

# Policy Brief on Public Innovation for Social Inclusion

**How can public sector innovation contribute to social inclusion in Latin American and the Caribbean (LAC)?**

## Key highlights

- In the LAC region, structural vulnerabilities, weaknesses in public sector capacity and resilience, loss of trust in democratic institutions, and high exposure to climate change' costs and consequences are eroding the social fabric that binds individuals together. This calls for governments to take bold action and develop innovative approaches to strengthen social inclusion and mitigate the risks of perpetuating or creating new divides.
- Governments have been looking at strategies to leverage innovative approaches to enhance social inclusion, including redesigning public services and policies to serve inclusiveness and accessibility, boost public sector effectiveness, rebuild trust through citizen engagement, and preserve sustainability and biodiversity.
- However, efforts to develop innovative approaches to inclusion in LAC countries are still hampered by challenges at the institutional level including enduring deficits in the allocation of resources and capabilities; lack of high-level support; inflexible and fragmented institutional arrangements; and a risk-averse culture.

## What's the issue?

The LAC region stands at the crossroads of systemic changes that – if not addressed properly – may exacerbate rather than reduce existing social inequalities and divides. Public sector institutions find themselves unprepared to deal with such disruptions which require going beyond the status quo and introduce novel approaches to public policy design and implementation. Public sector innovation offers a variety of methods and tools to governments to navigate uncertainty and explore possible solutions to enhance results and strengthen social inclusion. For that purpose, Governments need to have an intentional and systematic commitment to equip their public sector with the capabilities, tools and strategies to build its capacity to innovate and direct innovation efforts where they are mostly needed.

Over the first decade of the millennium, countries in the LAC region have made progress in accelerating economic and societal well-being through reducing poverty and inequality, improving social protection, education and health. While these have brought millions of people out of poverty, these efforts had only a

limited impact on the structural challenges the region is facing, such as persistence of social vulnerability and constrained social protection systems.<sup>1</sup> A little more than a decade later, the impacts of the COVID-19 pandemic have added on and amplified the region's structural weaknesses, with the toll being especially considerable on vulnerable citizens.<sup>2</sup> In spite of a strong rebound from the pandemic's impacts in 2021, economic recovery in LAC has slowed down due to economic disruptions – such as the effects of the Russian war of aggression against Ukraine – and inflationary pressures, further exacerbating inequality and poverty levels, economic informality and precarious living conditions.<sup>3</sup>

Despite differences in each country socio-economic and political context, a set of common challenges has considerable impact on the region:

- I. **The persistence of social vulnerability increases pressure on public services.** Despite efforts of governments “to ensure that growth becomes sustainable and truly inclusive”,<sup>4</sup> high levels of poverty and inequality in LAC countries still persist. A growing dissatisfaction with public services has been ongoing already before the pandemics hit hard the region's public services.<sup>5</sup> This situation affects especially populations that are exposed to vulnerable conditions, since affordability tops the barriers to access.<sup>6</sup> This situation increases the pressure on public services which for many people are often the last defence against poverty and social exclusion.
- II. **Frequent socio-economic disruptions put at test the effectiveness, resilience and long-term strategies of public organisations and services.** The challenges for public sector systems to anticipate, prevent and respond to sudden, systemic shocks – such as the COVID-19 pandemic – have been associated to Governments lack of continuous investment on “core capacities and dynamic capabilities”, including for innovation, and persistent focus on dealing with emergencies.<sup>7</sup> In this context, citizens' evolving demands and expectations have grown unmet, as the declining satisfaction with public services and organizations indicates.<sup>8</sup>
- III. **The erosion of the principles and practice of democracy affect the relation of trust between citizens and their government.** Over the past ten years, the respect of democratic principles have been put to test by raising nationalist movements and authoritarian regimes, and the low level of trust of citizens have punctuated government performance.<sup>9</sup> Vulnerable populations that do not have the

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<sup>1</sup> OECD, Panorama de las Administraciones Públicas América Latina y el Caribe 2020, 2020, p.24

<sup>2</sup> ONU, El impacto del COVID-19 en América Latina y el Caribe, 2020; OECD, COVID-19 en América Latina y el Caribe: consecuencias socioeconómicas y prioridades de política, 2020. ILO, Impact on the labour market and income in Latin America and the Caribbean, 2020,

<sup>3</sup> OECD, Latin American Economic Outlook 2022. Towards a green and just transition, 2022, p.23.

<sup>4</sup> OECD, Panorama de las Administraciones Públicas América Latina y el Caribe 2020, 2020, p.25.

<sup>5</sup> OECD, Latin American Economic Outlook 2019. Development in transition, 2019, p.110. OCDE, Panorama de las Administraciones Públicas América Latina y el Caribe 2020, 2020, p.176.

<sup>6</sup> BID, De estructuras a servicios. El camino a una mejor infraestructura en América Latina y el Caribe, 2020, p.121.

<sup>7</sup> Mariana Mazzucato, Transformational change in Latin America and the Caribbean A mission-oriented approach, 2023, p.19

<sup>8</sup> OECD, Panorama de las Administraciones Públicas América Latina y el Caribe 2020, 2020, p.25.

<sup>9</sup> Latinobarómetro, La recensión democrática de América Latina, 2023, p.1

possibility of opting for alternative solutions keep using the existing public services in disengaged and distrustful ways, which contributes for the further deterioration of their quality.<sup>10</sup>

IV. **High exposure to climate changes put a huge charge over societies.** LAC is one of the regions most exposed to climate change' costs and consequences: LAC "accounted for 46 percent of global disaster losses during the last decade".<sup>11</sup> These impacts are disproportionately higher among populations in disadvantaged and vulnerable conditions, putting high pressure on governments to come up with appropriate mitigation measures.

OECD data shows that Governments in the LAC region are leveraging public sector innovation to respond to these challenges thus addressing social inclusion issues. This remaining of the brief presents some case studies which are illustrative of the variety of approaches undertaken. A total of 396 cases originating in 14 countries of the LAC region and submitted to the OECD Observatory of Public Sector Innovation' Case Study Library were considered and analyzed, including the examples gathered through the latest Calls for Government Innovations (2022, with 207 cases, and 2023, with 189 cases).

## Examples from LAC countries

Governments in the region, as seen from the use cases here analysed, have been targeting these challenges and adopting measures to address social inclusion through public innovation approaches:

### **I. Redesigning public policies and services to improve accessibility and inclusiveness in Peru and Dominican Republic**

Public services need to be designed and delivered to address the needs of a diverse population, encompassing citizens with disabilities, distinct linguistic communities, populations living in rural and remote areas, and groups in vulnerable socio-economic conditions.

- [Niñas Digitales](#) (Peru) is an initiative that generates significant value by empowering girls to break gender barriers in STEM fields and fostering a more inclusive and diverse workforce. This innovative blend of digital education, gender equality advocacy, and community empowerment positions this initiative as a model for effective and transformative initiatives in education and technology.
- In the Dominican Republic, locally produced [cargo drones](#) are being employed for improving the collection and testing of patient samples and the delivery of essential medicines. This initiative addresses the challenge of healthcare access in remote areas by minimizing transportation costs and overcoming ground-related obstacles.

### **II. Boosting public sector effectiveness through developing a human-centred approach to the use of technologies for public service delivery in Chile, Colombia and Brazil.**

Governments in the LAC region are simplifying and streamlining procedures and services to reduce the burdens on citizens and enhance efficiency through the use of (emerging) technologies. Governments search to respond promptly and effectively to citizens' concerns, establishing mechanisms for addressing grievances and providing timely responses to citizen inquiries. The use of emergent technologies, such as artificial intelligence (AI) and automation, has been proving a strong enhancer of this transformation,

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<sup>10</sup> OECD, Latin American Economic Outlook 2019. Development in transition, 2019, p.113; BID, De estructuras a servicios. El camino a una mejor infraestructura en América Latina y el Caribe, 2020, p.124.

<sup>11</sup> Mauricio Cardenas and Sebastian Orozco, The challenges of climate mitigation in Latin America and the Caribbean: Some proposals for action, 2022, p.6

signalling a commitment to harnessing cutting-edge technologies to address complex societal challenges and deliver tangible benefits to citizens.

- The Chilean judicial branch developed an omnichannel platform, [CONECTA PJUD](#), which unifies the channels for contact, offering a unified experience regardless of the means of contact (videoconferencing, chat and WhatsApp).
- Brazil has implemented AI in its federal government's website [www.gov.br](#) to provide increasingly personalised and tailored responses to citizens.
- Colombia is leveraging the benefits of [Robotic Process Automation](#) to automate routine and repetitive tasks that generate delays in administrative processes of local municipalities, thus freeing up resources for more value-added activities.

**III. *Restoring citizen trust and embedding ethical principles for inclusive design and delivery of policies and services in Uruguay, Colombia, Brazil and Argentina.***

Public organisations are exploring alternative and complementary approaches to improve citizen engagement in the design and delivery of policies and services. These innovations can be leveraged to empower citizens to play an active role in shaping policies and services that affect them and keeping an active dialogue with public institutions and officials throughout the policies' or services' life cycle.

- In Uruguay, the city of Montevideo developed the first [digital citizen's consultation platform](#) to allow them to express their opinions and suggestions, as well as influence the actions carried out by the Municipality of Montevideo.
- In the district of Buenaventura (Colombia), an initiative called [Deliberatura Council](#) organises public sessions where public institutions engage with citizens, actively listening and responding to their inputs and leaders are trained in open government, public innovation, and transparency.
- In Argentina, the Municipality of Cordoba launched a program called [Living Together](#) to achieve a normative recognition and compliance with the "código de convivencia" (i.e. "living-together code") through education and preventive measures.
- The Court of Justice of Minas Gerais (Brazil) is working with [the Maxakali community](#) through rounds of dialogue to understand and address their concerns, run mock elections to build the trust of these citizens in the whole process, and held hearings in the villages to make sure they have access to justice.
- In Brazil, the National School of Public Administration (ENAP) pioneered, in 2023, [datathons aimed at addressing gender and racial inequalities](#) within the public service. These events provided a dynamic platform for participants from across the country to engage in hands-on experiences focused on data literacy, diversity awareness, and innovation in policymaking.

**IV. *Using public innovation to ensure biodiversity and sustainability in Brazil and Mexico***

The LAC region is home to diverse and ecologically significant ecosystems, including rainforests, coral reefs, and freshwater resources. Sustainable initiatives are essential to protect these vital ecosystems and preserve biodiversity for future generations. These initiatives also ensure that government actions are designed to have lasting positive impacts on society and the economy, thus promoting responsible resource management and prioritizing social inclusion and well-being.

- Sustainability means the adoption of community-based and inclusive approaches to decision-making. In Ceará (Brazil), the [Sementes](#) project was established to foster appreciation for cultural heritage, identity, and sustainable practices while transforming spaces and constructing sustainability demonstration units tailored to local characteristics.
- In the Mexican state of Jalisco, the [Climate Change Council](#) (CCC) was created to integrate the citizen voice in state decisions on climate change, ensuring diverse representation and prioritizing the participation of vulnerable groups.
- The [Interinstitutional Virtual Platform for Environmental and Indigenous Demands](#), developed by the Corumba Federal Regional Court in Brazil, was designed to prevent environmental damage and reduce the judicialisation of conflicts.

## Emerging observations on the role of public sector innovation in tackling social inclusion in LAC

Public sector innovation is still hampered by enduring deficits in the allocation of resources and capabilities; lack of high-level support; inflexible and fragmented institutional arrangements; and a risk-averse culture. While these are serious barriers for public sector innovation to achieve its full potential in addressing social inclusion, Governments can take action to improve the current situation and adopt a forward-looking stance towards the journey ahead. From the case study research conducted, a list of emerging observations can be drawn on areas where innovation can be more impactful to achieve policy results and increase social inclusion:

- **Innovation capacities and skills in Government:** For Governments to be able to steer their efforts to improve social inclusion, innovation needs to be nurtured through capacity-building initiatives to ensure social inclusion challenges are proactively identified, framed, and addressed.
- **Transversal and long-term strategies:** Strategies to improve social inclusion through public innovation needs to be conceived, defined and steered across sectors and organisations. Adopting a long-term perspective when designing strategies can help mitigate the disruptions and instability that may be created by short-term political cycles.
- **Safe spaces for incubating and scaling-up innovation:** Governments can leverage innovation labs, hubs and units to open up initiatives and incubate projects that apply public innovation for social inclusion purposes. These spaces can host challenge-based approaches, adopt experimental approaches at a controlled scale, speed up the consolidation and implementation of innovative solutions, and support their roll-out and scale-up.
- **Ecosystem-wide collaborations for social inclusion:** Governments can explore opportunities to engage in ecosystem-wide exchanges and collaborations (e.g. govtech), improving their connections with civil society organisations, private sector companies and start ups, Academia and research centres, among others.
- **Human-centric public services:** Social inclusion purposes call for a deep commitment with human-centric approaches to public service, enabling that accessible, inclusive, and responsive principles are adopted throughout the service lifecycle. Trust needs to be generated and curated through the active engagement of citizens and stakeholders.
- **Cross-border innovations:** Not always social inclusion challenges stop at the national borders (e.g. migration-related issues on this area). This circumstance calls for a cross-border understanding of the challenges, but also for innovative initiatives to build potential solutions for common, shared challenges.

## Suggested Policy Actions

- **Take stock of capacities and monitor the progresses.** Governments can build context-specific strategies to improve and strengthen their capacities, starting by getting a fine-grained understanding of public sector innovation at the systemic, organizational and individual levels.
- **Promote experimental and participatory approaches to innovation among public officials.** Public managers and servants can be given concrete opportunities to engage with methods and tools that strengthen the design and delivery of policies and services with social inclusion purposes. In addition to methodological support, public officials can be incentivised and rewarded by using these methods and tools in their workplaces.
- **Share, iterate/replicate and scale up across the region.** While each context has its own specificities, the circulation of knowledge and the creation of common spaces to collaborate around shared challenges can be very important at the national and regional level. Experience such as the Peruvian network of innovation labs can enable a ecosystem-wide dialogue to promote innovation in Government.
- **Foster innovation in public services:** Public services sit at the nexus of where government policy meets people. Tailoring public services to accommodate the evolving needs and expectations of users, particularly of those in vulnerable and disadvantaged situations is paramount to reinforce trust in government. The upcoming OECD report on Government Innovation Trends will focus on [innovation in public services](#), and will explore how governments are directing innovation efforts on enhancing the design, delivery and evaluation of public services to better meet users' needs, improve service outcomes and build trust in government.
- Leverage **mission-oriented approaches** to enable an all-government and all society approach to inclusion. Short-term, isolated, single stakeholder approaches are no longer sufficient to tackle systemic societal challenges, such as sustainability or social cohesion. With mission-oriented innovation, the public sector takes an active role in convening and coordinating actors around complex, cross-sectoral issues that cannot be solved with existing methods or by individual actors alone.
- Use **behavioural sciences** to drive human centric and evidence-based policy interventions to tackle social inclusion. This approach is used to improve policymakers' understanding of the human behaviours driving economic and societal outcomes. Driven by experimentation and piloting, the behavioural science approach combines insights from psychology, cognitive sciences and social sciences with empirically-tested results to uncover how citizens "actually" think and make choices. The OECD has been at the forefront of supporting public institutions to apply behavioural insights to improve public policy, including in its design, implementation and evaluation.

### Further reading

- OECD Observatory of Public Sector Innovation [Case Study Library](#)
- [Trends in Government Innovation](#)
- [Mission-oriented innovation](#) and the [Mission Action Lab](#)
- [Behavioural insights](#)
- [Cross-border Government innovations](#)