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# The New Era of Public Innovation: Part One

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The Schwab Foundation [Social Innovation Summit](#), held last week in Lima, Peru, was a breakthrough moment.

As the first international, ministerial-level convening focused on the role of government in enabling and growing social enterprise, it ushered in a new era of public innovation.

There is broad agreement, in Latin America and beyond, that many conventional efforts to tackle extreme poverty and the associated lack of access to basic services have failed, and that governments must be prepared to collaborate with the private sector on new ideas.

Moreover, the need for "social inclusion" -- as the effort is referred in Latin America -- is recognized as an economic imperative. In the words of Peruvian President, Ollanta Humala, economies must "grow to include, and include to grow."

It helps that, where we have data to support the economic argument, social enterprise is rapidly expanding -- for example by 38 percent annually in the UK, according to Kieron Boyle, Head of Social Investment in the UK Cabinet Office.

### Breaking the Binary

The discussions in Peru were anchored in part by a new World Economic Forum and Schwab Foundation report, co-authored by InSight at Pacific Community Ventures and the Initiative for Responsible Investment at Harvard University, [Breaking the Binary](#). The report provides governments with a toolkit for bolstering social innovation, building off case studies from countries that are already engaged.

However reading about public sector enthusiasm for social innovation is one thing. Seeing it in action, and being exposed directly to the determination of public officials at the highest levels, is another more convincing and powerful experience entirely.

This is what the new era of public innovation looked like in Lima.

- In Peru, Carolina Trivelli, Minister for Development and Social Inclusion, described how her purpose-built agency is launching a new social innovation fund: "There is no better public innovation than one proven by the private sector," she argued.
- In Brazil, Minister of Strategic Affairs, Marcelo Côrtes Neri, raised the possibility of opening the government's unmatched distribution networks to social enterprise, including access to the 45 million people served by the conditional transfer program, Bolsa Família: "We already pay for big government. You might as well take advantage of that," he reflected.
- In Colombia, Bruce Mac Master, Director of the new Department for Social Prosperity, is creating a central portal to facilitate public-private partnership and new innovations in local service delivery: "The world changed in the 1990s with the diminishment of the welfare state. But it happened quietly, without our being able to respond. We are only now figuring out new roles and accountabilities," he said.
- In Paraguay, Minister Martin Burt, Chief of Cabinet to the President of Paraguay, is creating an "out-of-poverty" strategy and has identified 50 markets and "micro-franchises" to be supported by government. Paraguay is making [extensive use of data](#) to ensure its efforts are well targeted: "It is about making the invisible visible," he explained.

The signaling was unambiguous: If you can create and prove a social innovation that we need, we will stand behind you with the full weight of government -- clearing regulatory hurdles, building yours and your market's capacity, providing access to data, opening up distribution channels, and becoming your best customer.

And as with markets generally -- where signaling has a profound effect on foreign exchange, interest rates, and stock prices -- so goes social innovation. This is exactly the comprehensive, transformative vision needed to meet the fundamental challenge of inspiring the next generation of social entrepreneurs, thereby grafting inclusion into a country's economic DNA.

There is much work to do. But the new era of public innovation promises to inspire, on a journey that started in earnest in Lima.

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