



“The Informal Economy, innovation and the role of IP”

**Project implementing WIPO
Development Agenda Recommendation 34**

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Background

- In 2007, Member States of the World Intellectual Property Organization (WIPO) agreed to a 'Development Agenda' including 45 recommendations to ensure that the global intellectual property (IP) system best fulfills its public policy objectives.
- This project implements recommendation No. 34 of WIPO's Development Agenda:
- *'With a view to assisting Member States in creating substantial national programs, to request WIPO to conduct a study on constraints to intellectual property protection in the informal economy.....'*

Conceptual questions: Innovation and IE

- Is innovation in IE different from in formal sector?
- How do existing innovation definitions /surveys apply?
- What is the role of learning and skills?
 - Apprenticeships / links with formal sector
- Barriers to innovation and scalability?
- How are innovation efforts ‘appropriated’?
 - Are there new and alternative, community-based appropriation mechanisms? Learning from the informal system?
 - To which extent does the absence of appropriation harm the scalability and impact of innovation?
- Existing and suggested policy approaches?

Agreed project tools and methods

1. A conceptual study
2. Common case study structure
3. Survey interview instrument/questionnaire
 - For production units and suppliers
 - For consumers

BETWEEN OPEN ENDED CONVERSATION AND FORMAL INTERVIEW STRUCTURE

4. Survey methodology guide (how to approach respondents; trust building, confidentiality, sampling strategy, others)
 - Artefacts and pictures
 - Interview recordings

Context: The IE is important contributor to GDP /employment in Africa and elsewhere

- The IE makes for over 40% of the gross national product of many sub-Saharan African countries
- Employment accounts for on average 48% of non-agricultural employment in Sub-Saharan Africa, and for 51% when South Africa is excluded
- *Source: IERI/WIPO conceptual study, based on ILO data and Charmes (2012)*



Context: Evolving views on the IE

Continuum

The sector loosely connected to the formal economy.

Little links between the formal and informal sectors.
It would gradually fade away.

Policy objective was to progressively weed out informal activities.

Important pillar and source of livelihood and critical supplier of goods and services.

Includes dynamic growing businesses.

linkages between formal and informal sectors are more appreciated.

IE has expanded in many developing countries.

Project rationale: The Informal Economy, innovation and the role of IP

- Despite the importance of the IE, little is known about how new processes, products, and other innovations are generated and monetized in the IE.
- The project's objective is to
 - gain a better understanding of **how innovation occurs** in the IE and how innovation efforts are appropriated.
 - offer policy guidance in assessing **how IP is or could be influencing innovation** in the IE, and what IP-related or other innovation measures could help expand output/jobs.

Project outputs

The project consists of two major outputs:

1. The drafting of a study providing **an analytical framework** to the country case studies
2. The completion of three case studies exploring
 - **herbal medicines in Ghana**
 - **metal manufacturing in Kenya,**
 - **the chemical sector in South Africa.**

The use of formal and informal appropriation mechanisms

Informal forms of appropriation may take various forms; e.g., lead time, complexity (of design/of technology), after-sales and other services, **BRANDING** commitment and loyalty.

Semi-formal means and contracts of appropriation take the form of secrecy, publishing, non-competition clauses, non-disclosure agreements and others.

The main **formal** forms of appropriation takes the form of IP rights (IPRs) such as patents, trademarks, industrial designs and copyright.

Observations from the Case Studies

- Innovation does occur in the informal sector (THM)
- Policy does drive innovation (e.g. Ghana's health policy)
- Main formal IP rights largely missing



Emerging conclusions

- Public policy is vital to enhancing innovation in the informal economy.
- There is the need for a tested analytical framework for advancing public policy on promoting innovation in IE.
- Appropriation mechanisms needs to be tailored to the particular contexts.



End of Slides

- Thank you for your kind attention