National Intellectual Property Systems, Innovation and Economic Development
With perspectives on Colombia and Indonesia
Presentation of the Project Publication
Paris, France - 13 January 2014

Summary Record

The objectives of the event were to:

- present the main findings of the publication regarding its framework and the country studies of Colombia and Indonesia,
- Discuss their implications and alternative approaches to supporting national IP systems in developing and emerging countries,
- Exchange policy experiences on questions of IP systems and innovation.

The agenda of the meeting, presentations as well as support materials are available online.

1 – Analysing Intellectual Property (IP) Systems in the Context of Developing and Emerging Countries: Discussing the Framework

The project's framework analyses the contributions that intellectual property systems can make to innovation and development in emerging economies. Dominique Guellec (see the presentation) emphasised the following critical aspects for IP and innovation policy:

- **The quality of the organisation of the IP system** (administration and legal infrastructures) is a critical pre-condition for IP policies to support innovation.

- **However, users** must ultimately be at the centre of IP policies. Four stylised types of users are identified as critical in the development context: the i) traditional and informal sectors, ii) “catching-up” businesses, iii) “frontier” firms and iv) universities and public research institutions. Adaptation to their different needs is crucial, by promoting their access to the IP system. This includes embracing different types of IP and providing various support policies to respond to specific challenges they face.

- **The broader economic context** has a sizeable impact on how effective IP policies for innovation will be as they critically determine opportunities for commercialisation. Market failures (institutional and infrastructural weaknesses) may prevent some users from benefitting from IP policies and should be dealt with by complementary innovation policies. The development of a market for IP plays a central role in fostering the diffusion of knowledge, creating incentive for a broader range of innovators and offering new sources of financing. Moreover, the improvement of the IP system should go hand in hand with the development of innovative capacities in the economy (awareness-raising and capacity building).

Two areas of interests were identified relevant for future work as part of the OECD Intellectual Property for Innovation and Development Project:
• The potential contributions of IP systems to inclusive growth. The informal sector represents a large part of developing countries’ economies. To date, it is virtually excluded from the IP system but there are examples illustrating its potentially critical contributions.

• More structured policy diagnostic tools and policy evidence are needed. To date there is still a limited stock of evidence on what IP policies aimed at supporting innovation are undertaken in different countries. It is critical to collect further evidence on IP policies also to support peer learning. The Innovation Policy Platform project can, based on this policy evidence, act as an accumulator of knowledge on IP and help develop diagnostics tools.

Sacha Wunsch-Vincent provided feedback on the project stressing the relevance of this work for supporting better IP policies for innovation in developing and emerging countries. He stressed in particular the importance of looking at IP policy as a part of innovation policy: too often, IP and innovation policies were designed completely separately, in developed and developing countries alike. Moreover, historically IP policies for developing countries were essentially limited to a focus on legal and administrative dimensions of IP. He also noted that the framework was very timely as currently more and more middle income economies are trying to identify ways for tailoring their IP policies towards their specific needs, notably towards how they can support specific sectors of activities.

Christine Greenhalgh offered perspectives on IP systems for developing countries focusing on the example of India (see the presentation). She discussed the role IP policies could play for four routes for technological improvement: i) importing technology, ii) fostering top down development, iii) focusing on the spreading out of innovation across firms and industries and iv) promoting frugal innovation.

Some points she raised included the following:

• A focus on diffusion is crucial. The development of open sources registries alongside of IP registers could help educate MSMEs on readily available knowledge.

• Designing IP policies in support of frugal innovation is complex. To develop the use of IP among “juugad” innovators and offer support in assessing commercial potential and in matching ideas to capital, there is a need for data on innovation in the traditional and informal sector, and on the use of IP and IP needs in these sectors.

• To bring IP to rural areas and MSMEs, there is a need for complementary policies to develop identity registration and access to information without which innovators cannot pretend to IP rights.

• Technology transfer is very important for developing and emerging countries and the role IP plays in that respect is critical.

2 – Presentation of the main findings and recommendations for Colombia and Indonesia

The second part of the event focused on the implementation of the framework in two country studies: Colombia (factsheet) and Indonesia (factsheet). Caroline Paunov presented the main findings of the country studies of Colombia (see the presentation) and Indonesia (see the presentation).

A few general observations made for Colombia and Indonesia are included here:

- Regarding the socio-economic and innovation context, Colombia and Indonesia share a few characteristics including

  • A favourable economic context: both countries have had known strong growth performances on the past few years (about 4.3%), and have investments inflows. Colombia’s economy is characterised by a strong macroeconomic discipline and increased security. Indonesia’s sizeable potential domestic market brings many advantages.

  • Substantial innovative capacities are concentrated in the public sector.
• Both Colombia and Indonesia have a large informal sector (employing respectively 50 and 68% of the population). This raises the need for focusing on alternative types of IP (outside of patents) as the latter tend not to be within reach for those economies.

• Both countries would benefit from alternative types of IP to create value on “national” resources: Indonesia has a particularly rich repository of traditional knowledge and craftsmanship (e.g. Bhatik textiles), and Colombia’s biodiversity is a huge and relatively untapped potential source of revenue for the economy.

- The organisation of the Colombian IP system and the quality of its operation and procedures are very good. Colombia has comprehensive legal provisions for intellectual property. In recent years, Colombia implemented several changes. This includes the creation of a coordinating body - the Intersectoral Commission for Intellectual property (CICI) - the granting of judicial power to IP offices to tackle enforcement issues and a sustained effort aimed at reducing delays in processing applications as well as and a revision of the application fee structure.

- Indonesia has also made recent efforts in improving IP enforcement (e.g. with the creation of the Task Force for IP Enforcement) and access to the formal IP system (offering discounts for small users). Indonesia is also working on increasing the efficiency of IP procedures. Further efforts are needed to overcome Indonesia’s challenges regarding IP operations and procedures.

Markets for IP are not yet very developed in Colombia and Indonesia. However a few promising initiatives stand out including Colombia’s TECNOVA and Indonesia’s Agricultural Research and Development Institute for Agricultural Technology Transfer.

Bringing IP to a wider range of users is at the centre of both Colombia’s and Indonesia’s IP policies.

• Traditional and informal sector. In both countries, the development of alternative types of IP has the potential to create value based on the use of “national” resources (biodiversity, craftsmanship, etc.), but in both cases, uses are so far limited with few exceptional case studies. Limited awareness is an issue as is a lack of associations capable of taking charge of marketing and quality control of products protected by IP so as to create value on their basis.

• “Catching-up” and “frontier” firms. The use of IP is rather low in Colombia and Indonesia. Initiatives tackling the limited awareness to IP use among SMEs (such as Propiedad Intelectual Colombiana in Colombia) are crucial. Alternative types of IP could also be valuable (for example, unregistered design rights could fit the needs of the Indonesian textile sector).

• Public research Institutions (PRIs) and universities. The public sector is very dynamic in both countries, but faces a lot of regulatory constraints regarding commercialisation of their innovations. In Colombia, civil servants cannot operate spinoffs. In Indonesia, they currently cannot receive rewards from commercialisation. Moreover, researchers’ career tracks provide limited rewards for obtaining IP and even less so for supporting the commercialisation of IP. This creates a barrier as do limited connections with the private sector.

3 – Feedback from Colombia and Indonesia

Oscar Salazar gave feedback on efforts undertaken in Colombia to implement the study’s recommendations.

• He emphasised that the increased awareness of Colombia to the role of IP in its development motivated the country’s commitment to reinforcing its IP system and explained that Colombia is entering a new stage in its IP policy as the legal and administrative conditions have improved enough to now focus on mobilizing the system to foster innovation and growth.
He stressed the need for more skills in this domain also in the area of technological surveillance, as very few people currently have the capacities to use the public information provided in patents.

He also noted that a focus on social development was also critical for Colombia and that it was, therefore, also very important to think about IP in the context of the informal sector.

Finally, he also emphasised Colombia’s interest in receiving additional feedback for improving its IP system.

Didik Notosudjono could not be present at the event but sent feedback on how Indonesia’s IP system and reforms there were currently under way to address some of the challenges identified by the study. The Indonesian government focuses currently on three measures to improve the effective use of IP by universities and public sector institutes:

- First, a royalty system allowing public servants to obtain a share of the royalties generated by their innovation should be implemented by the end of 2014.
- Second, guidelines are being developed for institutional centres which fill the role of Technology Transfer Offices, so as to have a more structured approach to commercialisation.
- Third, a dedicated team working on information and policy orientation regarding IPR in the public sector is in the works.

4 – Discussion: Interesting Points

- Fostering IP use among traditional and informal businesses is very challenging as IP generally requires a degree of formalisation these sectors do not generally have. This raises the need for new tools, to raise awareness of IP, to develop its use and to analyse the needs of these economic groups. It was suggested that IP policy efforts should not focus on “fighting” informality (reforming the informal sector so that it fits the criteria to use IP), but rather on bringing IP to the informal sector, adapting IP to the informality context (e.g. with the system of micro-franchises implemented in Colombia, that does not necessarily suffer from free riders).

- More data and analysis is needed to know more about the impacts of IP on innovation and development, be it in the form of national or sub-national sectorial studies. Sectorial studies can provide particularly relevant insights. This is a tricky issue since effects might not be immediate and also as they might be the result of a series of complementary developments. Isolating the effects of IP policy can be challenging. In that respect it is also very important to study effects of other types of IP and not only focus on patents.

- Having a relatively young IP system could be an advantage for IP policy for innovation. Indeed, Colombia and Indonesia’s relatively young IP systems have more freedom to design IP systems that effectively support innovation.

- IP Policy experimentation in developing and emerging countries can be very inspirational for developed countries. That is the more so the case as there is continued room for improving the contributions of IP systems to innovation in these countries.

- It was also noted that we were moving towards a more nuanced perspective on IP evaluating critically ways in which it can support national innovation performance.