

TECHNICAL COOPERATION DOCUMENT

I. BASIC INFORMATION

▪ Country/Region:	CCB, CID
▪ TC Name:	Caribbean Regional Entrepreneurial Asset Commercialization Hub (REACH)
▪ TC Number:	RG-T2536
▪ Team Leader/Members:	Ignacio L. De Leon (IFD/CTI), Team Leader; Claudia Stevenson (IFD/CTI), Alternate Team Leader; Mariela Rizo (IFD/CTI); Kayla Grant (IFD/CTI); Sylvia Dohnert de Lascurain (IFD/CTI); Mario A. Umana (INT/TIU); Ana Arias Urones (INT/TIU); Luciana Garcia Nores (INT/INT); Winsome Leslie (MIF); Kevin McTigue (LEG/SGO); Gregory Dunbar (FMP/CTT)
▪ Taxonomy	Client Support
▪ Date of TC Abstract authorization:	July 30, 2014
▪ Beneficiaries:	CARICOM ¹ member countries. Letters of Commitment received from Belize, Jamaica, and Suriname.
▪ Executing Agency and contact name	University of the West Indies, Trinidad and Tobago Contact: Professor Wayne Hunte, Pro-Vice Chancellor of Research
▪ IDB Funding Requested (Facility for the Promotion of Regional Public Goods –FRPG-OC):	US\$900,000
▪ Local counterpart funding:	US\$110,000 (in-kind)
▪ Execution Period:	36 months
▪ Disbursement period:	42 months
▪ Required start date:	January 2015
▪ Types of consultants	Firms and Individuals
▪ Prepared by Unit:	IFD/CTI
▪ Unit of Disbursement Responsibility:	COF/CTT
▪ TC Included in Country Strategy:	N/A
▪ TC included in CPD:	N/A
▪ GCI-9 Sector Priority:	Institutions for Growth and Social Welfare; Competitive Regional and Global Integration

II. OBJECTIVES AND JUSTIFICATION OF THE TC

2.1 Failures in monetizing Intangible Entrepreneurial Assets (IEAs) such as patents, copyrights, or trademarks are contributing to low global competitiveness in the Caribbean region². Effective strategies to monetize IEAs through improved commercialization of Intellectual Property Rights (IPRs) would transform intellectual ideas into profitable

¹ Antigua and Barbuda; the Bahamas; Barbados; Belize; Dominica; Grenada; Guyana; Haiti; Jamaica; Saint Lucia; St. Kitts and Nevis; St. Vincent and the Grenadines; Suriname; and Trinidad and Tobago

² IEAs have become important to the firm's business strategy model. Indeed, the intangible value of companies has, over the years, greatly shifted to supersede its book value. According to the International Integrating Reporting Committee, in 1975, more than 80 percent of a company's value was linked to its physical and financial assets. By 2010, this figure had fallen to less than 20 percent, with "intangible" assets playing an increasingly central role in driving market value.

business models thereby narrowing the productivity gap of Caribbean entrepreneurs relative to global competitors and capturing more income opportunities for these firms. In the long run, improved commercialization efforts will result in increased innovation and productivity growth that will boost economic growth in the region.

- 2.2 The small economies of the Caribbean are challenged by a dearth of firm level data on intellectual property (IP). They face scarce technical expertise and financial resources dedicated to monetization of IEAs. Economies of scale involved in the provision of these services clearly justify a regional approach; indeed, there is a growing awareness of the need of collective action to be instituted through a regional IP monetization scheme. The value added of the collective approach is already endorsed through CARICOM's regional integration initiative³.
- 2.3 This project proposes to create a on-line regional platform⁴, the Regional Entrepreneurial Asset Commercialization Hub (REACH), that will harness the various on-going (albeit scattered) interventions⁵ in the Caribbean and coordinate those activities in a structured manner. This effort will support not only the overarching CARICOM integration process but also the creation of an enabling environment for facilitating intellectual asset management and knowledge transfer. Through its Steering Committee, the project will optimize the technical expertise and competence of partners. REACH's survey instrument will gather much needed data on IP use and demand among innovative firms in the region.
- 2.4 The virtual hub will provide valuable insights into the hurdles to monetizing IP through increased collaboration between universities, IP offices, competitiveness and innovation bodies, and the private sector. REACH will produce hard evidence on the services that are in demand by the region. The lessons learned from execution will be incorporated into the creation of a regional business plan for continued implementation of REACH's coordination efforts and IP management services after IDB funding has ended.
- 2.5 Caribbean firms, regardless of country of origin, are the target beneficiaries for the services provided by REACH. REACH will build upon ongoing work to feed into the needs of the region and will facilitate overall regional cooperation in three identified focus areas: technology transfer, creative industries, and product branding. Trainings and mentorships in each focus area will increase the capacity for commercial gain utilizing IP tools. REACH will become a crucial tool for small states to capitalize on each other's strengths and technical expertise.
- 2.6 The project will strengthen institutional capacity to provide IEA management services that would assist Caribbean economies in the following:
 - a. Increasing productivity in industries with growth potential: World Intellectual Property Organization (WIPO) studies have found that the Caribbean creative industries, for example, have higher productivity levels than most traditional industries and their employment and output multipliers indicate a strong competitive advantage.

³ The Treaty of Chaguaramas (Art. 64) mandates that measures be taken to encourage inventions and innovations and the acquisition and diffusion of technology within the Community. Very importantly, bilateral arrangements such as the agreement currently being negotiated with Canada and the CARIFORUM-EU EPA Agreement (which has strong focus on Innovation, including the development, protection and diffusion of IP) envisage implementation on a regional basis: this would require regional structures of the kind contemplated in this Proposal to foster their development.

⁴ UWI will be managing the regional platform during the project's execution.

⁵ Interventions include, but are not solely exclusive to, IP related work being carried out by the World Intellectual Property Office, Compete Caribbean, The Competitiveness Company, UWI, and national IPO's.

- b. Increasing Caribbean firm competitiveness in global markets through innovation: Enterprise Innovation Surveys of 2011 revealed low levels of innovation capabilities that are contributing to low global competitiveness in the region.
 - c. Increasing foreign investment prospects and opportunities for higher income by capturing more value for services and/or products in the export market: The Grenadian nutmeg farmer and Jamaican reggae industries⁶ are prime examples of the potential for firms and entrepreneurs to achieve this.
 - d. Reinforcing Science and Technology institutions by providing a regional outlet for commercializing their innovation output: Increased technology commercialization will support universities and other public research organizations' endeavors to create patents and to commercialize them. This will result in an increased rate of patent applications.
- 2.7 The current Sector Strategy: "Institutions for Growth and Social Welfare" (GN-2587-2) identifies improving innovation and productivity as a major area where the Bank can help the region overcome the challenges that hinder growth and social welfare. It specifies enhancing SME Productivity and Growth as well as promoting institutions for innovation and technological development which focuses on increasing private sector firms' investment in improving institutions and policies related to innovation, and strengthening networks and synergies among institutions. To this end, the IDB will work towards strengthening institutions and providing the private sector with the tools to innovate, increase their productivity, and compete more effectively in the global market through IP monetization. The protection of intellectual assets is cross-cutting and instrumental in the region's goal of increasing its competitiveness and export opportunities. REACH will build on past projects such as JA-M1014, a MIF project aimed at using IP to improve the competitiveness of MSMEs. JA-M1014 was executed by The Competitiveness Company (TCC). TCC will collaborate with REACH on the creative industries thematic area through an estimated €500k EU/ACP funding for a regional Creative Industry project. The REACH will also work closely with the Compete Caribbean program⁷ (CCP). CCP supported the initial dialogues and analyses of the potential for a regional IP commercialization entity in the region. CCP has worked extensively with key partners in the region and will be instrumental partners in reaching key stakeholders, in particular, private sector innovative firms that will benefit from the strategic incorporation of IEAs into the business model.

III. DESCRIPTION OF ACTIVITIES/COMPONENTS AND BUDGET

- 3.1 The REACH project comprises of four Components with the following objectives:
- 3.2 **Component 1: Landscape Analysis and Survey.** This component will conduct a landscape analysis that will assess the Caribbean's regulatory environment including gaps in the system, review enforcement measures, map past and on-going IP related initiatives,

⁶ Grenadian farmers, for example, are currently receiving US\$1-2 per pound for nutmeg sold at average retail prices of US\$40 per pound⁶. In Jamaica, the International Intellectual Property Institute reported that in 2004, reggae generated an estimated US\$1.0 billion in retail sales, including copyrighted music and retail merchandising. Of that total, Jamaica was estimated to be receiving only US\$1.4 million.

⁷ Compete Caribbean is a private sector development program jointly funded by the Inter-American Development Bank (IDB), the United Kingdom Department for International Development (DFID), and the Foreign Affairs, Trade, and Development Canada (DFATD) to support projects in 15 Caribbean countries. Projects in the OECS countries are implemented in partnership with the Caribbean Development Bank (CDB).

prioritize issues, and make recommendations on the overall direction of the REACH, including recommendations on training, policy interventions, and enforcement. Component 1 will also conduct a survey to gather qualitative and quantitative data on innovative firms⁸. The survey will assess firms' current IP use and demand, their knowledge of IPR tools, firm attitude and perception toward the IP system, and recommendations to address perceived flaws in the system as it pertains to commercialization. The survey data will inform the final business plan to be developed for REACH.

3.3 **Component 2: Stakeholder Sensitization.** This component will raise awareness of REACH amongst potential users by financing project launch events and the creation of the online platform that will virtually house REACH. The first project launch event to gather stakeholders will be held within the first three months of the project's execution. An interactive online platform will be designed within the first four months to connect all stakeholders. It will centralize IP related knowledge, provide project progress updates, increase visibility of the program, create awareness of IP commercialization methods, exchange success stories of IP commercialization, and attract interest among donors and international stakeholders, organizations and interested entities. The website platform will be designed to raise the visibility of Caribbean innovations among potential investors and encourage peer collaboration and knowledge-sharing amongst networks of IP attorneys-at-law, business developers and managers, brand designers, academics, technical assistance providers, international development funders, and the like. The objective of the mechanism is to ensure REACH's sustainability, transparency, and regional benefit sharing by harmonizing information flow between partner institutions.

3.4 **Component 3: Building Commercialization Capabilities for Public and Private Stakeholders.** This component aims to build the commercialization capabilities of competitively selected⁹ SMEs through training and mentoring programs. The programs relate to three categories of IP tools: (i) technology commercialization which covers patents, industrial designs, and utility models; (ii) creative industries intellectual asset management which includes copyrights and (iii) product branding value capturing which covers trademarks and geographical indications. Technical consultants will design individual action plans for the three thematic areas. Action plans will also include detailing training sessions and workshops that will be conducted to build technical expertise of skilled professionals who have the qualifications to assist in strengthening IP protection and monetization systems (which includes institutions such as Intellectual Property Offices (IPOs) and Competitiveness Units). Mentoring programs will partner mentors¹⁰ with competitively selected innovative firms to aid in the commercialization of their services or products in three main areas:

a. **Technology Commercialization.** This program will help selected firms assess the value of their technology and that of the technology they acquire from overseas, and identify their best commercialization strategies. It covers activities related to licensing of technologies and IP audits of technology developed at various institutions, as well as

⁸ See Annex for TOR with details on the Caribbean IP Survey including firm selection methodology. Under the MIF's "Collaborate to Compete" project, The Competitiveness Company worked with IP attorneys to develop an audit questionnaire that was subsequently approved by and which was administered to 52 local Jamaican firms.

⁹ Firms will be selected based on criteria to be established by the Steering Committee. Eligibility criteria may include industry, firm size, potential impact on export levels or other indicators, and documents such as business plan, financial statements, etc.

¹⁰ Mentors are a group of specialists who have specialized experience in IP commercialization. See TOR.

foreign technology acquired by Caribbean SMEs. The goal is to facilitate IP commercialization among researchers at Caribbean universities and other public research organizations which create patents, industrial designs, utility models, trade secrets and other forms of intellectual property and encourage collaboration with the private sector to value and identify business strategies that incorporate the IP. The result is to have an increased rate of patent applications by the region; assistance to SMEs in licensing and technology transfer; strengthening university-industry links, and cooperation with technology incubators.

- b. **Creative Industries Intellectual Asset Management.** The program would facilitate information exchange on creative industries. It will assist competitively selected creative entrepreneurs in identifying and managing their intellectual assets to generate new revenue streams. This section will also conduct outreach and training sessions for creators and monitor the impact of efforts to maximize monetization mechanisms. It will address the issue of understanding and promoting the use of IP as collateral for financing creative projects. In this vein, training would include assisting lenders in assessing financial requests for funding creative industries projects. WIPO developed training tools on the valuation of IP and monetizing copyright assets would increase the unique expertise and awareness among lenders and borrowers on valuation techniques.
- e. **Product Branding Value Capturing.** This program would identify and supply product branding and commercialization services to competitively selected SMEs and/or local cooperatives. The program would assist in the design and implementation of the strategic appropriate use and mix of intellectual assets. Particular focus will be placed on trademarks (collective and certification marks) and geographical indicators. The program will conduct a review of potential products and run branding strategies/projects for at least three chosen products.

3.5 **Component 4: Sustaining Implementation of REACH.** This component purports to develop a final self-sustaining business plan that will advise, based on lessons learned from execution, next steps to take to ensure sustainability. The final business plan will also identify financing options and partners. It will advise on the involvement of mentors, provision of technical assistance, and give insight to the types and costs of services REACH should provide. A stakeholder meeting will share these results and discuss the way forward for REACH.

TABLE 1. INDICATIVE RESULTS MATRIX

Indicators	Measurement Unit	Baseline		Goal		Source of Verification
		Value	Year	Value	Year	
Result 1: Increased use of Intellectual Property Tools amongst firms signaling the improvement of innovation and competitiveness in the Caribbean private sector.						
Increase in total domestic resident patent applications	#	Varies	2014		2018	Global Innovation Index
Total increase in number of registered IPRs (trademarks, GIs, copyright, industrial designs)	#	Varies	2014		2018	WIPO IP Statistics Database
Increase in royalty and license fees receipts	% total trade		2014		2018	Survey
Increase in number of PCT residents patent application	#		2014		2018	WIPO IP Statistics Database

Result 2: Increased awareness and use of REACH's IP Management services.						
Number of visitors/downloads of resources	#	0	N/A		2017	Analytics
Number of SME applications to the competitive calls for proposals	#	0	N/A		2017	Tracking System
% of firms who indicate increased knowledge of IP tools available	%	0	N/A		2017	Survey
Result 3: Improved business support institutions that design, implement and supervise measures that foster the use and adoption of Intellectual Property Rights.						
Number of universities that set up or improve their IP commercialization policies and tools.	#	1	N/A	3	2017	Global Innovation Index
Number of intellectual property offices who receive training in IP commercialization techniques	#	0	N/A	6	2017	Survey

TABLE 2. INDICATIVE BUDGET

Activity/Component	IDB (RPG) Funding	Counterpart (in kind) Funding	TOTAL Funding
Component 1: Landscape Analysis and Survey	120,000	30,000	150,000
Landscape Analysis on the Caribbean's IP environment	40,000	10,000	50,000
Survey	80,000	20,000	100,000
Component 2: Stakeholder Sensitization	90,000	10,000	100,000
Project launch event	45,000	5,000	50,000
Online Platform	45,000	5,000	50,000
Component 3: Building Commercialization Capabilities for Public and Private Stakeholders	494,000	50,000	544,000
Design of Action Plans for Component 3	50,000	0	50,000
Mentorship Program	344,000	0	344,000
Training and Workshops	100,000	50,000	150,000
Component 4: Sustaining Implementation of REACH	40,000	15,000	55,000
Final Self-Sustaining Business Plan	0	5,000	5,000
Stakeholder Meeting	40,000	10,000	50,000
Administration & Supervision	126,000	0	126,000
External Evaluation & Audit	30,000	5,000	35,000
TOTAL (US\$)	900,000	110,000	1,010,000

- 3.6 **Supervision.** IFD/CTI, through its Project Team Leader, will have technical and basic responsibility for the implementation and general supervision of the project. Program monitoring will be based on the implementation of the Results Framework (Annex IV). In addition, the Regional Public Goods Initiative of the Integration and Trade Sector (INT/INT) will monitor the project's overall performance as part of the RPG Program portfolio.
- 3.7 External consultants/firms will be hired to perform final evaluation and the final audit of the project.

IV. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 4.1 **Executing Agency.** The Executing Agency (EA) will be the University of the West Indies' (UWI) School for Graduate Studies and Research based in Trinidad and Tobago. UWI is a regional institution whose administration will provide the autonomy and dynamism that

would be required for REACH. UWI has executed IDB regional projects in the past such as RG-T1276 on Regional Non-Communicable Diseases Surveillance System. UWI will put together a project management team comprising of a Project Manager and part-time Administrative Support. The project team will work closely with the IDB, Compete Caribbean Program (CCP), World Intellectual Property Organization WIPO, and local partner organizations.

- 4.2 **Steering Committee.** Each country will appoint one representative (National Focal Point) from the institutions participating in the project to form the Steering Committee (SC). The focal points will be responsible, at a national level, for facilitating project execution, and helping build consensus with stakeholders. Representatives from the IDB, WIPO and CCP will act in an advisory role totalling for an estimated 20 SC members. Also, representatives from the academia and the business community may participate at the steering committee as observers. The SC will meet regularly to set the agenda of the project based on this plan of operations, decide on strategic matters and guide on the direction of the project. They will select a Chair, Vice-Chair and a Secretary. The Project Manager (see below) will participate in the SC and is responsible for implementing the guidelines and recommendations given.
- 4.3 **Project Manager.** The EA will hire a Project Manager in agreement with the Bank, who will receive accounting and administrative support from UWI. The main duties and responsibilities of the EA's Project Manager are to: (i) manage the financial resources from the Bank's contribution; (ii) contracting of all consultant services according to applicable Bank policies, procedures and norms; (iii) coordinate work with the participating countries and institutions; (iv) organize and participate in events and regional consultations related to the objective of the project; (v) convene and organize SC meetings (vi) coordinate, stimulate and strive to complete work as per the TC schedule; and (vii) prepare and submit relevant financial and progress reports of the TC to the Bank.
- 4.4 **Execution period and disbursements.** The project execution period will be 36 months. The maximum disbursement period will be 42 months. Both periods are effective from the date of the signature of the agreement on behalf of both the Bank and the Executing Agency. As a condition for the first disbursement, the executing agency will be required to present evidence of (i) the selection of the consultant to conduct the Landscape Analysis; (ii) the selection of the firm/consultant to conduct the Survey and (iii) the selection of the Project Manager and (iv) the establishment of the project's SC.
- 4.5 **Procurement.** Project procurement will be carried out by the Executing Agency in accordance with the Bank's policies and procedures set forth in documents GN-2350-7 (Policies for the Selection and Procurement of Consulting Services Financed by the IDB) and GN-2349-7 (Policies for the Procurement of Works and Goods Financed by the IDB). A Procurement Plan is included as Annex III and should be regularly updated during project execution.

V. MAJOR ISSUES

- 5.1 A high degree of complexity exists amongst local partners executing regional initiatives. The key to combating this will be the partnerships with national and regional entities that have been forged and will continue to be built by entities such as WIPO, UWI, The Competitiveness Company (TCC), CCP, and others who have ongoing efforts in the region. An important mechanism for continued dialogue and collaboration between national bodies is the online platform. The online portal will provide continuous information dissemination

on monetization strategies for SMEs and value assessment tools IEAs. It will also provide links to other resources and act as a repository for best practices and policies. The successful IP commercialization cases will be testament to REACH's effective IP commercialization services.

- 5.2 Financial sustainability is another risk to REACH. Lessons learned and captured in the Action Plan will identify means of ensuring sustainability once IDB funding has ended. This includes the involvement of UWI and focal points in providing technical assistance. The final action plan will also recommend a range of customized IP advisory services to be provided to SMEs at a reduced price. IP offices can work with associations of patent attorneys for the provision of reduced fees/free legal advice for SMEs. Once SMEs are enlightened on the benefits and services that such a platform could provide, they would be willing to pay for the services and thus contribute to the economic sustainability of the platform.
- 5.3 Successful IP commercialization deals will be showcased via the online platform to be designed under Component II's Stakeholder Sensitization. This promotion will capture the attention of other innovative firms and private sector players who will drive the demand for REACH's services. Component II is strategic in raising awareness of the role of IP, educating why these services will increase firm competitiveness and engaging firms to request and demand the services provided.
- 5.4 Component II's communication efforts through (i) high visibility beginning and end of project workshops and (ii) continuous project announcements disseminated via the online platform is also essential to maintaining public sector buy-in and commitment. Public sector buy-in and private sector demand will sustain the initiative and ensure the implementation of REACH's operation plan in its second phase.

VI. ENVIRONMENTAL AND SOCIAL STRATEGY

- 6.1 Given the nature of this project, no adverse social or environmental issues are foreseen. According to the Environment and Safeguard Compliance Guidelines, the operation has been classified as "C".

ANNEXES:

- Annex I [Letters of Commitment](#)
- Annex II [Terms of Reference for activities/components to be procured](#)
- Annex III [Procurement Plan](#)
- Annex IV [Results Matrix](#)
- Annex V [Detailed Budget](#)

**CARIBBEAN REGIONAL ENTREPRENEURIAL ASSET COMMERCIALIZATION HUB
(REACH)**

RG-T2536

CERTIFICATION

I hereby certify that this operation was approved for financing under the Facility for the Promotion of Regional Public Goods (RPG) in compliance with resolution DE-104/14 approved by the Executive Directors on July 30, 2014. Also, I certify that resources from said fund are available for up to US\$900,000 in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of four (4) calendar months counted from the date of signature below. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in U.S. dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.

Original Signed	11/19/14
_____ Sonia M. Rivera Chief Grants and Co-Financing Management Unit ORP/GCM	_____ Date

APPROVAL

Approved:	Original Signed	11/24/14
	_____ Ana Maria Rodriguez-Ortiz Sector Manager Institutions for Development Sector IFD/IFD	_____ Date