



ieri

*Institute for Economic
Research on Innovation*

TSHWANE UNIVERSITY OF TECHNOLOGY

INSTITUTE FOR ECONOMIC RESEARCH ON INNOVATION
TSHWANE UNIVERSITY OF TECHNOLOGY



WIPO

WORLD
INTELLECTUAL PROPERTY
ORGANIZATION

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

**Project implementing WIPO
Development Agenda Recommendation 34**

Sacha Wunsch-Vincent (WIPO); Jeremy de Beer, Erika Kraemer-Mbula

November 19, 2012, Pretoria, South Africa
November 22, Cape Town, South Africa

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)

The people's economy



Diversity in urban
and rural sector



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 (1)

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.

Conceptual questions: Innovation and IE

- Is innovation in IE different from in formal sector?
- How do existing innovation definitions /surveys apply?
- What is the link between technology and innovation?
- 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

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.

Project outputs (2)

The project consists of two major outputs:

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.

Agreed project tools and methods

1. Final conceptual study
2. Common case study structure
3. Adaptation of 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 respondent; trust building, confidentiality, sampling strategy, others)
 - Artefacts and pictures
 - Interview recordings

Follow up

Sacha.WunschVincent@wipo.int

http://www.wipo.int/edocs/mdocs/mdocs/en/cdip_8/cdip_8_3_rev.pdf

http://www-dev.wipo.int/edocs/mdocs/mdocs/en/cdip_8/cdip_8_3_rev_study_inf_1.pdf

Informal Expert Group:

- Mr. Mark Dutz, Leader, Work Program on Innovation and Growth, Economic Policy & Debt Department, Poverty Reduction & Economic Management Network, World Bank
- Mr. Fred Gault, Professorial Fellow, UNU-MERIT, Professor Extraordinaire, TUT/IERI, and former Chair of OECD's NESTI
- Ms. Adriana Mata Greenwood, Department of Statistics, International Labor Organization
- Mr. Anil Gupta, Professor, Indian Institute of Management, Founder, Honey Bee Network
- Mr. Johannes Jütting, Principal Economist, OECD
- Mr. Dick Kawooya, Assistant Professor, School of Library and Information Science, University of South Carolina, and contributor to the OPENAIR project, Uganda
- Mr. Almamy Konte, African Observatory for Science, Technology and Innovation, South Africa
- Mr. Sisule F. Musungu, Senior Partner, Sisule Munyi Kilonzo & Associates and President, IQsensato, Kenya
- Mr. Emmanuel Sackey, Chief Examiner, Industrial Property Directorate, ARIPO African Regional Intellectual Property Organization (ARIPO), Zimbabwe