to create the first social impact investment fund, *Fondo Inversor* and engaging the public sector with social innovation. The theory of change of *Compartamos* is that the transfer of knowledge from the private sector to the social sector can have a transformative impact.

In 2013 *Sistema B* arrived in Colombia with the certification of companies like *Acción Verde* and *Portafolio Verde* and support from *María Emilia Correa* and *Claudia Martínez*, former Environment vice Minister. Today, there are more than 40 certified companies in the country in several sectors. *Impact Hub Bogotá*, the first co-working space created in Bogota has also been an active player to gather social entrepreneurs in the country and *Socialab* is in Colombia since 2013. Looking into the financial sector, impact investors have been active in the country since 2008, investing mostly in the rural agriculture sector. The academic sector is also active in promoting social entrepreneurship and social innovation.

⁸ World Economic Forum & Schwab Foundation for social entrepreneurship Breaking the Binary: Policy Guide to Scaling Social Innovation, April 2013

Colombia also has over a decade of government and universities involved in themes of entrepreneurship institutionalizing the concept in the country. Particularly after 2006 when the government approved the Law 1014 on entrepreneurship culture promotion, and created the National Network for Entrepreneurship, responsible for formulating the National Entrepreneurship Policy, chaired by the Minister of Commerce, Industry and Tourism and with active participation of other ministries related to the topic, Higher Education Institutions, the National Apprenticeship Service, BANCOLDEX, private sector and entrepreneurs.

Table 1. Key milestones in social entrepreneurship and social innovation in Colombia

Year	Name	Description
2001	<i>Compartamos</i> founded	Key broker of social innovation, helping to create first social investment fund, influence government policy and stimulate cross-sector collaboration
2003	<i>Ruta N Medellin</i> founded	Key actor in Medellin's road to innovation with an incubator focused on regeneration of declined areas of Medellin
2004	COMFAMA founded	Medellin's first private initiative supporting social innovation
2005	Root Capital founded	First social investment fund, US founded Root Capital, opens in Colombia and invests in agriculture projects. To date is has more than 44 transactions.
2006	Law 1014 approved	Chaired by the Minister of Commerce, Industry and Tourism it was created the National Network for Entrepreneurship, responsible for formulating the National Entrepreneurship Policy through the law 1014.
	<i>Avina</i> opens office in Bogota	Supports projects in collective participation, environment conservation, public goods, and the creation of equitable and collective wealth.
2008	LGT Venture Philanthropy	European social investment fund starts operations in Colombia in agriculture, education, health, green initiatives and technology sectors.
2010	Prosperity for All public policy	First time Social Innovation is articulated in a public policy in Colombia
2011	Creation of the Social Prosperity	The Department of Social Prosperity was created by the National Government by Decree N° 4155
	Creation of the ANSPE	Creation of the national Agency to overcome Extreme Poverty
	Creation of Social Innovation Directorate	Establishment of the Social Innovation Directorate at ANSPE also called Center for Social Innovation.
	<i>Fondo Inversor</i> created	First Colombian social investment fund investing in the growth of early growth social enterprises
2013	Creation of the NNIS	Social Innovation National Node and regional hubs established
	Acumen opens office in Bogota	One of the most important international social impact fund opens its first Latin American office in Bogota
	National Policy on Social Innovation	First draft of the policy socialized
	<i>Sistema B</i> established	The Latin American arm of B Corps starts operating in Colombia
	<i>Socialab</i> Colombia founded	A social innovation laboratory specialized in crowdsourcing competitions
2015	Merge ANSPE and Social Prosperity	The new merged institution will be leading the implementation and project evaluation functions regarding social innovation.

Medellin: Innovation Capital for Latin America

Medellin is Colombia's second largest city with more than 2 million people. The city had a population explosion and decline in industrial activity in the 90s creating slums in unsafe areas and undesirable locations. Medellin was also known to be home of one of the bloodiest drug cartels in the world and murder rates where appalling. To solve violence and inequality, early on, the city's leadership brought all residents into a city planning process with public participation.

The city started with an innovative cable car system to transport low income populations into the city. This transformation for the poorest people in the city came together with education, social programs and participatory budgets. In 2013 the Wall Street Journal and Citi selected Medellin as the winner of “City of the Year” a global program developed in partnership with the Urban Land Institute to recognize the most innovative urban centers. In social innovation Medellin is in itself a case study for the country and for the world. Ruta N Medellin (explained below) is a key player in this ecosystem and social innovation started around 2003 and is local policies and capacity to attract diverse ecosystem players made Medellin a pioneer in social innovation. To achieve this, the city developed several public and private initiatives:

- Development Plan CTI of Medellin 2011-2021 a plan to stimulate and promote public policies that support research, science and technology development in the city. The plan is financed by a public-private utility that provides power, water, sewage, sanitation, and other services to the city.
- Urban Plan. The city also established a District Medellin Innovation to create an ecosystem of innovation in the health, energy and ICT sectors.
- Business development Plan. Knowledge businesses started working together with entrepreneurs and SMEs to establish business, acquiring financial leverage through seed capital or angel investors, improving access to markets and developing innovative products. The city has created more than 11 Centers for Business Development and Social Impact Entrepreneurship.
- Medellin Intelligent City Program was developed to increase access to technologies, promote social inclusion, and develop digital services democratizing the use of technology.
- *Comfama* was Medellin’s first private initiative working in social innovation since 2004.

Ruta N Medellin

Is a public entity created by Medellin’s City Hall, EPM (water, energy and gas public provider), and UNE (Telecom) in 2009, it is an institution from which different programs are developed, and the resources of the municipality are channeled for science, technology and innovation. It seeks to promote the development of innovative, technology-based businesses that increase the competitiveness of the city, revitalize the economy, strengthen strategic clusters, and enable better jobs for the citizens of Medellin.

Ruta N Corporation is pursuing the consolidation of Medellin as a city of knowledge. Therefore, in order to increase the competitiveness of the city, it has undertaken the development of a technology district in the north of the city. This district will lay the foundation for economic development in this area, attracting companies related to science, technology, and innovation, especially in the areas of health, energy, and Information Technology and Communications-ITCs.

3. Public Policy for social entrepreneurship and social innovation

Social innovation first became part of the National Development Plan in 2010. In 2011 the Sector for Social Inclusion and Reconciliation was created and the Presidential Agency for Social Action

and International Cooperation was transformed into the Department of Social Prosperity.⁹ As the leading institution of the Sector for Social Inclusion and Reconciliation, Social Prosperity is in charge of supporting the population in extreme and moderate poverty, victims of violence, early childhood and the population in poverty in the areas targeted in the Territorial Consolidation Plan. The same year the National Agency for Overcoming Extreme Poverty was created (ANSPE)¹⁰ as an entity attached to Social Prosperity, in charge of formulating public policy to overcome extreme poverty.

As part of the strategy to overcome extreme poverty in Colombia, within ANSPE there is a Social Innovation Directorate (known as the Center for Social Innovation, in Spanish CIS), responsible among other functions to design and implement a national strategy for social innovation and promote the establishment of networks with national and international collaboration to generate knowledge about practices, products and/or innovative models to help overcome extreme poverty.

The new 2014-2018 development plan focuses on social innovation also as an instrument to reduce extreme poverty but with an increasing focus on information technologies and peace building.

In 2015, ANSPE merged with the Department for Social Prosperity¹¹ with the aim of strengthening the strategy to overcome extreme poverty and increase social inclusion in the country. After the merger, the Directorate of Social Innovation becomes the Social Innovation Group. With this change new features are assigned to this group, redefining its approach to the design, implementation and evaluation of social innovation actions to improve the living conditions of the target population.

The Department for Social Prosperity

Social prosperity is the entity responsible for designing, coordinating, and implementing public policies for social inclusion and reconciliation. Its objectives are to overcome poverty, closing development gaps between urban and rural populations, take care of terrorism victims and attend areas affected by the conflict.

To this end and with a budget of over US\$ 1 trillion the Department has designed strategies to implement comprehensive interventions through (i) food security programs and productive projects; (ii) community support aimed at strengthening collective capacities; (iii) family support to overcome extreme poverty; (iv) conditional cash transfer delivery; (v) actions to improve employability, individual and associative entrepreneurship programs; (vi) improving living conditions and creating community spaces; and (vii) articulation and management of social supply of public institutions, private partners, third sector and social innovations.

⁹ Decree 4155 of 2011.

¹⁰ Decree 4160 of 2011.

¹¹ Decree 2559 of 2011.

Social Innovation Group (formerly known as the Center for Social Innovation - CIS)

The Social Innovation Group emerged in the Department for Social Prosperity from the Direction of Social Innovation created in ANSPE, created in 2011 to improve quality of life for those living in extreme poverty in Colombia. Projects within CIS were either focused on participation of communities - participatory social innovation projects - or specific public competitions for innovative solutions to reduce extreme poverty - open social innovation projects. Nowadays, the main projects the Group is developing are (i) ideas for change BIO¹² in alliance with *Colciencias*; (ii) Comanagers Portal¹³; (iii) implementation of a participatory model for solid waste management for the Free Housing Program of the National Government; (iv) problem solving for vulnerable populations through an extracurricular exercise with students from the University Eafit through Social Eafit and (v) problem solving for vulnerable populations with design students linked to the Academic Design Network - (in Spanish, RAD).

After creating the specific institutions, the Center for Social Innovation, the National Planning Department, and the Science, Technology and Innovation Department (in Spanish, *COLCIENCIAS*) gathered to create a public policy on social innovation. One of the first decisions of this group in 2013 was to create the Social Innovation National Node (Spanish acronym, NNIS) in order to have a permanent space to debate and design this new policy. Box 1 shows NNIS definition of social innovation. To date, the NNIS has included other public agencies as the Ministry of Technology and Communication (MinTic), the National Learning Service (SENA) and the Social Prosperity Department as well as allies within the private sector and the academia. One of the main takeaways of several workshops organized among the NNIS was the need to establish a measurement scheme for social innovation policy implementation, to identify long lasting policies on the ground. In this way, the different actors can better understand the impact and the way in which regional policies can help to foster social innovation in their territories.¹⁴

The draft of the Social Innovation Policy

In 2014 the proposal for a Social Innovation Policy was registered with the National Council for Economic and Social Policy (Spanish acronym, CONPES) with the following vision for 2025: *"Colombia will achieve considerable progress in building peace, welfare and human development of its population in their territories, substantially reducing poverty and inequality. Social Innovation has a significant contribution to these achievements as it facilitates social transformation and structural change. The country appropriates its policies and actions of Social Innovation, promoting knowledge and collective action of*

BOX 1. The Social Innovation National Node established a definition for social innovation "Social Innovation is 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. Social Innovation is characterized by having scalability and replicability potential; being sustainable and promoting greater levels of community empowerment and generating partnerships across different actors".

¹² www.ideasparaelcambio.gov.co

¹³ www.cogestores.prosperidadsocial.gov.co

¹⁴ Louise Pulford et al, A Reflection on Strengthening Social Innovation in Colombia, February 2014

society about building a more inclusive, equitable, competitive and peaceful country. Strategies for consolidating an innovative social culture and generating capacity in individuals, communities and territories, are part of an integrated development model.”¹⁵ Table 2 outlines the themes designed to enhance the social innovation ecosystem and the policy guidelines established for each.

Table 2. Social Innovation Policy in Colombia, areas and vision

Thematic areas		Guidelines	
✓	Institutional framework and public policy	✓	Promote collective intelligence between the community and the private, public and social sectors
✓	Knowledge management process	✓	Incorporate social innovation as an approach to governance
✓	Cultural dynamics	✓	Develop conditions for social innovation locally
✓	Services supporting social innovation	✓	Promote and strengthen cultural dynamics related to social innovation
		✓	Develop public and private support services
		✓	Strengthen social innovation knowledge management

The Social Innovation Policy however has not yet been approved, although policies for innovation per se have been adopted. In 2015 a law was passed to reduce corporate tax on investment in innovation to stimulate research and development in the country.

“The current challenge for social innovation policy in Colombia is to ensure that all the progress made between 2012 and 2014 is captured and fed into the new policy area of Social Innovation for Peace,” Carol Mondragon, Director of Strategic Alliances, Somos Más.

Legal structures for social enterprises

Most enterprises in Colombia are registered legally as a *Sociedad por Acciones Simplificada* (SAS – Simplified Stock Corporation). This model was established ten years ago with several benefits, as they are easier to establish and are more flexible than the more traditional structures *sociedad anónima* (Stock Company) or *sociedad limitada* (Limited Company). The table below lists the different legal forms and its characteristics.

Table 3. Legal structures in Colombia

Name	Name in Spanish	Description
Corporation	Corporación	Not-for-profit organization structure adopted by most NPOs. A foundation is an alternative figure but requires more bureaucracy and is less common.
Simplified Stock Corporation	Sociedad por acciones simplificada (SAS)	Over 95% of businesses use this. Multiple member ownership, simplifies incorporation proceedings, commercial nature, limited liability, freedom of contract and internal structure.
Limited Company	Sociedad Limitada	Minimum 2 and Maximum of 25 partners. Limited liability for debts but not for taxes. Contributions may be in cash, in-kind or work.
Stock Company	Sociedad Anónima	Capital is divided into shares of equal value, represented in negotiable instruments, a specialized administrator required.

¹⁵ Laura Villa et al, Panorama actual de la innovación social en Colombia, Interamerican Development Bank, May 2015

In addition there is a current move from the Government towards taxing not-for-profit organizations to reduce the misuse of this structure as a tax avoidance mechanism. As with the case of Chile, Colombian companies are legally bound to maximize profits for their shareholders, which is a challenge for social enterprises that wish to reinvest often 100% of their profit into strategies to support their long-term social mission. One way to combat this challenge is to certify the company with Sistema B whereby company statutes have to be changed to include the social mission as a legally binding objective to be supported by shareholders. Senator Ivan Duque, together with a team of lawyers, and the support of Sistema B has designed a framework for a Profit Company of Collective Interest. There have been several discussions, dialogues and forums, and in 2016 it should be presented formally to the senate.

4. Key ecosystem players

4.1 Overview of key players

The following section highlights the key organizations that support social entrepreneurship and social innovation in Colombia from the public, private, financial and academic sectors. This selection does not include the multiple organizations that support entrepreneurship or innovation per se. In the public sector the Department for Social Prosperity now takes the lead on social innovation, there is a well-established specialized intermediary sector and increasingly more activity in the field of impact investment.

4.2 Details of selected players

4.2.1 Public Support Programs

Key public players from the Colombian government have been described in the section above with the current public articulator being the Group on Social Innovation from within the Department for Social Prosperity. In terms of international activity a key player is the Business in Development Facility Hub, established by the Swedish Development Agency, DFID and Dutch Ministry of Foreign Affairs to increase private-public-partnerships to achieve the Development Goals post 2015. Since 2014 three hubs have been established around the globe, Mozambique, Zambia and Colombia. The Colombia Facility Hub is working to promote inclusive enterprise, focusing on income generation projects to prevent or mitigate armed conflict in order to achieve lasting and sustainable peace.

The Colombian government is an active promoter of entrepreneurship and innovation with several programs to support start-up businesses however few of these have a social angle. *Innpulsa Colombia* (Impulse Colombia) and *Fondo Emprender SENA* (Entrepreneurship Fund SENA) are the two most active entrepreneurship programs, and *Fondo emprendedor* (Entrepreneurship Fund) has some focus on social innovation. Other public programs such as *Emprende Cultura* (Entrepreneur Culture) and *Colombia Jóven Emprende* (Colombia Youth Entrepreneur) focus purely on the supporting the mainstream entrepreneurship sector with Seed Capital programs, training and open competitions and in general a focus on technology.

Name	Competitions/ Open innovation	Training	Incubation/ Acceleration	Research	Finance	Coworking	Activity
Public Support Programs							
Colciencias	x	x			x		"Ideas for Change" supported by IDB, seeks social innovation from science and technology to address basic needs of poor and vulnerable communities
Colombia Business in Development Hub		x		x	x		Hosted by ANDI, the National Business Association of Colombia to expands and promote economic, social and political principles within a free enterprise system.
Comfama		x			x		Social welfare organization in the country working towards embedding social innovation methods. Is a private, autonomous social enterprise guarded by the Colombian State
IDB-MIF				x	x		Donations from 25k-500k USD in start-ups and early growth organizations. The private branch invests in established companies more than 5M USD.
SENA's fund for entrepreneurship			x		x		Government program to support Start Ups with open competitions for resolving specific social challenges.
USAID Development Innovation Ventures				x	x		Active in Colombia since 2013, donates 100k to 1M USD in various sectors, companies at early stages of growth.

4.2.2 Specialized intermediaries & physical spaces

Colombia has a very well developed civil society and there is a wealth of organizations that promote social entrepreneurship and social innovation in many different ways, from the large international organizations such as *AVINA*, incubators such as *Ventures* to accelerator programs such as *Emprende País* (Country Entrepreneur), *Connect Bogotá*, *Creáme* (Create me) and *Destapa Futuro* (Future Uncover), coworking spaces such as the Impact Hub and specialist organizations such as *Somos Más*, focused on mapping social innovation across the country.

Large corporate players such as *Bavaria* and *Davivienda* also play a role in supporting entrepreneurs through their respective Foundations, such as the *Fundación Bavaria* which has an open contest for entrepreneurs. The Bogotá Chamber of Commerce has also taken an active role in supporting social entrepreneurship.

Name	Competitions/ Open innovation	Training	Incubation/ Acceleration	Research	Finance	Coworking	Activity
Specialized intermediaries & Physical spaces							
ANDI Foundation		x		x			Social Enterprise formed under the national association of Colombian businessman. Offers a social

							strategy and informs through guides and workshops on social innovation.
Ashoka		x			x	x	Supports several programs for entrepreneurs : Venture & Fellow, Avancemos, Ashoka Support Network, Ashoka & You and Ciudadanía Económica para Todos.
Avina		x			x		Based in 13 countries in the region, in Colombia Avina has focus mainly in institutional innovation.
Bavaria Foundation Angel Investors		x			x		Supported by <i>Compartamos</i> , Bavaria Foundation establishes the Network of Angel Investors in 2010.
Bogota Chamber of Commerce		x					Social innovation through schools to reduce violence and conflict, in over 360 schools and more than 1M beneficiaries.
Bolivar Davivienda Foundation	x	x	x				The program <i>Emprende Pais</i> managed together with Edeavor hold every year since 2012 promoting social entrepreneurs.
Compartamos con Colombia		x	x		x		Key social innovation broker, instrumental in creating first social impact investment fund, steering public policy and building capacity in the NGO sector.
ConVerGentes (Medellin)							A creative, effective and big-hearted community organization in one of the toughest neighborhoods
Corporation Ventures	x		x		x		Established in 2011, supports social entrepreneurs with a yearly contest, training, accelerator and supports entrepreneurs find the right finance tool.
Endeavour	x		x	x			Civil Organization that supports long term economic growth by selecting, mentoring, and accelerating entrepreneurs with high global impact.
Grameen		x	x				Established in 2011. In 2013 it launched Community Knowledge Worker (known locally as <i>Lideres Productores</i>) to strengthen agricultural value chains.
Impact Hub Bogotá						x	1 st shared workspace for social entrepreneurs and innovators in Bogotá co-created by the community of <i>La Arenera</i> , <i>Somos Más</i> and <i>Fábrica</i> to become the reference for social and cultural innovation.
Minka-Dev		x					On-line platform that functions as a marketplace for business opportunities with high impact in poverty reduction and environment.
Njambre (Medellin)			x		x		Argentinian social enterprise arrived in Medellin in 2014 to incubate and accelerate social business.
Ruta N (Medellin)		x	x			x	Medellin 's public sector regeneration initiative to channel resources to science, technology and innovation.
Sistema B		x		x			Colombian branch of B-Corps with now 40 certified enterprises and active promoter of social business.
Somos Mas		x		x			Non for profit organization specialized in activating social ecosystems, mapping networks and articulating actors in the social innovation space.
Socialab			x		x		Social transformation platform that supports, creates, identifies, and accelerates technologies and transformative business.
Unreasonable Institute (Cartagena)		x	x				5-day accelerator for early/idea-stage, entrepreneurs tackling social/environmental problems.
Veronorte			x		x		Founded in 2015, supporting firms that generates a <i>shared value</i> . Up to date they have one program with Sura Group, one of the major investment companies in the region

4.2.3 Academia

Social innovation within academia has become contagious across the higher education sector with new players starting to develop teaching programs, research, incubators and other activities related to social innovation. While Universities such as University of the Andes Design Faculty and the University Minute of God have well-established programs other Universities are also beginning to develop activity across the country, particularly in Medellin, Barranquilla and Cali.

Name	Competitions/ Open innovation	Training	Incubation/ Acceleration	Research	Finance	Coworking	Activity
Universities & Business Schools							
Andes University (School of Business Management and School of Design)	x	x		x			Faculty of design specialize in social innovation and the Faculty of Business runs executive programs for leaders in innovation and sustainability.
Cali ICESI University		x		x			In 2014, the University ICESI in Cali launched the master's program in Social Innovation within its Law Faculty.
Cooperative University Colombia	x	x		x			Institute of Social Economy and Cooperatives (in Spanish INDSCO) present in 18 cities, supports training and supports regional development projects.
Eafit University		x		x			Private university located in Medellin main partner to develop Ruta N and also working closely with the government (Social Innovation Group).
Javeriana University of Cali		x		x			The university established an innovation program and supports social innovation projects like Vibra Pacifico
National University of Colombi, Social Innovation Problem Portfolio				x			The portfolio was established in the university's development plan 2013-2015 to develop social innovation projects focusing in community interaction. Any community or public institution can upload a "problem" to the portfolio.
Social Innovation Lab at the Metropolitan Institute of Technology		x		x			Launched in 2012 as a lab where resources and research is focused improving quality of life of Medellin citizens.
UNIMINUTO Science Park for Social innovation		x		x			Established in 2012 to focus on social entrepreneurship, creativity, solidarity economy, access to technology and science, community innovation ownership.
University of the North, Barranquilla		x		x			The only eco campus in Colombia, the university focuses its training in environmental sustainability.

4.2.4 Financial Support Programs

Colombia has one of the most mature impact investment sectors within the region and this was highlighted at the last Latin American Forum on Impact Investment held in Medellin. Within the impact investment arena, LGT Venture Philanthropy mentions in its 2014 report that, in *"the last two years alone, the number of impact investors active in Colombia has risen from 14 to 21 entities."*

This wave of interest reflects the belief that an increasing number of enterprises are effectively providing innovative and sustainable solutions to social and environmental problems.”¹⁶

In 2012 the *Asociación de Fondos de Capital* (Venture Capital Fund Association) was created as a forum for interaction across the funds and according to *Alberto Riaño*, director of *Fondo Inversor* (Investor Fund) there is a healthy level of dialogue and coordination between the different funds, particularly between Acumen, LGT Philanthropy Bamboo Finance and *Fondo Inversor*. There is a clear finance gap for early stage businesses and the venture capital culture is exclusively targeted at the innovation and technology sector, rather than social enterprise. Also the major players target early growth businesses with a need for over 1 USD million investment. *Compartamos*, amongst others is supporting this gap with their acceleration program to help businesses become ready for investment, structure their businesses and be capital ready. Acumen has also started a program to invest in earlier stage businesses and *Sistema B* is in discussion with *BanColombia* to also address this issue. Of the list below, all funds are investing in companies that have economic and social impact, not per se social enterprises, only Yunus Business Centers invests solely in social enterprises.

“The business accelerators play a fundamental role, particularly those that are aligned with the vision of the social impact investors. When the goals of the accelerators and the investors are aligned this helps to generate a pipeline of viable social companies,” Alberto Riaño, Director of Fondo Inversor.

Name	SEED STAGE	EARLY STAGE	GROWTH	SCALING	Activity
Accion’s Venture Lab and Frontier Investments Group		x			Part of the American NGO Accion, the venture lab invests 100k-500k USD in start-up and early growth companies in the financial inclusion sector. Active in Colombia since 2013. Frontier invests in expansion companies up to 2M USD.
Acumen Fund		x	x	x	American fund active in Colombia since 2013 investing between 200k -2M USD.
Bamboo Finance				x	Swiss fund established in 2008 investing more than 5M USD. At the time it only has one project in the country.
Bavaria Foundation Angel Investors	x	x			Supported by Compartamos, Bavaria Foundation establishes the Network of Angel Investors in 2010.
Eleos Foundation	x	x			Active since 2013 in Colombia, from USA. Invests up to 50k USD in early stage companies and up to 500k USD in early growth stage.
Elevar Equity			x	x	Manages private venture capital funds, investing capital between 2-5M USD in companies with high growth potential that provide essential services.
Fondo Inversor			x	x	First Colombian Impact fund for entrepreneurs, active in Colombia since 2011 investing 500k-2M in expanding companies.

¹⁶LGT Venture Philanthropy, Impact Investing Map-Colombia Version 16-12-2014.

IC Foundation		x			Colombian foundation active since 2010. Invests up to 200k USD
Impact Finance Fund			x	x	Swiss fund active in Colombia since 2013 with more than 6 transactions in agriculture, education, health and green initiatives. Provides loans between 100k – 2M USD
Halloran Philanthropies		x			American philanthropy active in Colombia since 2010 invests 100k-500k USD into existing funds for various sectors of the economy.
LGT Venture Philanthropy		x	x	x	Active in Colombia since 2008, donates 200k -1M USD and invests up to 5M in agriculture, education, health, green initiatives and technology. Headquarters is in Liechtenstein.
Oikocredit					Invests in cooperatives, financial intermediary, SMEs, fair trade organization and NGOs and the average loan in the region is 0.9k USD. Active in 70 countries
Root Capital		x	x	x	North American investor in agriculture active in Colombia since 2005 with more than 44 transactions in the country, investment and loans between 50k and 2M USD.
Venture South Colombia	x				Swiss company active since 2008 in Colombia. Invests up to 50k USD in start-ups through microfinance mechanisms.
Veronorte		x	x	x	Founded in 2015, supporting firms that generates a <i>shared value</i> . Up to date they have one program with Sura Group, one of the major investment companies in the region
Yunus Business Centre	x				German organization active since 2011. Invests up to 200k USD in start-ups. Model moving towards being an accelerator. It also has offices in Haiti and Brazil.

5 Examples of social enterprises in the country

In this section we highlight a selection of social enterprises born in Colombia to complement the two case studies. The selection has been made with three criteria; the primary focus is to resolve a specific local social or environmental problem, there is a sustainable business model and finally capacity to scale. An in-depth case study has been written for *Groncol* and *Cacao de Colombia*.

Table 5. Example of social enterprises in Colombia

Name	Legal Format	Year established	Description
Cacao de Colombia	Limited company	2008	Producer and distributor of premium cacao products supporting small-scale vulnerable farmers through technical training in more effective, sustainable practices. www.cacaodecolombia.com
Groncol	Limited company	2009	Leading designer and installer of green roofs and vertical gardens and other green building innovations to change the construction paradigm in Colombia. www.groncol.com
Instiglio	Not-for-profit-organization	2012	Organization specialized in development finance innovation, bringing social impact bonds to Colombia. www.instiglio.org
Hybrytec	Limited company	2007	Solar energy systems producer and installer with inclusive distribution model. www.hybrytec.com
Fruandes - Frutos de los Andes	Limited company	2006	Organic dried fruit processor and distributor supporting small scale producers in organic certification. www.fruandes.com
Siembra Viva	Limited company	2014	Online shop for organic produce from smallholders, connecting consumers with producers.

			www.siembraviva.com
Ecoflora Agro	Limited company	2011	Natural plant (botanical) extracts for effective and sustainable crop protection. www.ecofloragro.com
Gaia Vitare	Limited company	2003	Recycling electronic waste company generating employment for underserved groups. www.gaiavitare.com
Cultivando Futuro	Limited company	2013	Service that aims to improve the dynamics of interaction in trading of agricultural products. www.cultivandofuturo.com
Alcagüete	Limited company	2014	Healthy snacks, with a social mission, when 1 bag of is sold , 1 child receives a meal. www.alcaguete.com
Maria Panela	Limited company	2014	Natural energy drink made of raw sugar cane, coffee and guarana supporting small scale producers. www.mariapanela.co
Mejor en Bici	Limited company	2015	Provision of rented bikes for businesses and Universities and promotion of cycling in urban areas. www.mejorenbici.com

6 Final reflections

Colombia is recognized as one of the most active countries in the region in terms of social entrepreneurship and social innovation, with active intermediaries, good government support and a proactive social impact investment scene. In many cases it the first place to “export” social innovation from other countries such as Chile, the US and Europe – as is the case of *Socialab*, *Sistema B*, *Instiglio*, *Acumen*, *Root Capital* and *Avina* – so overall a favorable ecosystem. Also the fact that the social innovation is active outside Bogotá, especially in Medellin and Cali, is a sign of maturity of the sector. However there are still many challenges the country needs to address.

Public Support Programs

The key challenge for the government is to not let all the investment in Social Innovation Policy in 2014 go to waste and that the new focus on Social Innovation for Peace recovers the actors, intelligence, case studies, etc. that were built up through the former Center for Social Innovation (CIS). The government has established several programs to support entrepreneurship and innovation in general (i.e. *Innpulsa Colombia*, *Innova*, *SENA’s Fondo Emprender SENA*, *Emprende Cultura*, *Colombia Joven Emprende*). While the government supports business ideas, innovation and enterprise creation, these appear to stimulate the startup phase and few projects are mature enough for the impact investment players active in the country.

Specialized intermediaries & physical spaces

Colombia has a diverse and dynamic sector of social enterprise and social innovation intermediaries with a range of players from large foundations social program, University incubators, angel investor networks and specialized organizations. There are also several regional hubs or clusters for social innovation, as is the case of Medellin, Aldino and Antioquia, with great examples of innovation as *Ruta N*. The opportunities for cross-spectral collaboration have been crucial for the development of the sector, such as *Hilando* and the CIS. A key ongoing challenge is

to support young initiatives in becoming mature enough to capture investment and also to develop effective social impact measurement mechanisms. Finally, there is a need to rearticulate the dialogue between civil society and government as there is currently no shared agenda for social innovation, as the policy has been hijacked by other public priorities, as poverty alleviation and peace building.

Academia

There is a community of academics among several universities like Andes University, University of the North, Forests University from Bogota, and Savana University with passionate researches in the topic of social innovation. A global academic community on social innovation has also been formalized with support from CAF, *Maria Emilia Correa* is leading the B academic movement and the University of the Andes is an active player in the international Social Enterprise Knowledge Network (SEKN).

Finance

Colombia has one of the strongest social impact investment scenes in the region, with several active players, supported by several accelerators now working to help younger businesses develop, such as *Compartamos*, *Yunus Social Business* and *Emprende País*. The main challenge for accelerators and investors is to continue to work together as they have done in the past. It is also crucial to have local engagement from the social impact funds to add value to the sector. There is also a sense that in the last five years, many of the funds are receiving their capital philanthropically as international actors are more and more interested in Colombia and its social challenges. However this support might have social impact but very low financial performance. There are several active social impact funds in Colombia such as *Fondo Inversor*, *Acumen*, *Root Capital*, *Bamboo finance* and *Oikocredit* however there is also a general concern in the sector that there are insufficient financial support mechanisms for startups and early stage companies, with many of the funds targeted at first growth businesses.