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Latin America Comes to the Innovation Party

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Innovation is sweeping the world like a public policy version of gangnam style. By my count, there are more than fifty countries around the world that have national innovation strategies, chief innovation officers and budgets. The old saying "no bucks, no Buck Rogers" is apt here as one country after another announces ambitious programs. China, for example, has announced a \$500 billion innovation budget. Chile is another country with big innovation ambitions; the Chilean government declared 2013 to be its Year of Innovation under the headline *Imagina Chile* (imagine Chile).

Thus it is a matter of no small significance that last week, on July 30 and 31, a group of innovation leaders from 18 countries, including 12 Latin American countries, gathered in Santiago, Chile for the first ever pan Latin American innovation summit. As a self-appointed "Johnny Appleseed" of innovation for the past two decades, it fell to me to design and facilitate the summit in partnership with the government of Chile. As evidence of the weight given to this event, the kick-off was provided by S.E. Sebastian Piñera, President of Chile and Félix de Vicente, Minister of Economic Affairs.

Why bother to look at Latin American innovation, you might ask? Isn't this just a land of intractable poverty and insurmountable development obstacles, teeming with drug lords and corrupt government officials, while sweetened by the occasional and festive all-night party set to the sounds of salsa, tango or bossa nova? Doesn't the old saying about Brazil -- that it is the country of the future and always will be -- also apply to the region as a whole?

Absolutely not.

Here are a few snapshots: Medellín, once a notorious hot spot for the drug trade, was just voted the most innovative city in the world, by no less an authority than the Urban Land Institute. Corporación Ruta N there is turning the city's drug lord reputation into a entrepreneurship city by creating a new environment for innovation, education and entrepreneurship. Uruguay has supplied a laptop for every child in the country, with other countries in the region beginning to follow suit. Movistar Innova, a venture incubator in downtown Santiago, is the registered address for no fewer than 600 startups.

In Chile, *The Economist* named Santiago "Chilecon Valley," the Silicon Valley of Latin America, much thanks to programs like Startup Chile and the friendly entrepreneurial ecosystem established by the Chilean government. Startup Chile just accepted its seventh cohort of entrepreneurs from a pool of 1,386 applications from 63 countries. Entrepreneurs receive \$40,000, mentorship and office space for six months to launch their ventures from Santiago. And Chile, with a population of 17 million, has announced a national budget for innovation of \$1 billion, while Brazil's innovation agency, FINEP, has just put forward a request for over \$18 billion to support innovation initiatives in business, education and research. Meanwhile, the pace of change is exemplified by Mexico, which jumped 16 places on the latest global innovation index announced in June 2013 by a consortium of Cornell University, INSEAD and WIPO. And the overall trends are no less striking. Latin America is projected to have a mid-century population of 800 million people, notable for their diversity, and with an economy rivaling the US and European economies in size. Achievement of market integration will be a powerful engine for economic development as innovations of all kinds are able to achieve scale.

While there may never be a United States of Latin America, integration is advancing at flank speed and in so doing is redrawing the global economic map. The latest sign is the formation of the Pacific Alliance in June 2012. The brainchild of the presidents of Chile and Mexico, the Pacific Alliance is a bloc of countries consisting of Chile, Colombia, Costa Rica, Mexico, and Peru that intends a new economic alliance leveraging its 36% of Latin American GDP. The organization's goals include free trade and deep economic integration of services, capital, investment and movement of people. To get an idea of its significance, the Pacific Alliance if fully integrated would be the 9th largest economy in the world, surpassing that of India. The inaugural meeting of the Pacific Alliance will occur in November of this year. As a mark of how seriously the Pacific Alliance is being taken, some 19 countries requested observer status, including Australia, China, Canada, France, Japan, South Korea and the United States.

So old stereotypes do no longer apply regarding Latin America. What is needed now is a re-perception of Latin America's opportunity horizon. Our summit enabled spirited dialogue among leaders of countries whose similarities vastly outweigh their differences. It enabled participants to look closely at the reinvention of education, innovation policy, entrepreneurship development, design policy and cities through the lens of an innovation society. Most importantly it created a community of interest around innovation as a regional agenda with significance for the global economy.

We should therefore all applaud the fact that the summit concluded with the intention to hold a second summit in 2014.

For more information, please go to:

www.cumbreinnovation.com for information about the summit

www.largescaleinnovation.com for information about the Institute for Large Scale Innovation

www.imaginachile.cl for information about Chile's year of innovation

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