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

Final Reflections

Fundación Ecología y Desarrollo

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FINAL REFLECTIONS

Multilateral Investment Fund (IADB) · Fundación Ecología y Desarrollo

July 2016

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Contents

1. Introduction

The following pages offer a series of final reflections for the study of social entrepreneurship and innovation ecosystems in the Latin American Pacific Alliance countries. This study has been carried out for the Multilateral Investment Fund of the Inter-American Development Bank by *Fundación Ecología y Desarrollo* (ECODES), as part of a wider comparative study with social entrepreneurship and innovation ecosystems in Asia, with the Japan Research Institute.

The comparative study in its entirety comprises a global analytical framework on social entrepreneurship and innovation ecosystems, two regional analyses for the two regions, 11 national profiles of social entrepreneurship and innovation ecosystems (Chile, Colombia, Costa Rica, Mexico, Peru, China, Japan, South Korea, Thailand, Singapore and the Philippines) as well as an in depth analysis of 25 social enterprises in these countries that are demonstrating a positive social impact, have a sustainable business model and are in a position to scale or be replicated.

In the following pages a series of common characteristics and challenges are extracted for the selection of 12 social enterprises from the Latin American region. While there are some common traits, there are also some observable differences in terms of profit motivation and legal structure, the type of social impact measurement used, the innovation model adopted, the financial impact of the organizations and the levels of profitability. In terms of how the enterprises have reached their current status as organizations that are both resolving social problems and sustaining a robust business model, (and in some cases generating healthy profit margins) there are a series of critical junctures that have been observed. Observations have been made for the Startup stage, Early stage and Growth stage.

While the achievements of the 12 social enterprises that have been analyzed is to be celebrated, there is still much to do to meet the multiple, and highly complex social challenges that neither governments or traditional businesses are able to meet. The role of the MIF in stimulating the ecosystems that support those social enterprises with the ideas, talent and business acumen to address these social challenges could be critical, given the wealth of experience, knowledge and social capital that the fund sustains in the region. A series of opportunities and barriers for supporting such ecosystems have been identified and finally a series of reflections for the MIF's next steps are offered.

For a more in depth understanding of the theoretical framework that supports this study, trends across the region and the countries as well as an understanding of the individual social enterprises readers are recommended to download the full reports available at the MIF's website.

Critical to building on the success of the work done so far in this study is to engage in a subsequent phase of analysis and exchange between Latin American Pacific Alliance countries and the Asian countries that have participated in this study.

2. Common characteristics & challenges for social enterprise

The following section highlights some common characteristics and challenges across the selection of 12 social enterprises analyzed from the Latin American Pacific Alliance region. The organizations that have been studied were selected according to the following criteria; they demonstrate positive social impact, operate under a sustainable business model and have the capacity to scale or be replicated in another country. In addition, an effort was made to ensure that the selection in its entirety (including the 13 case studies selected in the Asian region) showed a diversity of sector, approach and stage of development. Given the latter, it is unsurprising that there are considerable variations across the selection and some observations can be made regarding the different degrees of profit motivation and legal structure, the means of social impact measurement, type of innovation model adopted, financial impact and profitability as well as scalability. The selected social enterprises are presented in table 1, 2 and 3 overleaf

Table 1. StartUp stage social enterprises

Country	Name	Type	Activity	Sector	Social impact	FTE[1]
Chile, US	Lab4U (2013)	Limited company	Mobile laboratory apps bringing science to classroom.	Education	3,000 students benefited, academic performance increase of 34%.	14
Peru	X-Runner (2011)	NGO	Dry toilets service for low-income urban households.	Sanitation	530 systems installed, 2,650 beneficiaries.	18

The social enterprises in the Start Up phase have not yet reached breakeven and are generating less than 25% of their revenues from sales.

[1] Full Time Employees.

Table 2. Early stage social enterprises

Country	Name	Status	Activity	Sector	Social impact	FTE	Annual revenue	Net profit margin	% revenue from sales	Business model
Colombia	Cacao de Colombia (2009)	Limited company	Premium cacao production in post-conflict areas.	Agriculture	4,700 lives impacted, farmers receive 50% more income for product.	15	$1m	27%	90%	Built in profit margins to service delivery, and high growth expansion of new product (roll on green roof).
Chile	UPASOL (1998)	Non-profit association	Recycling center and rehabilitation program for disabled.	Health	4,000 patients attended, 50,000 tons of waste recycled since 1995.	12	$80,000	N/A	65%	Cross-subsidizing profits from recycling business to fund non-profit rehabilitation service.
Costa Rica	Nutrivida (2012)	Limited company	Affordable, nutrition enhanced food products.	Health	9 million portions distributed, 100 women in distribution network.	10	$150,000	N/A	100%	Multi-tiered distribution; retail, institutional and inclusive distribution channels-

Table 3. Growth stage social enterprises

Country	Name	Status	Activity	Sector	Social impact	FT E	Annual revenue	Profit margin	% revenue - sales	Business model
Costa Rica	Asembis (1991)	Non-profit association	Affordable health clinics, subsidized eye care.	Health	3 million patients total, 10,000 per month.	351	$22m	N/A	95%	Cross-subsidized health care, 30% of income from institutional partnerships.

Mexico, Nicaragua	Sistema Biobolsa (2010)	Limited company	Biodigestor to transform manure into biogas and fertilizer.	Renewable energy	14,442 beneficiaries, 150,000 tons waste managed.	25	$1m	18%	87%	Government subsidizes 30% of cost to farmer, ROI for beneficiary plus profit margin for company.
Mexico	Echale a tu casa (1997)	Limited company, non-profit, Community Finance Company	Self-build community-based housing from local materials.	Affordable housing	150,000 houses rebuilt, 30,000 new houses.	48	$4m	4%	99%	Government subsidizes 30% of cost, profits generated on service and finance to community.
Colombia	Groncol (2009)	Limited company	Green walls, roofs, and infrastructure services.	Green building	150,000m^2 green infrastructure installed	79	$ 3.8m	21%	100%	Profitable service delivery since 2011, with expansion in new expandable product (roll-out roof).
Colombia, Chile, Mexico, Peru, US	Lumni (2002)	Limited company	Investment fund to support University students.	Education	8,000 students access higher education for the first time.	56	N/A	9%	100%	Mixed portfolio of investment and corporate funds ($40m total), 2% payment default rate.
Peru	La Tarumba (1984)	Non-profit association	Life-skill training through circus education.	Education	2,800 beneficiaries, 50% gain stable employment.	50	$3.5	N/A	?	Revenue generated from performances and student fees subsidizing free classes.
Chile, Peru	Late! (2008)	Non-profit and limited company	Basic commodities that donates 100% of profits.	Consumer	25 organizations have received $1m in total donations.	6	$2m	39%	100%	Lean business model with minimum costs and 100% of profits donated to children's NGOs.

2.1 Profit motivation and legal structure

There are broadly two types of organization across the selection. The first type can be described as **socially driven businesses**. These tend to be registered as private limited companies although some organizations have a hybrid model whereby they combine a private limited company with one or more non-profit organizations and operate under a single brand. This is the case for Late! and Echale a tu casa, the latter having three structures within its brand. These types of organizations have a two-fold mission, on one hand to generate high social impact but also to make a financial return. They operate under a single brand.

The second type of social enterprise can be described as a **business driven NGO.** These organizations also have a clear social mission, however the profit motivation may be lower. In this group the legal structures tend to be non-profit organizations or foundations such as Upasol, Asembis, La Tarumba and X-Runner. In this category Asembis is an interesting model, as it is a non-profit association with a turnover of 22 million USD and treats 10,000 patients per month. This is an excellent example of how the traditional organizational models are being turned on their head in the world of social enterprise. NGOs are acting more like businesses and businesses behaving like charities. Nutrivida and Echale! Provide a third type of organization, as they were both created by an *intrapreneur* from a leading food and beverages and engineering company respectively and are now independent social enterprises.

The conversation between different ecosystem players around developing new legal formats for social enterprise is most developed in Chile, Colombia and Mexico, however currently no country has a specific legal format for this, so all of the social enterprises make do with either a single existing structure or a combination of two or three legal formats under the same brand.

Irrespective of the degree of social impact motivation versus profit motivation four of the organizations analyzed have certified themselves as B Corps (*Sistema B* in Latin America) as a way of formally recognizing their dual purpose. This is the case for X-Runner, Lumni, Late! and Sistema Biobolsa.

Figures 1 and 2 illustrate how the boundaries of traditional business, cooperatives and charities are being blurred by the diverse landscape of social enterprise with varying degrees of social impact and profit motivation. Figure 1 illustrates a cluster of socially driven businesses and a cluster of business driven NGOs and Figure 2 illustrates where the selected organizations sit along the social enterprise continuum.

Figure 1. Social impact versus profit motivation

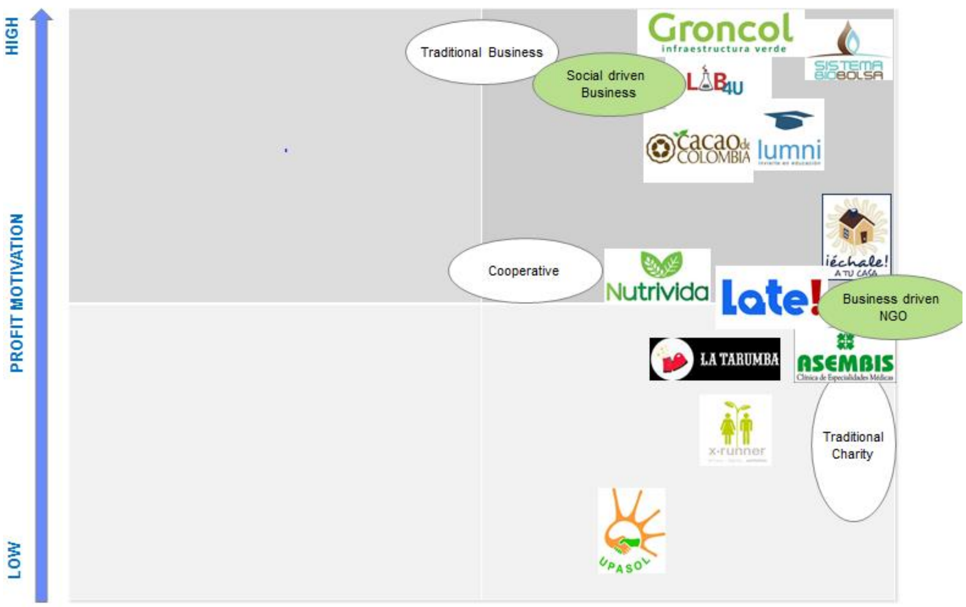
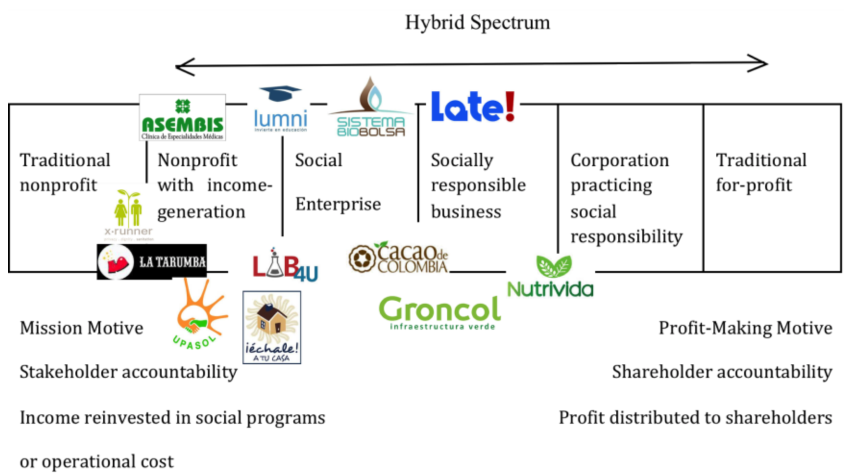


Figure 2. Social enterprise continuum



2.2 Social impact measurement

The majority of the selected social enterprises measure their social impact with traditional quantitative metrics, such as number of units sold or donated (Nutrivida), patients treated (Asembis), product users (Lab4U) or direct beneficiaries of their programs (La Tarumba, Echale, Sistema Biobolsa). Those organizations that have a specific environmental mission also measure their impact with different environmental metrics, such as liters of water saved, particulates and $C0_2$ captured (Groncol) or tons of waste recycled (Upasol). However, very few of the organizations attribute a financial value to the social, or environmental, impact. For example, none of the selected organizations use the Social Return on Investment (SROI) methodology, which uses financial language to quantify social impact. This methodology has gained traction largely amongst public sector organizations in Europe although there are some instances of organizations using the methodology in Latin America.

The social enterprises that use an independent certification such as B Corps or if their investor is committed to the Global Impact Investment Rating System (GIIRS) tend to have a more sophisticated social impact measurement system that goes beyond the number of direct beneficiaries. For example, in the case of Sistema Biobolsa the savings made for each farmer with an installed biodigester is calculated, and in the case of Groncol, estimates are also made on the financial savings for each of their clients. Both of these external verifications also require the companies to report on their governance systems as well as social and environmental impacts.

As a general trend the motivation developing a more sophisticated social impact measurement comes from the private investors, who also encourage the enterprises to demonstrate their proven impact as well as operate under accountable and transparent governance structures.

2.3 Types of innovation

In terms of open or closed innovation, the first group of enterprises that were earlier described as *socially driven businesses* tend to adopt a model of closed innovation, and in some cases have patented their products. Lab4U and Sistema Biobolsa have registered patents for the technologies they have developed. Nutrivida and Cacao de Colombia, while they have not patented their products, operate under a closed innovation policy where a key part of their added value is locked up in the "secret recipe" for their products. For these types of enterprise based on an innovative product, the strategy for growth is for their own organization to be scaled across the region, rather than being replicated by others.

Echale has both an innovative *product* (the Terrapress technology) and an innovative *process* (the combination of community development, microfinance and sustainable construction) and while neither are patented the organization is keen to scale its operations under a social franchise model, maintaining the same brand, rather than having other organizations replicate their model independently.

The second group of *business-oriented NGOs* tend to have a more open innovation policy, and actively encourage other organizations to adopt their proven methodologies in different regions and countries. This is the case for Upasol, whose founder is very keen for others to adopt the community recycling and rehabilitation model. Asembis and La Tarumba operate under a similar open policy whereby their founders have actively promoted their methodologies internationally with the aim of other organizations adopting similar models and building on their experience.

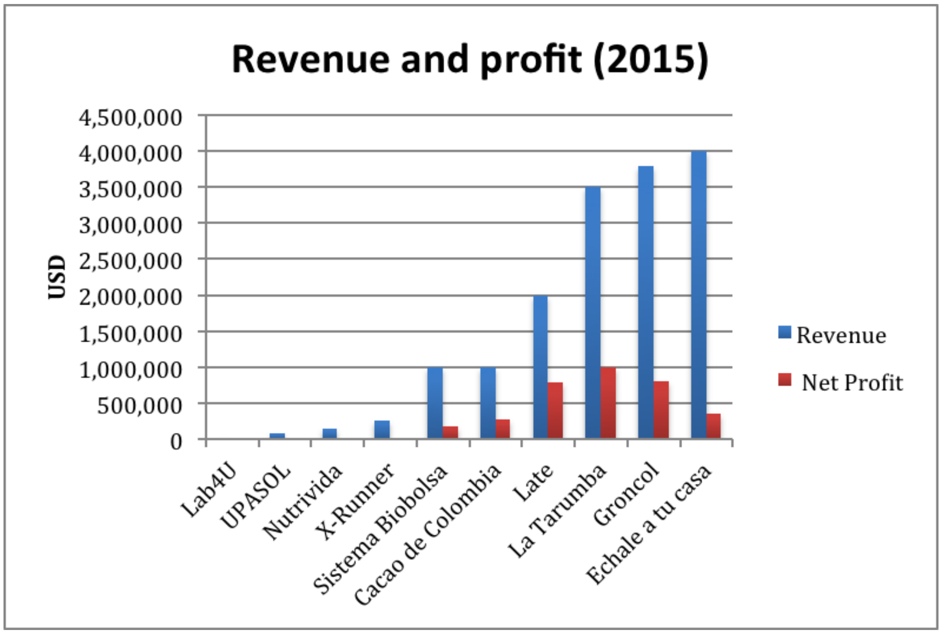
In terms of systemic social innovation, three of the organizations across the selection have implemented a similar strategy to influence their entire sector. Sistema Biobolsa, Groncol and La Tarumba have all created a type of trade association to promote knowledge exchange and influence policy in their fields across the Latin American region. Sistema Biobolsa led the creation of the Latin American Biodigestor Network, Groncol set up the Latin American Green Roofs Association and La Tarumba the Social Circus Association. In all three instances the enterprises are keen to raise the profile of their sector as a whole, to promote the exchange of best practice and to raise awareness of the benefits of their products. However, at the same time as promoters of the trade association they also maintain a leadership position in the sector.

2.4 Financial impact

As illustrated in the previous figures there are varying degrees of profit motivation across the selection and the net profit margins also vary considerably. Broadly we can group the social enterprises into three categories in terms of their financial impact, the Startups, the Early Stage organizations and those already showing some degree of growth in revenue and sales.

The organizations still in their start up phase (Lab4U and X-runner) have not yet achieved break even point and are still heavily dependent on grants and external support, with less than 25% of their revenues generated through sales. The early stage enterprises have passed the point of break even, (Cacao de Colombia, Upasol and Nutrivida) and are generating revenues between 80,000 and 1 million USD. Finally, there is a cluster of organizations that have consolidated their annual revenues at over 1 million (up to 22 million in the case of Asembis) and are generating attractive profit margins ranging from 4% (Echale), 9% (Lumni), 18% (Biobolsa), 21% (Groncol) to 39% (Late!). With the exception of Late, which donates 100% of profits to its beneficiaries, the remaining growth stage organizations are generating profits for their respective shareholders. The shareholders tend to be comprised of founders, individual investors and more established impact investment organizations. Figure 3 shows the variation in annual revenues (from 10,000 USD to 22 million USD) and net profits. All figures are taken from 2015 accounts.

Figure 3. Revenue and net profit for selected social enterprises[2]



2.5 Critical junctures and key ecosystem players

The social enterprises analyzed have experienced some common critical junctures in their different stages of development, from Startup to Early Stage and Growth.

In the **Startup stage** or preparation period for setting up the business there are two critical junctures to observe; first establishing a core team and second securing initial seed capital. At this stage most enterprises have the support of a small group of 3 or 4 ecosystem players to help kick start the initiative and have developed a product or service prototype. There are some trends across the selection as described below;

- *Core team*: the figure of an individual social entrepreneur is essential for the concept to be developed and initial impulse, however, without a core team of 2 or 3 co-founders it is difficult for the project to materialize.

- *Seed capital*: many of the social enterprises analyzed received initial seed capital in the form of a grant from an international foundation or development bank, such as the Switzer Foundation (Biobolsa), the Christoffel Blindenmission (Asembis) or IDB (Lumni). Other enterprises received this initial funding from local organizations, particularly in countries where the ecosystem is well developed such as Chile. Lab4U received initial support from Startup Chile, Socialab and subsequently Corfo. For those

[2] Note: Asembis is not included in this graph. Its annual revenue is currently 22 million USD, and as a non-profit entity the net profit is zero, all margins are re-invested into the organization.

enterprises that were founded earlier (in the 1990s) when the ecosystems were less developed this Startup stage was supported by the core team, volunteers and personal contacts providing loans as was the case for Upasol and Late! Where the initiative stems from a social *intrapreneur*, the parent company plays a key role in this Startup Stage as is the case for Ital Mexicana (Echale) and Florida Ice and Farm Company (Nutrivida).

- *International inspiration*: for several enterprises the initial idea was inspired by and adapted from an existing model seen elsewhere. Groncol's initial technology was developed by the Spanish company *Paisajismo Urbano,* Nutrivida was inspired by Mohammed Yunus' social business model and an early source of inspiration for Asembis was the student-led eye testing in Israeli schools.

- *Agility and opportunism:* the ability of the founders to quickly identify and grasp an opportunity has also been key. This was the case for Echale's rapid response to rebuilding an entire community after a large dam disaster and Late!'s immediate solution for a humanitarian disaster, which became an invaluable opportunity to promote the brand.

During the **Early Stage** of development the team starts to test the market, may file a patent or obtain a license and could reach break-even point by the end of this period. During this time there are some common trends that can be observed from the selection of social enterprises analyzed. During this stage most have started to build up a network of supporting players, with at least 8 key organizations in their immediate ecosystem and the following moments have been critical;

- *International recognition:* being nominated as an Ashoka Fellow as was the case for the founders of Echale, Asembis and Sistema Biobolsa or gaining the support from another international organization such as Endeavour or NESsT marked a turning point for several enterprises. International recognition increases the profile of the organization, and particularly the founder, which tends to lead to further relationships with international investors and other supporters.

- *Strategic partners:* during this stage most social enterprises established key relationships with organizations with the capacity to reach their target sector. Examples include Late!'s partnership with the multinational SODIMAC, Nutrivida's distribution agreement with Walmart, Sistema Biobolsa's micro-loan arrangement with KIVA, or Lab4U's relationship with the educational organization *Enseña Chile*.

- *Policy influence:* another key juncture has been to secure public sector support for the product or service, which in some cases took several years to achieve. Echale managed to change the housing subsidy policy in Mexico to the benefit of low-income, informal workers, Sistema Biobolsa secured subsidies for biodigestors from the public sector's agricultural and environmental programs and Nutrivida gained the support of the public health sector. However, this public support is not common to all of the initiatives analyzed and is an area for further opportunity and development.

The **Growth Stage** of the social enterprises is the period when the enterprises start to make a net profit, increase revenues and sales, develop new products and services or scale operations to another region or country. By this stage all of the enterprises have a far richer ecosystem of supporting players, with at least 12 key organizations playing an active role in their ecosystem. However, there are also some key differences between the growth models.

- *Smarter business model:* by this stage most of the organizations have finely tuned their business model to enable sustainable growth. For example, Asembis at this point adopted a "health insurance" policy with partner organizations which now represents 30% of total revenues, Echale set up a community finance organization to take ownership of the micro-credit element of their housing scheme, Groncol created (and then bought) a strategic supplier *Metro Verde* and La Tarumba launched a large circus tent to offer large-scale income generating shows.

- *Investment readiness:* the point at which the organizations receive venture capital is also a critical juncture to sustain the growth stage, and for some enterprises becoming investment ready took several years as was the case for Late!'s engagement with the Social Investment Fund (FIS) and for others this has been a faster process as was the case for Cacao de Colombia's investment agreement from Acumen or Biobolsa's swift entry into several investment agreements. In other cases, such as Echale, while the model is now well-established and has been operational for over 20 years, the enterprise is only now starting to seek external investment. The speed at which the enterprise decides to seek investment can depend a great deal on the founding social entrepreneur's personal strategy and philosophy for the enterprise. Some adopt a long term organic growth (as is the case for Asembis) without external investment, others are keen to seek investment quickly (Sistema Biobolsa and Cacao de Colombia) and others bide their time (Echale).

- *Maturity of governance structures:* this is an area where there is significant diversity across the selection. For some, the investors have helped formalize the structure of governing boards and internal structures as was the case with Inversor's influence over Groncol, notably with the founders removing themselves from both the strategic and operational activity. For other organizations, the governance structures are less mature, with a single group of founders operating both at the strategic and operational level. On the whole, the corporate governance structures could be better developed and internal reporting and accountability systems could be more systematic. The formalization of internal procedures is particularly critical for the enterprises to be able to scale or to be replicated by other organizations.

2.6 Scalability and challenges for growth

There are different approaches to scaling across the selection of social enterprises. As described earlier, on one hand the more closed innovation enterprises tend to promote a model of organic growth, by expanding their own brands and organizations across borders. This is the case for Sistema Biobolsa and Asembis, which have recently started operations in Nicaragua, sending members of their local teams to build new capacity in the country. Likewise Lab4U has opened an office in San Francisco. Of all the enterprises Lumni has scaled to the largest number of countries (Colombia, Chile, Peru, Mexico and the US), and although each country has an independently registered company or non-profit organization the group operates as a single organization, with shared internal processes, reporting, research and methodologies.

Late! has taken a slightly different approach to their scaling model, whereby an independent entrepreneur in a different country has taken up the model, under an agreement with Late! Chile to abide by the overarching philosophy of the company. Late! Peru is a registered non-profit association in Peru, has received an initial loan from Late!

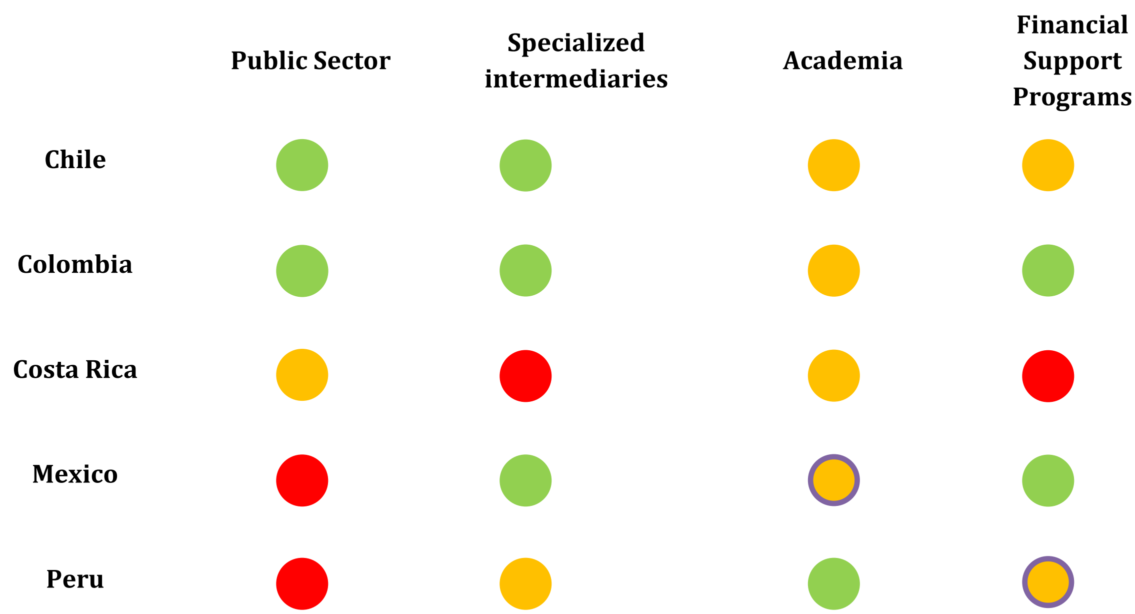
On the other hand, some of the enterprises have a more open policy and promote the uptake of their proven methodologies by third party organizations. However, what is not yet clear from this analysis is which approach is more effective in terms of scaling social impact. This is largely due to a lack of data from the more open approach, as the organizations' success is not measured by the extent to which it has been replicated. Asembis is a good example of this. While Ashoka has taken the founder Rebeca Villalobos to several countries across Central America and the Caribbean to promote the concept of multi-tiered health pricing, there is only anecdotal evidence that the model has been taken up in Mexico, El Salvador, Honduras and Panama. The case is similar for Upasol. Upasol´s social mission is to serve disabled children in the Serena region, and although the founder has on multiple occasions shared the model across Chile and other countries, he has no record of whether the idea has been taken up by others, as this is not part of his organization's core mission.

Echale is the only organization from the selection that is developing a specific social franchise model, with the support of a private law firm. In this case the idea is for the value added technology and concepts developed by Echale to be adopted by other organizations in different countries with existing infrastructure so that they can immediately implement the model and generate social impact. The partner organization will pay an initial franchise fee followed by a percentage of revenue back to Echale. Although the two organizations will be independent financially an agreement around methodologies will be made and the same brand will be used. This model is currently being prepared for the first two franchises in South Africa and Colombia.

2. Opportunities and barriers to support social enterprise ecosystems

The social enterprise and innovation ecosystems are very different in the five countries analyzed, so the opportunities and barriers to supporting these ecosystems also vary across the region. Figure 4 below gives an overview of the level of maturity of the different ecosystem sectors in each region, based on the results of the more detailed qualitative analysis carried out in each country. Low levels of development are shown in red, ecosystems at an intermediary stage of development are orange and the more mature sectors are green.

Figure 4. Level of ecosystem players' development in 5 countries in the LAPA region



3.1 Opportunities

- *Sustainable public procurement*: where the public sector has a mature social enterprise and innovation support ecosystem there is an opportunity in deepening the public sector commitment by integrating sustainable public procurement processes into government. If those public organizations that already have strategies in place to support social enterprises through seed capital, grant programs and other initiatives could also buy the products and services offered by the social enterprises they are supporting, this would go a long way in helping them to becoming more established. For Chile and Colombia this is an area of potential opportunity. For example, public events could buy Late! water, subscriptions to Lab4U could be purchased for schools, biodigestors could incorporated into agricultural development or fuel poverty programs in Colombia and public buildings could contract the services of Groncol for green roofs and walls.

- *Building capacity in the public sector:* there is an opportunity to raise awareness of the opportunities that social enterprise and social innovation represent to address social and environmental challenges and key policy areas. Knowledge exchange of differing public policies from leading countries, proven business models and effective ecosystem landscapes would be useful to build capacity amongst governments to support their local ecosystems.

- *Supporting the replication of specialized intermediaries*: there is already a growing trend of successful intermediaries such as Socialab, Ashoka, NESsT or Sistema B scaling across the region and there is further opportunity for this to process to extend to the countries where the intermediary sector is less mature, particularly in Costa Rica and Peru.

- *Social impact investment culture*: in the countries where the social impact investment landscape is less developed, but at the same time where the specialized intermediaries and public sector support is mature (such as Chile) there is a great opportunity for the culture of social impact investment to grow, particularly from the high net worth individuals and foundations in Chile. Lack of access to finance remains a key challenge for most social enterprises[3].

- *Academic engagement*: across the region there is opportunity for increasing and deepening the engagement with Universities in the social enterprise sector through social innovation labs. The quintuple helix promoted by the Social Innovation Laboratory in Chile provides a useful framework for this engagement. The Helix defines a healthy ecosystem for social enterprise as one where not only the public sector, businesses and NGOs develop cross-sector collaborations to stimulate social enterprise, however Universities and social entrepreneurs are also included as key actors.

3.2 Barriers

- *Prevailing political priorities:* in the countries where there is less political stability, a higher perception of corruption and lower levels of trust in the public sector (such as Mexico), or high levels of bureaucracy (as in the case of Costa Rica) it is more challenging to lever the potential government support for social enterprises and innovation ecosystems. There is also a limited level of awareness of the social and economic benefits of social enterprise amongst policy makers.

- *Lack of legal structure for social enterprises:* this has been defined as a barrier by intermediaries across the region. Although there are initiatives to develop a regulatory framework in place in some countries, this has not yet been consolidated. In this sense, social enterprises that are attempting to create a new market for a social service, however also wish to attract private investment and not operate as a non-profit organization are obliged to compete under the same rules as their counterparts who are likely to be operating in far more established markets.

[3] Estudio sobre emprendedores sociales de América Latina, Viva Idea y INCAE Business School , 2014.

- *Funding gaps:* there is a growing landscape of international impact investment funds seeking sustainable, proven, scalable and profitable social enterprises to support. However many of these fund are seeking to invest at least 1 million USD and there are far fewer funding opportunities for those organizations who are at an earlier stage in their growth.
- *Low levels of entrepreneurship and innovation literacy:* a systemic challenge for the region is the lack of innovation and entrepreneurship education within schools and Universities, hence a low level of the mix of business skills and social values needed to set up a social enterprise. For example, many social enterprises in the region do not have a board of directors and over-rely on the founding entrepreneur.
- *Lack of support for scaling and replication:* those social enterprises that are in a position to scale their operations are limited by a lack of support mechanisms to facilitate this and there is no coordinated effort across the region.

3. Reflections for the MIF

The following section provides a series of reflections for the MIF to help develop, sustain and scale up the social enterprise and innovation ecosystems in the Latin American Pacific Alliance region at the regional, national and individual enterprise level.

1. *Regional comparison:* an analysis of the similarities, differences and opportunities for exchange between the Latin American Pacific Alliance Region and the Asian region would provide a platform for international collaboration and exchange between governments, intermediaries, Universities and social enterprises in the two regions. There is a wealth of knowledge gained at regional, national, and enterprise level in the two regions, as well as a database of ecosystem players in 11 countries, which could be capitalized.

2. *Reposition social enterprise as a key development tool:* the social enterprise sector in the region still lacks the profile it deserves as an effective instrument for social and economic development. Introducing the concepts and existing good practice of social enterprise into the multiple innovation and technology based initiatives supported by the IDB could help raise this profile. Profiling the case studies at international IDB events and facilitating training on social enterprise internally are potential actions.

3. *Consolidate regional venture funds:* while there are initiatives in place, such as the Pacific Alliance Venture Fund and the Angels of the Pacific, neither has reached the implementation stage. Collaboration between the MIF, World Bank and others to consolidate these emerging financial initiatives could provide the capital needed for the growth stage social enterprises to scale across the region. In addition knowledge exchange across development banks on social entrepreneurship ecosystems and innovation would be useful.

4. *Develop social franchising expertise*: develop a specialized service for those social enterprises that are ready to scale their operations to another country either in Latin America or Asia. The service could include an analysis of replicability readiness for the enterprise, a bespoke social franchise model, specialized legal and fiscal advice for operating in the new country, a partnership recruitment service and governance support to enable the founders to engage in the process of replication or scaling without their existing operations being threatened. The Institute for Social Franchising is a key international reference for the emerging field of social franchising and a partnership between MIF and the Institute could be explored to further its work in Latin America.

5. *Select a group of trail blazing enterprises for replication*; select a small group of growth stage social enterprises from the 25 case studies analyzed and support them in developing a social franchise model to scale their business in one of the 11 countries of study. For both the host and new country, partnerships could be fostered between the government supporting agencies, the key intermediaries, the financial organizations or investment community and the Universities, thus facilitating a supporting ecosystem.