

COMMITTEE ON DEVELOPMENT AND INTELLECTUAL PROPERTY (CDIP)

Fifth Session
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PROJECT ON INTELLECTUAL PROPERTY AND SOCIO-ECONOMIC DEVELOPMENT (RECOMMENDATIONS 35 AND 37)

Prepared by the Secretariat

1. The Annex to this document, containing the thematic project on “Intellectual Property and Socio-Economic Development”, addresses WIPO’s Development Agenda Recommendations 35 and 37. The estimated cost for the project amounts to 1,491,700 Swiss francs of which 1,341,700 Swiss francs relate to non personnel costs and 150,000 Swiss francs to the personnel costs, pertaining to current WIPO staff that will be devoted to the implementation of the project.
2. *The CDIP is invited to consider and approve the Annex to this document.*

[Annex follows]

1. SUMMARY	
Project Code:	DA_35_37_01
Title:	Intellectual Property and Socio-Economic Development
Development Agenda Recommendation(s):	<p>Recommendation 35 (Cluster D): To request WIPO to undertake, upon request of Member States, new studies to assess the economic, social and cultural impact of the use of intellectual property systems in these States.</p> <p>Recommendation 37 (Cluster D): Upon request and as directed by Member States, WIPO may conduct studies on the protection of intellectual property, to identify the possible links and impacts between IP and development.</p>
Project Budget:	<p>Non-personnel costs: Sfr.1,341,700</p> <p>Personnel costs: Sfr.150,000</p>
Project Duration:	36 months
Key WIPO Sectors Involved and Links to WIPO Programs:	<p>Key WIPO Sectors Involved: Economic Studies, Statistics and Analysis Division; Global Issues Sector; Patents Sector; Trademarks, Industrial Designs and Geographical Indications Sector; Cooperation for Development Sector</p> <p>Links to WIPO Programs: 1, 2, 4, 8, 9, 10, 16 and 30.</p>
Brief Description of Project:	<p>The project consists of a series of studies on the relationship between IP protection and various aspects of economic performance in developing countries. They would seek to narrow the knowledge gap faced by policymakers in those countries in designing and implementing a development-promoting intellectual property (IP) regime. The envisaged studies would focus on three broad themes: domestic innovation, the international and national diffusion of knowledge, and institutional features of the IP system and its economic implications. Studies would be implemented by research teams involving the WIPO Office of the Chief Economist, international experts, and local researchers.</p>

2. PROJECT DESCRIPTION

2.1. Introduction to the Issue/Concern

There is great interest in better understanding the effects of IP protection in developing countries, both on specific measures of economic performance and on the economic development process more broadly. Many economists have argued against a “one-size-fits-all” approach in the design and implementation of an IP regime. At the same time, national policymakers in developing countries lack credible empirical guidance in tailoring their IP systems to national capacities and needs. This is in considerable contrast to developed countries, where national IP offices, other branches of government, and academic economists have produced insightful evidence on the economic implications of different dimensions of IP protection.

The envisaged WIPO project will consist of a series of economic studies that will contribute to narrowing the knowledge gap facing policymakers in developing countries. The topic(s) for each study will reflect the specific demands of WIPO Member States. They are expected to fall into the following broad themes:

Theme 1: Promoting domestic innovation

How do different forms of IP rights affect innovation, firm performance and long-term growth, depending on broader economic circumstances (e.g., endowments of human and physical capital, hard and soft infrastructure, state of competition, savings/investment rates, functioning of financial markets, presence of foreign firms) and policy circumstances (competition policy, other innovation policies)? What types of IP rights are most effective for which country? To what degree does the IP system promote inclusive growth, in the sense that it addresses the innovation needs and capacities of poor people?

Theme 2: The international and national diffusion of knowledge

How does IP protection affect different channels of international technology transfer (trade, FDI, licensing, joint ventures and other forms of collaboration between international firms and local partners, informal knowledge diffusion including diasporas and reverse engineering)? To what extent do IP rights or transaction costs associated with IP rights pose a market entry barrier for developing country firms? Does FDI lead to the diffusion of technologies beyond the boundaries of multinational firms’ subsidiaries? How does the national diffusion of knowledge depend on IP policies, broader economic and other policy circumstances? Studies falling under this theme would be closely coordinated with the envisaged Development Agenda Project on “Intellectual Property and Technology Transfer: Common Challenges – Building Solutions” (Project code: DA_19_25_26_28_01).

Theme 3: Institutional features of the IP system and its economic implications

In designing their IP policies, patent offices and related government agencies face far-reaching choices on a range of institutional questions: for example, how should application and renewal fees be structured; how should the search and examination process be designed; what type of ancillary services are effective (e.g., IP awareness-raising and training, technological

information services including database searches, customized IP management advisory services, financial assistance)?

In deciding on the design of individual studies, three guiding principles will be adopted. First, a significant number of studies have already looked at the three themes above (including prior work undertaken by WIPO). New studies under this project will therefore aim at generating new evidence, which, in most cases, will require the assembly of new databases. In this context, it is especially promising to conduct analytical work at the micro-level (firm-level)—an approach that has become standard practice in developed countries, but which has hardly been employed in developing countries.

Second, in order to attribute changes in economic performance to IP and related policies, it is important to establish credible counterfactual policy scenarios. In this context, it is especially promising to look at the recent or longer-term historical performance of a single country (or several countries) that at some point reformed its (their) IP regime and/or other relevant policies.

Third, while the focus of the studies will be on the economic dimension of the IP system, studies will also seek to evaluate the social and cultural effects of IP protection, insofar such evaluations are relevant and feasible.

Finally, the design and documentation of the studies will promote, as far as is possible, the replication of the analytical work in other developing countries. In addition, databases compiled during the conduct of the study will be made available (for free) for future research work. Cross-country coherence in the collection of data will be promoted.

2.2. Objectives

The objectives of this project are directly framed by recommendations 35 and 37, that is, to gain a better understanding of the socio-economic effects of IP protection in developing countries.

A side-objective is the creation of analytical capacity in countries, where little economic studies work on IP has been undertaken so far.

The project is mainly targeted at policymakers and their advisors, though other intended beneficiaries include non-governmental organizations, academic economists, and the public at large.

Ultimately, it is hoped that this project will contribute to better-informed decision-making on IP policies at the national and international levels.

2.3. Delivery Strategy

The economic studies program would consist of 6-8 studies at the national or regional level, to be implemented over a period of 36 months. The choice of topics and design of the studies would be determined in consultation with requesting Member states. A project implementation team would be created within the WIPO Office of the Chief Economist that would manage the

project's activities, offer methodological advice, ensure coherence in the collection of data, and disseminate studies and databases. The project implementation team would also promote an overall balance in the selection of the studies, in terms of regions, levels of economic development, and range of topics to be addressed.

Each study would then be implemented through the following process:

1. A fact-finding mission would assess data availability and needs and consult relevant stakeholders.
2. A research team would be assembled, consisting of the WIPO Office of the Chief Economist, relevant international experts, and local researchers. The latter would, preferably, be associated with a research institute with a long-lasting interest in the study of IP or innovation policies.¹
3. The team would first decide on a methodological approach, and then assemble the necessary databases and conduct the analytical work.
4. The first draft of the study would be peer reviewed by two recognized international experts, who are not part of the research team. Upon incorporation of their comments and suggestions, a draft final report would be presented to relevant stakeholders in the course of a local workshop.
5. The finalized version of all research reports generated as part of this project will be published in an edited book volume. In addition, the final reports will be presented at an economic research symposium, to be organized in the first half of 2013. This symposium would bring together the authors of the studies, policymakers, diplomats, non-governmental organizations, and academics to discuss the main lessons learned from the different studies, their broader applicability, and their implications for policymaking at the national and international levels, including the provision of technical assistance by WIPO and other development agencies.

The proposed project strategy seeks to ensure high quality research outputs that reflect cutting-edge empirical approaches to studying the effects of IP policies, while promoting the building of local analytical capacity. Partnering with local research institutes, which have a long-lasting interest in the study of IP and innovation, would strengthen local ownership and the project's sustainability.

A critical factor in ensuring high quality studies is to carefully assess, *ex ante*, the feasibility of finding answers to the key research question(s) posed, in light of available data and methodological approaches. As far as is possible, potential data insufficiencies will be identified as early as possible and reflected in the design of the studies.

¹ All experts and researchers will be selected in consultation with relevant Member States.

3. REVIEW AND EVALUATION	
3.1. Project Review Schedule	
<p>1. Each study would be peer reviewed by two recognized (external) international experts.</p> <p>2. Two monitoring reports, a first after 12 months and a second after 24 months, will indicate progress in the delivery of the project's outputs and will offer a preliminary assessment of the progress towards the achievement of the overall project objectives.</p> <p>3. A final self-evaluation report will describe the key project outputs and offer a final assessment of the project's achievements.</p>	
3.2. Project Self-Evaluation	
<i>In addition to the project self-evaluation, some projects would also be the object of independent evaluations</i>	
Project Outputs	Indicators of Successful Completion (Output Indicators)
Delivery of 6 – 8 studies	On-time delivery of draft and final reports; quality indicators: feedback from peer reviewers and local stakeholders.
Local workshops	Number of participants, level of attendance, workshop evaluation.
Economic research symposium	Number of participants, level of attendance, meeting evaluation
Project Objective(s)	Indicator(s) of Success in Achieving Project Objective (Outcome Indicators)
Better understanding of the economic effects of IP policies and more informed decision-making	High level attendance at study workshops; references to studies in policy papers and press articles; number of citations in subsequent research work; use of databases generated in the course of this project.

5. BUDGET

5.1. Project Budget for the 2010/2011 Biennium

	<i>Program 16/Budget Unit 0049</i>	<i>[Program/ Budget Unit]</i>	<i>[Program / Budget Unit]</i>	<i>[Program / Budget Unit]</i>	
<i>Travel and Fellowships</i>					
Staff Missions	48'000				
Third-party Travel	48'000				
Fellowships					
<i>Contractual services</i>					
Conferences	8'000				
Experts' Honoraria	140'000				
Publishing					
Others (SSA)	253'350				
<i>Equipment and Supplies</i>					
Equipment					
Supplies and Materials					
TOTAL	497'350	-	-	-	497'350

5.2. Project Budget for the 2012/13 Biennium

	<i>Program 16/Budget Unit 0049</i>	<i>[Program/ Budget Unit]</i>	<i>[Program / Budget Unit]</i>	<i>[Program / Budget Unit]</i>	
<i>Travel and Fellowships</i>					
Staff Missions	64'000				
Third-party Travel	164'000				
Fellowships					
<i>Contractual services</i>					
Conferences	68'000				
Experts' Honoraria	280'000				
Publishing	15'000				
Others (SSA)	253'350				
<i>Equipment and Supplies</i>					
Equipment					
Supplies and Materials					
TOTAL	844'350	-	-	-	844'350

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