

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

Country Analysis: Costa Rica

Fundación Ecología y Desarrollo

Office of the Multilateral
Investment Fund

TECHNICAL
NOTE N°
IDB-TN-1151

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

Country Analysis: Costa Rica

Fundación Ecología y Desarrollo

July 2016

Cataloging-in-Publication data provided by the
Inter-American Development Bank

Felipe Herrera Library

Ecología y Desarrollo (Organization).

Study of social entrepreneurship and innovation ecosystems in the Latin American
Pacific Alliance countries: country analysis: Costa Rica / Fundación Ecología y
Desarrollo

p. cm. — (IDB Technical Note ; 1151)

1. Social entrepreneurship-Costa Rica. 2. Technological innovations-Social aspects-
Costa Rica. I. Inter-American Development Bank. Office of the Multilateral Investment
Fund. II. Title. III. Series.

IDB-TN-1151

JEL Codes: A130

Keywords: Social enterprise, Social entrepreneurship, Social innovation, Social
business, Social impact, Impact investment, Social entrepreneur

<http://www.iadb.org>

Copyright © 2016 Inter-American Development Bank. This work is licensed under a Creative Commons IGO 3.0 Attribution-NonCommercial-NoDerivatives (CC-IGO BY-NC-ND 3.0 IGO) license (<http://creativecommons.org/licenses/by-nc-nd/3.0/igo/legalcode>) and may be reproduced with attribution to the IDB and for any non-commercial purpose. No derivative work is allowed.

Any dispute related to the use of the works of the IDB that cannot be settled amicably shall be submitted to arbitration pursuant to the UNCITRAL rules. The use of the IDB's name for any purpose other than for attribution, and the use of IDB's logo shall be subject to a separate written license agreement between the IDB and the user and is not authorized as part of this CC-IGO license.

Note that link provided above includes additional terms and conditions of the license.

The opinions expressed in this publication are those of the authors and do not necessarily reflect the views of the Inter-American Development Bank, its Board of Directors, or the countries they represent.



**Study of Social Entrepreneurship and Innovation
ecosystems in the Latin American Pacific Alliance countries**

Country Analysis

Costa Rica

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

July 2016



CONTENTS

1. Country overview	3
1.1 Country Profile	3
1.2 Economic and social overview	3
1.3 Key social challenges	5
2. Overview of social entrepreneurship and social innovation movement.....	6
3. Public Policy for social entrepreneurship and social innovation	9
4. Key ecosystem players	12
4.1 Overview of key players.....	12
4.2 Details of selected players.....	13
5. Examples of social enterprises in the country	16
6. Final reflections	17

Acknowledgements

Authors **Raquel Orejas** and **Heloise Buckland** would like to acknowledge the following individuals for their contribution to this study, through participating in personal interviews and making comments on draft versions of this report.

Pablo Acuña, Ministry of Foreign Trade

Ana Ruth Villareal, Coordinator of Social Innovation and Human Talent Council, Advisor to the Vice President of Costa Rica

Maria José Meza, INCAE Business School's Institute CLACDS

Jaime Garcia, Social Progress Imperative

Marco Villegas, William Nuñez, Erick Mora, Social organizations Federation (*FOS*)

Nathalie Prado, Ecoenterprises Fund

Marta Pérez de Madrid and Isidoro Díaz, Impactico

1. Country overview

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

1.1 Country Profile

Population (2014)	4.75 million
GDP per capita (2014)	10,415 USD
% of rural population	24%
CO2 emissions per person (2011)	1.7 Mt per capita
GINI coefficient (2013)	50.7
Population below national poverty line (2014)	22.4%
Unemployment (2014)	8.3%
Social Progress Index¹	77.88 (28th/133)

1.2 Economic and social overview

Costa Rica is today an upper middle-income country and a development success story. The development has been the result of more than 20 years of openness to foreign investment, steady trade liberalization and access to public education. Key utilities, as electricity, water, fixed-line telephone and port, insurances and rail facilities are run by the government. Unlike its neighbor countries, the entire population is eligible for free medical care, but similar to the rest of Central America, private companies are a still strong and influential in health policy making. Economic diversification has been at the top of the agenda of policy makers as the country has historically been dependent on agricultural exports, particularly coffee, bananas, pineapple, sugar, lumber, wood products and beef. Per capita national debt is among the highest in the area, which has led the country running into a deficit for the last 20 years. Nonetheless, Costa Rica's GDP per capita has tripled since 1960 and its growth averaged 4.5 % between 2000 and 2013 compared to the regional average of 3.8 % for the same period.

Costa Rica's economy is currently largely dependent on tourism, agriculture and electronics exports. Costa Rica is the most visited nation in the Central American region, reaching a rate of foreign tourists per capita of 0.51, one of the highest in the Caribbean, and greater than other popular destinations such as Mexico (0.21), Dominican Republic (0.38) and Brazil (0.03).

Another important factor of Costa Rica's economy is the attraction of Foreign Direct Investment (FDI). It is referred to as the "Silicon Valley of Latin America" for attracting investment from high technology corporations such as Intel, Abbott Laboratories, P&G and HP, among others, establishing manufacturing factories in the country to serve the international demand. Compared with global trends, Costa Rica appears as one of the world's most de facto FDI-intensive economies, where FDI average share in national GDP rose from

¹ 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>

1.5 % in 1985-89 to 5.6 % in 2004-10. While the United States is the major source for FDI in Costa Rica, China has recently emerged as a new investment partner (OECD, 2012).²

One characteristic of the Costa Rican government is an unusual degree of power to autonomous agencies, including state-financed universities and regional development institutes such as the National Insurance Institute, the Social Security Institute, the Costa Rica Tourist Institute and the Costa Rica Electricity (and Telecommunications) Institute. This increases their participation in the government but deteriorates the flexibility to make the decisions at a national scale.

In May 2014, historian and political scientist Luis Guillermo Solís became the 47th president of Costa Rica. There were high expectations for change from voters who wanted corruption out of politics and more policies to reduce social inequality. He appointed Ana Helena Chacón Echeverría as Vice President, along with Helio Fallas. Chacón has since dedicated her career to issues on women's rights, human rights and public health policy.

The United States and Costa Rica are parties to the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), which aims to facilitate trade and investment and further regional integration by eliminating tariffs, opening markets, reducing barriers to services, and promoting transparency. CAFTA-DR contains a chapter on investment similar to a bilateral investment treaty with the United States. The United States is Costa Rica's largest trading partner, accounting for almost half of Costa Rica's exports, imports, and tourism and over half of its FDI. Finally, Costa Rica is part of the Association Agreement with European Union.

Environmental pioneer

Costa Rica is a global leader for its environmental policies and achievements. It was one of the first countries in the world to establish Payments for Environmental Services (PES) at a national level and an ambitious conservation program. In 1995, the government presented a plan to protect biodiversity hubs, designating approximately 18 % of the country as national parks and another 13 % in privately owned protected areas. As a result approximately two-thirds of Costa Rica's remaining rainforests are protected. Ecotourism is one of the most important sources of income in the country. Not only because its biodiversity and its easy access to forests, also because Costa Rica is considered worldwide as a safe country to travel in. In 2007, Costa Rica established an ambitious goal, to be carbon neutral by 2021. However, during the last meeting of the parties in Paris, the government reviewed this date and committed to a goal of zero emissions by 2085. The country is also one of the first to establish a system that measures carbon emissions by person, capping per capita carbon dioxide emissions at two metric tons by 2050.³

In this context several leading international environmental organizations have had their offices in Costa Rica since the 1990s, including IUCN's Regional office for Mexico, Central America and the Caribbean, WWF's regional office for Central America, among others local

² OECD, Attracting Knowledge-Intensive FDI to Costa Rica: Challenges & Policy Options, 2012.

³ The Tico Times, Nov 30, 2015, <http://www.ticotimes.net/2015/11/30/costa-rica-steps-away-2021-carbon-neutrality-goal>

conservation NGOs. In 1990 Earth University, a leading institution for sustainable agriculture was founded in the country and in 2000 the EcoEnterprise fund was established in the country as one of the first socially responsible investment funds in the region. However, while success stories are on biodiversity conservation, challenges remain in water and waste management.

1.3 Key social challenges

One of the main social issues in Costa Rica and also in the Central American region is health on the one hand the increasing obesity rates and at the same time malnutrition. A study from the Pan American Health Organization (PAHO) in 2003, already underlined the alarming situation of the prevalence of obesity and being overweight in rural and urban schoolchildren ages 7–12 in Costa Rica. The study found that the overall prevalence of overweight and obesity were 34.5 % in San Jose and 26.2 % in neighboring urban and rural areas. Lower levels of activities demanding high energy; increasing hours watching TV, increasing food prices and cheap fast food are the main reasons why Costa Rican's are facing obesity and overweight issues. Malnutrition is also a key challenge. In Central America, 1,796,000 boys and girls under 5 years old suffer from chronic malnutrition (34,9 %), (State of the Region, 2012). In the case of Costa Rica, chronic malnutrition affects 2.7 % of boys and girls under 5 years; however, this country's real challenge is undernutrition. Undernutrition refers to a deficiency of micronutrients (vitamins and minerals) also called "hidden hunger" because it is often present without showing any clinical signs. In Costa Rica, the main micronutrient deficiencies are zinc and iron. The absence of these micronutrients increases the risk in boys and girls of suffering from diarrhea, pneumonia and malaria.

Inequality is also a key challenge for the country. The annual comprehensive assessment of social, economic and environmental issues in Costa Rica observed that the growing high-productivity, export-driven sectors of the economy have concentrated the country's economic success in a few elite groups, both socially and territorially, contributing to the country's widening inequality gap. Costa Rica is one of only three Latin American countries where inequality has risen since 2000.⁴

Finally, the country ranks 58, out of 189 economies, in the World Bank's Doing Business Report 2016. It takes 9 procedures and 24 days to start a business, ranking the country 121 out of 189 in starting a business indicator.⁵ According to representatives of the various chambers in the country, the main reasons for the bureaucratic systems are the lack of training of staff regarding customer service standards, the absence of a digitalized system and the fact that banks do not coordinate with each other.

⁴ New York Times, Jan 31, 2014 http://www.nytimes.com/2014/02/01/opinion/costa-ricas-wrong-turn.html?_r=0

⁵ World Bank Group, 2016, Doing Business Report, <http://www.doingbusiness.org/data/exploreeconomies/costa-rica#starting-a-business>

2. Overview of social entrepreneurship and social innovation movement

In Costa Rica, the topic of social innovation is relatively new, however the country has historically had outstanding social innovations as a nation. Costa Rica has established innovative public institutions, such as the Social Security Institute (in Spanish, *CCSS*), the Electricity Institute (in Spanish, *ICE*) and pioneer initiatives such as the State of the Nation Program, educational system reforms, abolishment of the army, environmental education, renewable energy and biodiversity conservation programs which involved structural reforms of Costa Rica's society as well as a strong presence of international environmental organizations.

Since 2008 Ashoka has nominated 20 Fellows in Costa Rica and their organizations have tended to focus on climate change, the environment, human rights and education, usually based around traditional NGO models. In addition there is also a well-established cooperative and fair trade sector in Costa Rica, with players such as *Coopecañera* which has been supporting small sugarcane farmers since 1973 and exports internationally. *Coopezarcero* and *Coopeparrita* are two other cooperatives that recently participated in the Ministry of Foreign Trade's social enterprise export program.

Late 2013, taking advantage of Yunus visit to launch one of the first social enterprises in the country, Nutrivida, a social business that tackles malnutrition, the Government publicly declared social entrepreneurship as national interest⁶ by decree N° 38034. However, it was not until Solís government after 2014 who started to articulate social innovation specifically to public policy. This has been done by first creating the Social Innovation Committee (in Spanish, *Mesa de Innovación Social*) within the framework of the Presidential Council for Competitiveness, Innovation and Human Talent (in Spanish, *Consejo Presidencial de Innovación y Talento Humano*). The Committee is led by the Vice-President's Office in coordination with the Ministry of Foreign Trade and the Ministry of Science, Technology and Telecommunications and its members are from academia, civil society and private sectors. Once the Committee was established, it's first step was to measure the social challenges at a local scale establishing the "*Costa Rica Propone*"⁷ (Costa Rica Proposes) an online platform based on the international Social Progress Index metrics. This initiative has benchmarked several social indicators at the canton level across the country and is the first time this measurement system has been applied at this local level. The Social Progress Index⁸ is a global initiative pioneered by The Social Progress Imperative and its regional partner CLACDS of INCAE Business School, one of the main actors in academia supporting social innovation. As a second phase the Social Innovation Committee will map out the social initiatives in each canton that already exist, in order to compare the challenges with the existing solutions in place across the country.

⁶ <http://www.crhoy.com/gobierno-declara-de-interes-nacional-la-creacion-de-empresas-sociales/>

⁷ www.costaricaproponer.go.cr

⁸ www.socialprogressimperative.org

The Presidential Council for Competitiveness, Innovation and Human Talent (in Spanish, *Consejo Presidencial de Innovación y Talento Humano*) was created during the Solís Administration in 2014, by Executive Decree⁹ (which means it will prevail if change in government). Its mission is to define a national strategy on innovation, by coordinating public policy and supporting institutions, which implement projects related to the subject. The Council integrates actors from the public, private, industrial and academic sectors.

Under this framework, and spearheaded by Vice President Helena Chacón, in 2015 the Social Innovation Committee was created to serve as a bridge between the public sector and universities, civil society, entrepreneurs and the private sector to formulate initiatives and public policies that promote and encourage social innovation in Costa Rica. The Social Innovation Committee is led by the Ministry of Foreign Trade in coordination with the Ministry of Science, Technology and Telecommunications and the Vice-President Office and among the participants are: CLACDS/INCAE, the Social Progress Imperative, VIVA Idea, Yo Emprendedor, Federation of Social Organizations of Costa Rica (in Spanish, *FOS*), Association of Business for Development (in Spanish, *AED*), Reinventing Business of All (in Spanish, *RBA*), Latin University of Costa Rica, National University of Costa Rica and Impactico, an Impact Hub candidate. The first task of the Social Innovation Committee was to define social innovation and a social innovation strategy.

Social Innovation Strategy¹⁰

The Social Innovation Committee's mission is to promote a social innovation culture as a pillar of human development, social progress and the country's competitiveness. The committee has defined four specific objectives: (i) encourage the development, management and promotion of social innovation through the National Innovation Policy (NIP) within the context of the OECD Innovation Policy Review; (ii) measure social progress at the cantonal level in order to take measurements from the public and private sectors to ensure the improvement of human welfare; (iii) promote the articulation of an ecosystem of social innovation; and (iv) build with the key players involved in innovation, a set of strategic recommendations and critical success factors to promote social innovation within the framework of national innovation policies. To achieve these objectives the Social Innovation Committee has established the following set of projects for the period 2015-2016:

- Creation of a Social Innovation Manual
- Measurement of the Social Progress Index at the cantonal level
- Support Global Entrepreneurship Week in Costa Rica
- Create of a National Innovation Platform
- Establish a participatory dialogue plan

At the same time other projects such as the creation of a National Social Innovation Fund or designing a set of public policies and legal reforms to promote in the congress and public entities are part of the government strategy for social innovation between 2015 and 2018.

⁹ No. 38662 -MP -PLAN – MTSS

¹⁰ Pablo Acuña, Social innovation background Report, October 2015, prepared for OECD.

The Social Innovation Committee is also aiming to consider aspects of social innovation in the innovation policy review in the process of Costa Rica entering into the OECD.

Private sector involvement

The private sector has also been active in entrepreneurship and impact investment, given that many funds are established in Costa Rica to operate in the whole Central American region. The Association of Business for Development (in Spanish, *AED*) is a well-established organization that promotes corporate social responsibility in the private sector and currently has more than 130 member companies.

In the last few years there have been several events organized in the country for social innovation, such as the Social Shot conference, which celebrated its 6th edition in 2015 where young generations engage in socially conscious activities. Attendees learn about social entrepreneurship, meet entrepreneurs and get involved with their causes, gain practical tools to start their own initiatives—and get inspired. Most important is that the event is organized by students. And the main goal is to promote social entrepreneurship to the youth, independently of their background. Also, the Prize I Create (in Spanish, *Premio Yo Creo*) inspires young people across the country to take action to address social and environmental issues in their communities. The Global Entrepreneurship Week Costa Rica, part of the Global Entrepreneurship Network led by the NGO Yo Emprendedor since 2011. Campus Party, started in 2015, is one of the most famous international festivals on innovation, creativity, science, entrepreneurship & entertainment. U Entrepreneur Costa Rica (in Spanish, *U Empeende Costa Rica*) is a challenge between more than 20 universities in the country. Despite the great things that events accomplish by bringing the entrepreneurial agenda to the public, it has been noted that many end up hosting the same group of people.

Table 2. Key milestones in social entrepreneurship and social innovation in Costa Rica

Year	Milestone	Description
2008	First Ashoka Fellow nominated	José Aguilar, founder of the educational NGO <i>Fundación Acción Joven</i> is the first of 20 Ashoka Fellows to be nominated in Costa Rica
2013	Social entrepreneurship as national interest	When Yunus visits Costa Rica to launch the social business <i>Nutrivida</i> , the government declared social entrepreneurship as national interest and in 2014 the Decree 38034
	Costa Rica Social Business Summit	1 st event to connect public authorities, professors, researchers, and students of Costa Rica and Latin America to support social business.
	International Congress on Social Entrepreneurship	Organized by the University of Costa Rica (UCR) and the Latin American Network of Universities (<i>REDUNES</i>) to promote Social Entrepreneurship.
2014	Solís elected, Vice President supports social issues.	Helena Chacon as Vice President and brings social issues to the top of the political agenda
	Creation of Presidential Council for Competitiveness, Innovation and Human Talent	Fist public agency focused on social innovation. Led by the Ministry of Foreign Trade in coordination with the Ministry of Science, Technology and Telecommunications and the Vice-President Office
	CLACDS (INCAE) leads Social Progress Imperative	CLACDS becomes the strategic partner of the organization Social Progress Imperative for dissemination , analysis and training on the fundamentals and conclusions of the Social Progress Index
2015	Creation of the Social Innovation Committee	Public, private and academia sector establish a platform to discuss public policy and projects for social innovation

	<i>FOS</i> takes on social enterprise	The Federation of Social Organizations (Formerly of Voluntary organization) is rebranded to facilitate the creation of social enterprises as part of its overall mission for sustainable development
2016	Pilot Program to support social enterprises' export strategies	<i>FOS</i> and <i>COMEX</i> established the pilot to increase capacities of social enterprises so they can be part of the national export sector.

3. Public Policy for social entrepreneurship and social innovation

As described earlier, the flagship public actor in social innovation has been the Social Innovation Committee. However, there are other public institutions spearheading programs that can be considered as social innovations. The Ministry of Foreign Trade (*COMEX*) is supporting social enterprises that want to export in collaboration with the British Embassy. The Ministry of Social Welfare and Human Development has been promoting the use of a multidimensional poverty index, described below, and through the program Bridge to Development (in Spanish, *Puente para el Desarrollo*) which supports skills development for people in poverty. The office of the First Lady established a program Weaving Development (in Spanish, *Tejiendo Desarrollo*) which articulates public, private, local government, civil society, higher education resources to support governance programs. Also the Vice Ministry of the Presidency has developed an action plan for open government programs in order to encourage participatory processes and the National Women Institute (in Spanish, *INAMU*) supports entrepreneurship for woman. The National Development Community Directorate (in Spanish, *DINADECO*) promotes citizen organizations named Development Associations which objective is to provide communities with the opportunity to organize them and develop projects for the benefit of their own community.¹¹ Finally, the Ministry of Economy, Industry and Trade as also had a role in promoting business, SMEs and entrepreneurship but still needs a push in social innovation, in December 2010, the Ministry launched Costa Rica Emprende¹², a National Plan 2010-2014 to create a national system of accelerators and incubators.

Costa Rica Propone

The platform Costa Rica Propone, launched in 2016, serves to identify social priorities that must be addressed at the local level. The aim of this platform is to create a baseline upon which more inclusive, competitive, safe, sustainable and resilient societies can be built. The initiative has been developed by CLACDS of INCAE, VIVA Idea, Estudio Manati and the Social Progress Imperative as part of the Social Innovation Committee's initial activities. As a subsequent activity FOS is currently mapping the social and environmental initiatives that are in place, eventually to be able to undertake a gap analysis of social problems and solutions.

The measurement system Social Progress Index (SPI) is composed of three overall dimensions: Basic Human Needs, Foundations of Wellbeing, and Opportunity. As Figure 1 shows, each of these dimensions is further broken down into four underlying components. This framework aims to capture an interrelated set of factors that represent the primary

¹¹ Pablo Acuña, Social innovation background Report, October 2015, prepared for OECD

¹² Administración Chinchilla Miranda 2010 - 2014, POLÍTICA NACIONAL DE EMPRENDIMIENTO, December 2010

elements that combine to produce a given level of social progress. The Social Progress Index methodology allows measurement of each component and each dimension, and yields an overall score and ranking. The Social Progress Index is explicitly focused on non-economic aspects of national performance.¹³ Costa Rica is the first country to adapt the SPI at the cantonal level (CSPI).

Figure 1. Elements of the Social Progress Index



Source: Social Progress Index 2015, Methodological report

In addition, the Index generates a public data bank that empowers civil society with the relevant diagnosis of their canton so that they are able to focus on the relevant issues for each region. In this way, civil society and government, work together in an open data process. The results of the measurement of Cantonal Social Progress Index (CSPI) in 2015 showed the following:¹⁴

- ✓ The best-ranked cantons were, Moravia, Flores, San Rafael, Zarcero and San Isidro; and the cantons with the lowest index were, Upala, Garabito, Los Chiles, La Cruz and Talamanca.
- ✓ Cantons on the coast and at the border have lower levels of social progress, their weaknesses are in access to basic skills, housing, access to information and communications, and access to higher education. Central and urban cantons have high levels of social progress, but problems associated with health and wellness, sustainability and ecosystem and personal safety.
- ✓ In general nutrition and basic health, water and sanitation, housing, and access to basic care are part of the strengths of Costa Rica, while personal safety, ecosystem sustainability, and access to higher education are issues on which the country should pay more attention.

The results of Cantonal Social Progress Index will be used by various institutions in different initiatives such as (i) the implementation of multispectral interventions with the Central American Healthcare Initiative (CAHI) in those cantons with the lowest scores on health indicators; (ii) the conduction of a hackathon nationwide with the support of Grupo Inco and its initiative Developing Latin America (DAL) to produce cutting-edge solutions that improve

¹³ Social Progress Index 2015, Methodological report

¹⁴ <http://www.socialprogressimperative.org/blog/posts/newest-social-progress-index-covers-each-municipality-in-costa-rica>

the lives of Costa Ricans living in the ten cantons with the lowest rating in the Index; (iii) the launch of the contest "Country Challenge" to propose solutions addressing the priorities identified by the cantonal index, together with Impactico, Impact Hub candidate co-working space in San Jose.

The next step after analyzing the problems and existing solutions, the Social Innovation Committee has mapped the social initiatives all around the country and would like to create a Bank of Ideas (in Spanish, *Banco de Ideas*), a national platform for social innovation, similar to the one established in Ecuador.

Legal structures for social enterprises

Most social enterprises in Costa Rica are registered legally as a foundations, associations or stock companies. Table 3 shows the characteristics of each of the legal structures. There is a law proposal for a regime of social enterprises, not a legal structure per se; but more a program where government can set some characteristics.

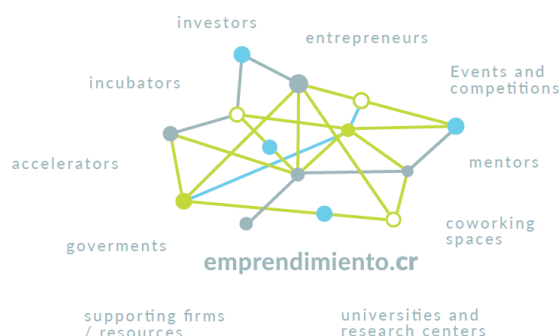
Table 3. Legal Structures for Social Enterprises in Costa Rica

Name	Name in Spanish	Description
Foundation	Fundación	It has a governance structure representative from various areas and there is no general assembly. Most have a board of directors.
Stock Company	Sociedad anónima	Company structure most utilized in Costa Rica, as its legal normative is quite extensive, can be constituted by at least two individuals. Partners only have responsibility equivalent to their capital contribution.
Association	Asociación	Minimum of 10 founding members, it has a board of directors and a member's annual assembly. They operate exclusively for the promotion of social welfare
Cooperative	Cooperativa	It differs from an association because there it has a productive-enterprise goal which. Formed traditionally by minimum 20 members, or 12 if its self-managed.

Entrepreneurship in Costa Rica

The government has created an online platform where entrepreneurs can find the profile of all organizations (see Figure 2) that support entrepreneurs including, (i) what the organization does and their role in the community, (ii) the profile of entrepreneur and type of projects or industries they focus on, (iii) the specific programs they offer and what entrepreneurs must do to take advantage of them, and (iv) their main contact information.

Figure 2. Empredimiento.cr platform



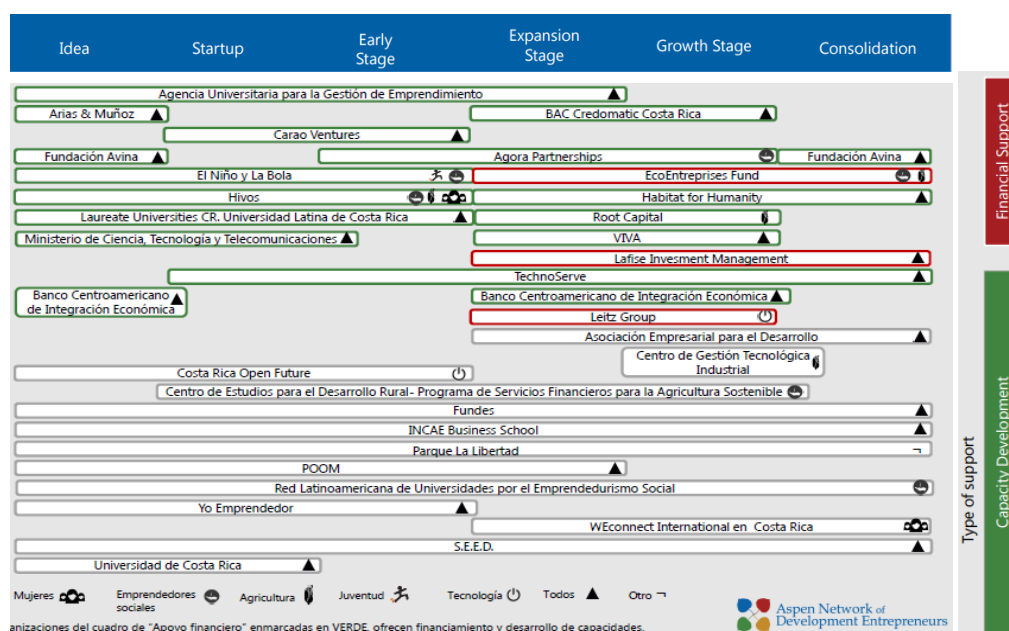
4. Key ecosystem players

4.1 Overview of key players

In Costa Rica, the number of ecosystem players in the social enterprise arena is growing little by little. The most active players are those organizations that are members of the Social Innovation Committee, which are the Social Progress Imperative, *VIVA Idea*, *Yo Emprendedor*, *IMPACTICO*, *FOS* (Federation of Social Organizations of Costa Rica), *AED* (Association of Business for Development), *RBA* (Reinventing Business of All), Latin University of Costa Rica and National University of Costa Rica. From within the government the Ministry of Science, Technology and Telecommunications (*MICITT*) and the Ministry of Commerce and Exports (*COMEX*) are the key players. The academic institutions in Costa Rica focusing on social innovation are *INCAE*, Latin University and Lead University. The financial support programs most relevant for social innovation have to date been generated from the public sector. The Seed Capital Program (in Spanish, *Capital Semilla*), which only had two editions, the *MICITT*'s ProPyme and PINN. On the private side, bank System for Development (in Spanish, *Sistema de Banca para Desarrollo*) offers loans at a very low interest for entrepreneurs. The interrelation between these sectors is largely through the recent creation of the Social Innovation Committee.

ASPEN Network of Development Entrepreneurs developed a map (figure 3) of the general entrepreneurial ecosystem in 2015 that also highlights some players who support social entrepreneurship. However it must be noted that some of the actors below do not have established presence in Costa Rica (such as Agora). In the following sections, we highlight the most active players currently in the country.

Figure 3. Ecosystem of entrepreneurship in Costa Rica



4.2 Details of selected players

4.2.1 Public Support programs

The **Ministry of Environment and Energy** in the last Conference of the Parties in Paris announced the Green Hub project. This hub will be managed by Costa Rica's Forest Fund (*Fonafifo*) and The Tropical Agricultural Research and Higher Education Center. The project aims to spread worldwide Costa Rica's leading role in sustainable forest use and management of tropical forests and ecosystem services.

The **Ministry of Foreign Trade (COMEX)** is taking the lead in social innovation, not only spearheading the Social Innovation Committee but also recently has established the pilot program to support social innovators to expand outside Costa Rican borders with the British Embassy. The pilot program started in 2015 and selected 30 social enterprises two of which, *Fudese semillas* and *Coopecañera*, received services of *Procomer*, the Export Trade Promotor of COMEX.

The **Ministry of Science, Technology and Telecommunications (MICITT)** has two major programs that support start-ups. The first is *Propyme* (ProSME's) supporting technology projects in startups but also SME's. It is not focused solely on social enterprises but could be in the future. The program supports up to 80 % of the project's costs as non-refundable funding. The other program is the Innovation and Human Capital for Competitiveness Program (Spanish acronym, *PINN*) financed by the Interamerican Development Bank (IDB), and provides scholarships and non-refundable funds for startups in the areas of science, technology and innovation.

4.2.2 Specialized intermediaries & physical spaces

The specialized actors in the social arena are mostly organizations that connect entrepreneurs to their different needs, networks, finance and other support mechanisms. There is a lack of co-working spaces as this is a recent development in the country.

Specialized intermediaries & physical spaces							
Name	Competitions/ open innovation	Training	Incubation/ Acceleration	Research	Finance	Coworking	Activity
Aspen Network of Development Entrepreneurs		x		x	x		Global network supporting entrepreneurship in emerging markets to have social and environmental impact. It offers financial, business training and business development services
Business Association for Development	x	x		x			Supports business to be social responsible with more than 120 member organizations and has initiatives such as "Me Entrepreneur" or the Network of Inclusive Businesses
AVINA		x			x		Based in 13 countries in the region, in Costa Rica Avina has focus mainly in access to water projects and migration.
Federation of Social Organizations (FOS)		x					Social enterprise that serves as the nonprofit organizations coordinating body, with more than 100 members. Offers training sessions on topics such as social innovation, social business, and social management.
First Tuesday		x					In Costa Rica since 2013 and is a monthly event where entrepreneurs, startups, advisors, investors and people interested in developing their own business in Costa Rica meet.
Founder Institute		x					Program that focuses on connecting entrepreneurs with mentors with more than 40 mentors who offer their free of charge time to listen and provide feedback to the entrepreneurs who join their program
Get in the ring		x					Event where entrepreneurs stand in a boxing ring and the public ask them all types of questions, from financial data to personal experiences developing their business ideas.
Ideas en Acción (Ideas in action)					x		is a social innovation initiative that attracts other social innovation initiatives for example organizing TEDx events in Costa Rica since 2010, it also supports entrepreneurs and supports women entering in the science and technology sectors in the country.
Impactico (Impact HUB Candidate)						x	Co-working space founded in 2015 in San José, in which social entrepreneurs can work together in solving problems initiatives.
Yo Emprendedor (I Entrepreneur)	x						NGO that promotes an entrepreneurship ecosystem in Costa Rica working with entrepreneurs, startups and SMEs. Every year they organize a business plan competition that approximately 300 entrepreneurs participate and since 2012 social entrepreneurship is one of the main categories in this competition.

4.3.3 Academia

There are a few universities which are active in the social innovation arena, in particular INCAE as a leader in the field internationally. However, there are not any graduate or postgraduate academic programs focused on social entrepreneurship or social innovation.

Universities & Business Schools

Name	Competitions/ Open innovation	Teaching	Incubation/ Acceleration	Research	Finance	Coworking	Activity
Auge-University Agency for Entrepreneurship Management		x	x				In Spanish, <i>Agencia Universitaria para la Gestión del Emprendimiento, de la Universidad de Costa Rica</i> is an incubator that offers seed money up to 3,000 USD it doesn't have a social goal but supports entrepreneurs since 2012
ITEC		x					Public university that offers a 5 month program on corporate social responsibility, but there are not specific programs for social entrepreneurship or social innovation.
CLACDS		x		x			INCAE's Latin-American center for Competiveness and Sustainable Development (in Spanish, CLACDS) is Costa Rica's most known Business School. CLACDS' mission is to promote sustainable development in the region and its INCAE's social innovation think tank. Together with NGO Viva Idea they survey every year social entrepreneurs in the Latin American region. INCAE has the ability to work together with public and private sector.
Latina University	x	x					Since 2012 has organized the program Yo Creo (I believe) a social award that inspires young people across the country to take action to address social and environmental issues in their communities.
National University		x					Has an incubation program and is working with ASHOKA to design a social innovation bachelor's degree.
UCI		x	x	x			University for International cooperation (in Spanish, <i>UCI</i>) has an on-line green MBA program and a center for entrepreneurship and innovation (in Spanish, <i>CEI</i>).
ULACIT		x					Latin American University of Science and Technology (in Spanish, <i>ULACIT</i>) offers an MBA with a major in social management.
University for Peace		x					Offers a bachelor's degree in social innovation, selecting 5 online courses at a reduced tuition over an 18-month period.

4.4.4 Financial Support Programs

As shown in Figure 3 there are several financial organizations that support entrepreneurship. However, not many are focused on social innovation as the sector is just starting to grow in Costa Rica. The main challenge of applying for public funding is that is bureaucratic. Startups find that applying for funds, public or private, takes time and money and that there are too many forms and paper requirements. As the report Startup Ecosystem Mapping 2016¹⁵ mentions, most of the startup funding is personal or from family and friends. Below are the lists of several institutions that have operations in Costa Rica and offer funding for social enterprises.

Organizations that finance social entrepreneurship and social innovation					
Name	SEED STAGE	EARLY STAGE	GROWTH	SCALING	Activity

¹⁵ Costa Rica Startup Ecosystem Mapping: actors, connections and best practices, www.costaricapropone.go.cr, 2016

Banca de Desarrollo (Bank of Development)	x				Seed Capital program started in 2013 initiative created a source of revenue for incubators, which helped some of them in their initial years. Under the program, each incubator would nominate startups to be funded for amounts up to \$100,000. If selected, the organization would be able to keep a small percentage of the funds, opening up a revenue stream for many starting incubators. However, the program was halted after two iterations, leaving many organizations without a significant source of income. This has forced many to reinvent their business model and explore new ways to finance themselves.
Carao Ventures		x	x		Is a capital firm that invests in high potential startups, accelerates and supports early stage projects, and contributes in the development of the regional entrepreneurship ecosystem. Provides seed capital in amounts of roughly US\$25,000, usually through convertible preferred stock. It was established in 2012.
EcoEnterprise Fund			x		is based in Costa Rica however has not yet invested in any companies in the country. In 2000 the fund began investing in growth-stage sustainable ventures in sectors such as organic agriculture, non-timber forest products, sustainable forestry, or ecotourism. The fund uses mezzanine, quasi-equity, structured royalty streams and warrants, convertible notes and long-term debt financing. Investment size ranges from \$500,000 to \$5 million, with an average investment of \$2.5 million.
El Niño y la Bola (The boy and the Ball)	x	x			NGO established more than 20 years ago, supports youth in training and development to be entrepreneurs in their communities.
Hivos People Unlimited		x			Dutch NGO that has four projects in Costa Rica regarding civil and human rights in the country.
Oikos	x				Portuguese non-governmental organization established in 1988, and working in Costa Rica establishing a rural network for food security in Guatemala, Costa Rica, Honduras and Nicaragua.
Root Capital		x	x	x	North American investor in agriculture with more than 44 transactions in the country, investment and loans between 50k and 2M USD.
Viva Trust			x	x	Created in 2003 to ensure the long-term sustainability of Avina and Fundes .Viva idea, its sister NGO that mainly organizes the Prize VIVA that supports best social entrepreneurs in Latin America. Viva Idea with INCAE's CLACDS elaborates every year a survey and a report on social entrepreneurs.

5. Examples of social enterprises in the country

In this section we highlight a selection of social enterprises founded in Costa Rica 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 *Nutrivida* and *Asembis*.

Table 5. Examples of social enterprises in Costa Rica

Name	Legal Format	Year established	Description
Asembis	Non for profit organization	1991	Social company that offers eye care, dental care and other medical services at an affordable price across the country, delivering pro-bono services to the most vulnerable. www.assembis.com
Nutrivida	Limited company	2012	Produces and distributes fortified food products with the micronutrients most lacking for households suffering malnutrition in Costa Rica at an accessible price with an inclusive distribution network. www.nutrivida.com

Earth University	Foundation	1986	University offers undergraduate program for sustainable leadership in agricultural sciences providing a world-class scientific and technological education for students from around the world. www.earth.ac.cr
Fundacion Accion Joven	Foundation	2006	Regionally adapted programs with training for teachers in poor areas to motivate their students and to offer new possibilities of employment; Internships in companies; training for young entrepreneurs, etc. https://accionjoven.squarespace.com
Costas Verdes	Foundation	2009	Reforestation of public areas and protection of the coast proactively, involving communities, schools, visitors, public sector and private sector. www.costasverdes.org
UPE Places	Limited Company	2015	Website which creates connections between world travelers and local communities, offering authentic experiences and stays in rural communities, especially in Latin America. https://www.upeplaces.com/en/
Instituto Monteverde	Limited Company	1990	Place-based education, applied research, and collaborative community programs with community Health Program to reduce obesity, cardiovascular problems and diabetes. http://www.monteverde-institute.org/
Acomuita	Non for profit organization	1994	Supports indigenous women to participate in management, negotiation and administration through the implementation of projects such as rehabilitation of cocoa, carbon sequestration, small grants and revolving funds. http://acomuita-costarica.jimdo.com/
Árboles Mágicos	Non for profit organization	2010	Artistic hardback book of high quality tree photography, celebrating various types of forest with profits donated to reforestation programs. http://www.arbolesmagicos.org/
Red del Sendero Pacífico	Non for profit organization	2011	Costa Rica Pacific Slope Trail Network is a project to link forests and rural communities along Costa Rica's Pacific Slope. http://www.senderopacifico.net
Feria Verde de Aránjuez	Non for profit organization	2008	Space designated for the exchange of ideas, actions, and organic food products in order to support the sustainable lifestyle in San Jose, www.feriaverde.org/

6. Final reflections

Costa Rica has a relatively new social enterprise and social innovation ecosystem but in the last couple of years it has become increasingly active. The establishment of the Social Innovation Committee formed by players from the different social sectors shows the willingness to prioritize social innovation in the public agenda. In terms of the specialized intermediaries, the country for its strategic position in Central America has attracted international agencies such as the Aspen Network of Development Entrepreneurs as well as some funds such as Root Capital and EcoEnterprise Fund. Co-working spaces are still to flourish having *Impactico* as the sole space in San Jose. INCAE CLACDS leads the academic sector in social innovation. Latina University organizes the competition “I Believe (*Yo Creo*)” every year that connects social entrepreneurs in the country, and Universidad Nacional is working with Ashoka to design a Bachelor’s degree in social innovation.

Even though the social innovation sector is relatively new in the country, there are some challenge and opportunities to move forward. An opportunity will be to connect the well-established environmental sector with the social innovation committee, especially if the Green Hub takes wings. Likewise the more mature cooperative movement that traditionally supports small-scale agriculture is only just beginning to be engaged in the incipient social innovation movement, through *COMEX* recent social business export initiative.

Second, there is very limited activity in terms of social impact investment among the different ecosystem players. Thirdly, the area of entrepreneurship is only just starting to gain recognition among university students and parents. The Ministry of Science, Technology and Telecommunications (MICITT) is trying to work with young people to encourage them to consider entrepreneurship as a viable professional option. There are limited forum for connecting these different ecosystem players, beyond the recent Social Innovation Committee. In addition the latter should look into its sustainability as up until now all activities has been carried out voluntarily and the government may need to assign a budget to be able to develop its ambitious action plan. Moreover the Committee needs to look into the future after the 2018 elections to put in place mechanisms for long-term sustainability.

In the academic sector social innovation is incipient and most of social entrepreneurs have studied abroad. Several universities are developing programs but there is a need to mainstream the topic in both private and public universities. In this same line, social innovation has to be recognized nationally so that the different social entities can access incentives and the financial sector can have special targeted programs for them. One institution stands out, *CLACDS-INCAE*. The think tank established more than 20 years ago has become a leader in promoting sustainable development in the country and also in the region by using a four-area methodology linking competitiveness, social progress, environmental performance and governance.

Finally, Costa Rica needs to reduce its bureaucracy burden as a considerable barrier for Startups. Many social enterprises are left as just as an idea as applying for funds in the public and private sector takes long and is not user friendly. Many times from the time the entrepreneur applies until he/she actually gets the funding it takes more than 9 months. Even though the country improved in the Doing Business Report, at the scale of a social start up, time is highly valuable especially when the private sector is looking for already established business.