

Building Institutional Capabilities for Productive Development Policies

A project of the Latin American and Caribbean Research Network

In recent years, countries in the region have shown renewed interest in implementing productive development policies (PDPs). The objective of these PDPs is to stimulate productivity and promote changes in production structures. Two convictions underlie this trend. First, the economic development process requires countries not only to do more of what they're already doing, but also improve the quality of their products and upgrade the basket of goods and services they produce and export competitively. Second, this process does not happen all by itself; public policies are required to help overcome market failures, which hinder the development of new, more sophisticated goods and services, as well as the accumulation of capabilities required for their production.

In this context, significant efforts have been made to evaluate the impact of different types of PDPs that—among other things—promote innovation, exports, access to finance, cluster development, job training, and improvement of management practices. More recently, studies have been conducted to understand the role that public policies may play in processes that lead to the development of new sectors or products. The successful cases analyzed reveal contributions made on occasion by agencies—some public, some private or mixed—that have made public goods available to private actors (e.g., new seed varieties or technological "know-how") or have helped coordinate collective actions (e.g., joint actions to enter external markets or train skilled labor). As a result, much progress has been made in understanding the role that public interventions can play in promoting productive development, and analyzing the type of interventions that generate results. However, there has been no equivalent effort to study the conditions that lead to the inception and successful deployment—or lack thereof—of these policies. In particular, there has been no systematic effort to analyze the institutional capabilities required to successfully design and implement these policies, and the way in which these capabilities are built.

In order to study these issues, the Inter-American Development Bank (IDB) will carry out a research network project consisting of country studies conducted by local research teams, each focused on a number of Productive Development Agencies (PDAs). For each PDA, researchers are asked to analyze how its institutional capabilities condition its performance, and study the nature of the capabilities that would be required to expand the scope of its participation to include more demanding PDPs, in order to better achieve the PDA's objectives. Furthermore, the researchers are asked to discuss the dynamic process through which these capabilities have accumulated, as well as the contextual factors that have contributed to their development (or hindered it), in order to learn how capabilities are built. Rather than do this in the abstract, researchers are also encouraged to concentrate on a few episodes that show these agencies engaging in the public policymaking process or deploying their capabilities in specific tasks. These episodes should be selected carefully, in order to allow the research teams to infer or validate their analysis of the capabilities in play in each PDA.

Section 1 of this call for proposals provides a brief motivation for the project. Section 2 reviews the objectives of the country papers. Section 3 extensively discusses the main issues to be analyzed by the country studies. Section 4 summarizes the expected contents of the research proposals. Section 5 details the selection criteria of the research proposals, and Sections 6 through 8 describe in detail the administrative arrangements for the project.

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