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IPRs, creative economies and localized development initiatives

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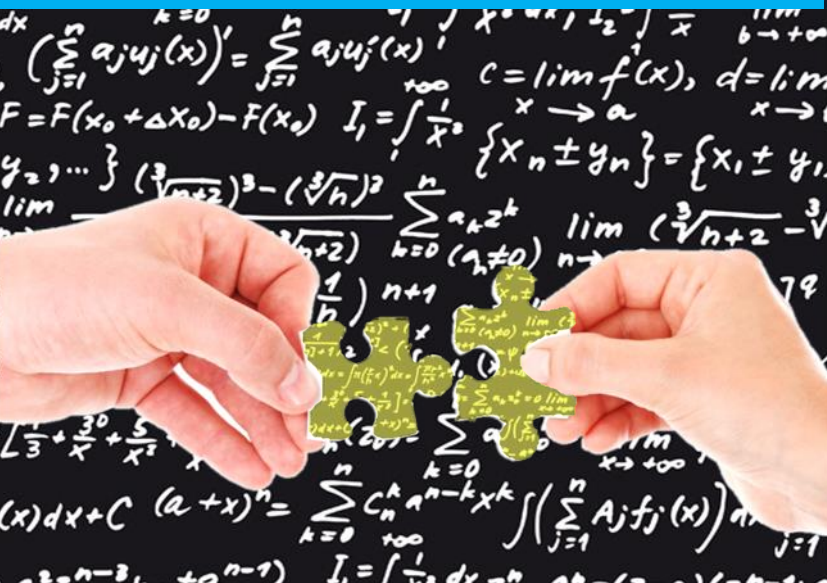
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IPRs, creative economies and localized development initiatives



Alexander Puutio

ASIA-PACIFIC RESEARCH AND TRAINING NETWORK ON TRADE

Working Paper

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ASIA-PACIFIC RESEARCH AND TRAINING NETWORK ON TRADE

WORKING PAPER

IPRs, creative economies and localized development initiatives

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Abstract

Creativity and innovation play increasingly important roles in modern societies. In both developed and developing countries alike, artistic, scientific and economic creativity accounts for significant portions of GDP and trade in creative goods is an increasingly important contributor to global trade flows. Regardless of the importance of creativity and innovation to our economies, the concept of creative economies remains somewhat underdeveloped and underutilized, largely due to difficulties in coming to consensus with regards to which behaviors, economic activities and resulting industries to include.

This paper has examined the connections between local creative economies and IPRs regimes and we propose that creative economies are defined as comprising of the primary results of artistic, scientific and economic creativity that fall under the protection of main types of IPRs such as patents, trademarks and copyrights. From this new vantage point, this paper notes that local administrations and policymakers have various localized development intervention instruments that can promote creative economies at their disposal. Of these instruments, the One Village One Product movement, which originated from Japan's Oita prefecture stands out as a particularly robust project framework for promoting local creative economies.

This paper also provided an assessment of the objectives, methodologies and applications of the movement across numerous countries and it showed that OVOP programmes have been successfully implemented in a variety of settings. With localized product development and export promotion at its heart, the OVOP programme has proven to be particularly flexible and adaptable to a wide range of policy objectives – ranging from rural poverty alleviation to brand agriculture and SME development – and operational settings with both developed to developing economies findings success under the OVOP movement.

The paper concludes with an in-depth assessment of the UNIDO, Thai, Malawi and Nepalese models of OVOP implementation. These models and examples of direct application are presented to local administrators and policymakers as guidance and inspiration of how OVOP programmes can be implemented in support of creative economies.

Keywords: Creative economies, Intellectual Property Rights, Local Economic Development, Rural Development

JEL codes: K33; L52; L3

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List of abbreviations

ASEAN	Association of Southeast Asian Nations
BIT	bilateral investment treaties
CAF	Common Assessment Framework
CLMV	Cambodia, Lao PDR, Myanmar and Viet Nam
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FNCCI	Federation of Nepalese Chambers of Commerce and Industry
FTA	free trade agreement
GDP	gross domestic product
ICT	information and communications technology
IOVOPPA	International One Village One Product Policy Association
IPR	intellectual property rights
ITIF	Information Technology and Innovation Foundation
JICA	Japan International Cooperation Agency
METI	Ministry of Economy, Trade and Industry (Japan)
NGO	non-governmental organization
ODA	official development assistance
ODI	Overseas Development Institute
OECD	Organization for Economic Co-operation and Development
OTOP	One Tambon One Product
OVOP	One Village One Product
PCT	Patent Cooperation Treaty
PTC	patent, trademark and copyright
R&D	research and development
RCEP	Regional Comprehensive Economic Partnership
RTA	regional trade agreement
SME	small to medium enterprise
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
USPTO	United States Patent and Trademark Office
WIPO	World Intellectual Property Organization

1. Intellectual property rights, creative economies and local economic development

1.1 Intellectual property rights in the context of creative economies

As of 2020 virtually all economic activity is influenced by intellectual property rights (IPRs). The importance of IPRs to developed economies is particularly clear. For example, already by 2016 the United States Commerce Department concluded that so called IPR-intensive industries (e.g. the tech industry, telecoms, media production etc.) produce more than 38% of national GDP while also supporting more than 45 million jobs (USPTO, 2016). Of the various IPRs-intensive industries, those related to trademarks have been found to be the largest contributors to GDP with copyrights and patent related industries following suit in said order.

Today, IPRs play a major role in non-IPRs-intensive industries as well. From modern manufacturing to service production all the way to logistics and consumption, it would be almost impossible to identify even one step of the supply chain that isn't enabled or greatly influenced by innovation, creativity and technological outputs that in turn depend on patents, copyrights, trademarks and their kin. In fact, even in industries considered rather distant from the technological frontier such as agriculture, IPRs play a significant role both directly through e.g. patented products such as pesticides and new plant varieties, as well as indirectly by promoting technology and knowledge transfer (FAO, 2000).

Given that the Fourth Industrial Revolution is accelerating the pace of innovation and mainstreaming artificial intelligence, automation and ICT connectivity to even the backward and manual-labor-intensive processes, it is clear that IPRs will only grow in influence over the coming years.

The growing importance of IPRs in turn can be expected to provide significant "innovation dividends" in countries capable of reaching the current technological frontiers. For example, thriving IPRs regimes have been shown to have consistently positive effects on the economy. In the right context and when properly enforced, IPRs promote innovation and creativity by both a direct 'rule of law' effect that combats free-

loading and unremunerated knowledge diffusion (Eicher, Newiak, 2012) as well as an indirect stimulus to the aggregation of factor inputs such as physical capital and investments into R&D (Park, Ginarte, 1997).

The expansion of IPRs is expected to be good news for producers as well as wage earners. Closer linkages with IPRs have been found to entail higher salaries, with private wage and salary workers in IPRs-intensive industries exhibiting significantly higher earnings in comparison to non-IPRs-intensive industries (USPTO, 2016).

This is particularly true for the 'creative economies' which are the focus of this study.

Since the pioneering works of Allen Scott (1997) and Richard Florida (2002) assessing how the modern societies depend increasingly on cultural outputs and creative classes, the concept of creative economies has become increasingly important in assessing the foundations for and success in economic development. Since its inception, the concept has garnered global interest as evidenced by the fact that the year 2021 was declared as the International Year of Creative Economy for Sustainable Development at the 74th session of the UN General Assembly, sponsored by a wide group of both developed and developing countries ranging from Australia, China, India, Indonesia, Mongolia, Philippines to Thailand (UNDOCS, 2020).

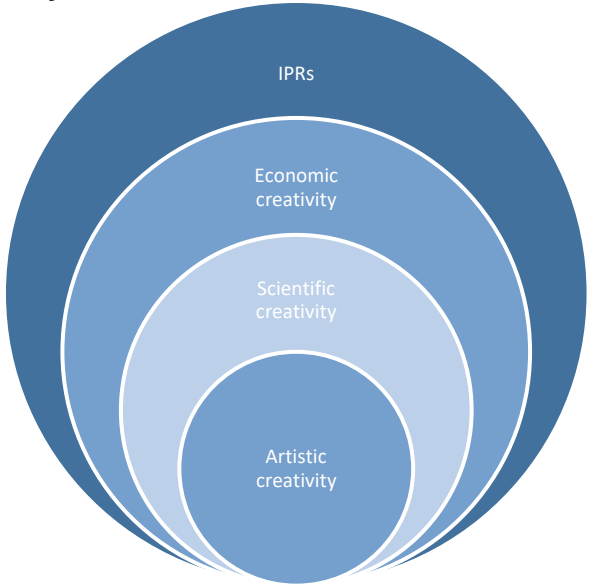
Regardless of decades of use and a wide base of support, the concept has no single definition (UNCTAD, 2018). Instead, it is a catch-all term that is used to refer to the various knowledge- and information-based economic activities that are dependent on socio-cultural frameworks and legal institutions such as IPRs, human creativity, talent and ideas as well as technology (UNCTAD, 2018).

And while there is no consensus on how to empirically link creative activities with economic prosperity (Marques, Coelho, 2020), there are several ways to define the boundaries of creative economies even if only in non-exhaustive terms. For example, creative industries (including advertising, architecture, arts and crafts, design, fashion, film, video, photography, music, performing arts, publishing, research & development, software, computer games, electronic publishing, and TV/radio) are generally agreed to make up for the majority of creative economies at all levels (UNCTAD, 2018). These

industries comprise significant portions of local economies, with e.g. 21.5 per cent of Inner London and 17.3 per cent of the San Francisco metropolitan area being dedicated to the creative economy (Marques, Coelho, 2020). In addition to being sizeable, recent studies have found that these creative industries are also uniquely resilient as proven by their robust 14 per cent growth rate even during the 2008 economic crisis (Hajkowicz, 2015).

Creative economies can go well beyond purely creative industries that build upon artistic creativity, however. In fact, some scholars propose that both scientific and economic creativity (Oliveira et al., 2013) are also considered in this context. Accordingly, the potential scope for creative economies would encompass virtually the entire realm of innovation, creativity and cultural expressions that IPRs regimes aim to protect (figure 1).

Figure 1. The co-centric relationship between IPRs and the components of the creative economy



Source: ESCAP, 2020

For example, IPRs such as patents, utility models and integrated circuit protections are pivotal tools for fostering commercial innovations in the scientific realm. In the area of economic creativity (think of business processes, supply chain configurations and economic policies) IPRs such as trade secrets, copyrights and trademarks remain critical cornerstones for producers.

In light of the above, it is tempting to simplify matters by redefining the concept of creative economies to refer to either the creative industries or virtually every industry influenced by human creativity as protected by IPRs. Both approaches would lead to unworkable categories however, because even though creative economies clearly reach beyond simple artistic expressions, the inclusion of IPRs such as domain names or distribution rights lessen the concept's usefulness and potency.

Instead, we propose that creative economies are considered to encompass those industries, behaviors and economic activities the *primary source* of which is human innovation and creativity as protected by modern IPRs regardless of whether it is artistic, scientific or economic in nature.

1.2 What are the right metrics for assessing the success of creative economies?

The previous section leaves open a critical question: how are we to measure creative economies and their success?

Typically, the creative success and intellectual prowess of a nation have been assessed based on the rather crude metrics of counting how many patents, copyrights and trademarks have been applied for and granted.

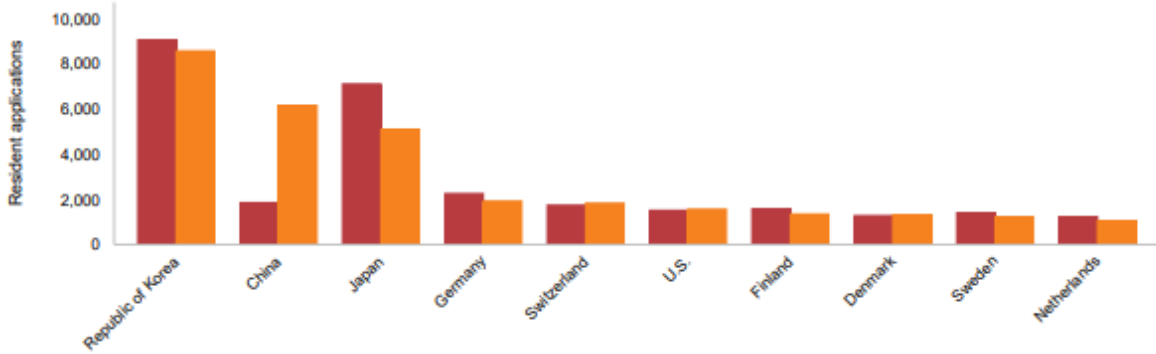
Based on these figures, the Asia and the Pacific region countries are well on their way to becoming some of the world's leading creative economies with several countries from the region taking first place when it comes to the GDP contributions of industries such as visual arts, architecture and gaming globally (UNESCO, 2015).

According to the latest WIPO figures on patents, the Asia-Pacific region is now home to five of the top ten countries globally with China, Japan, Republic of Korea, India and Australia jointly accounting for the vast majority of patent applications globally (figure 2).

Figure 2. Patent applications per unit of GDP

The Republic of Korea had the highest number of patent applications per unit of GDP

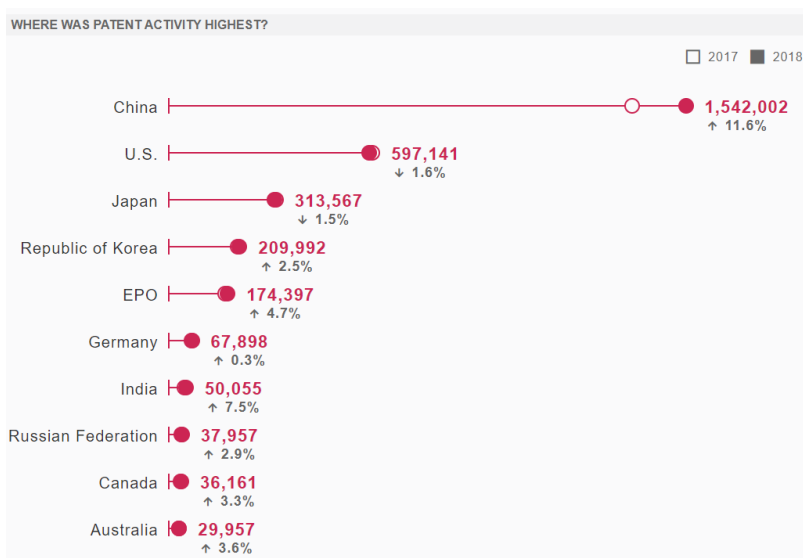
1.5 Resident patent applications per USD 100 billion GDP for the top 10 origins, 2008 and 2018



Source: WIPO, 2019

Of note, China has recently overtaken the United States also in the area of WIPO’s Patent Cooperation Treaty (PCT) which had previously led this category of patent application rankings for decades. Higher levels of patent activity are widely considered to be robust indicators of technological progress, knowledge-generation and innovation at large (Casanova, 2019 and Basberg, 1987), and it is no surprise that the most important technological powerhouses and ‘factories of the world’ have taken the top spots. When we adjust e.g. patent applications for GDP, smaller OECD countries such as Finland, Norway, Sweden and the Netherlands enter into the top ten rankings with the first three positions held by the Republic of Korea, China and Japan (figure 3).

Figure 3. Top 10 countries with respect to patent activity

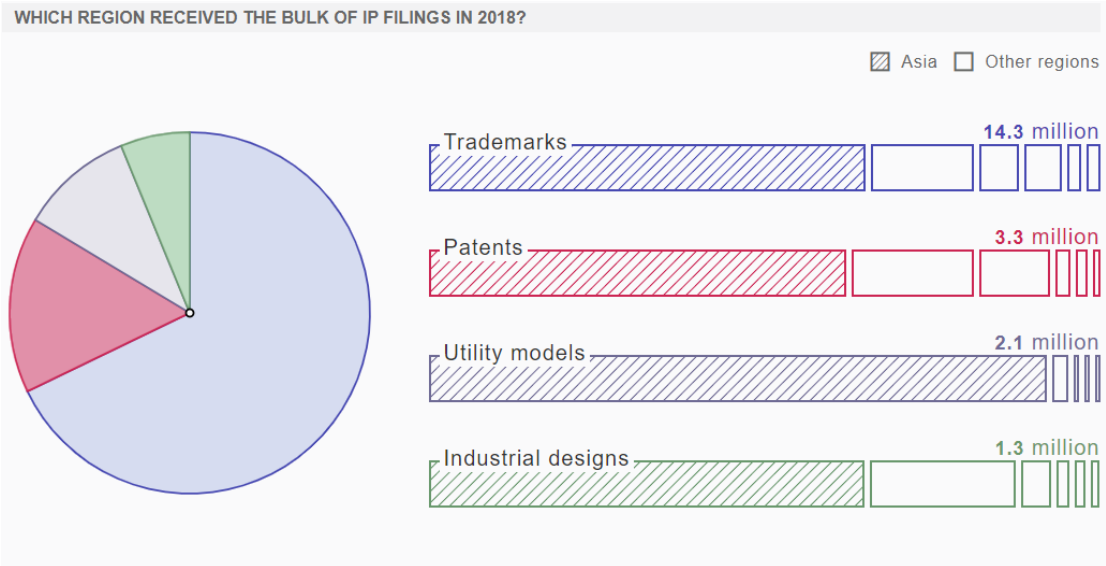


Source: WIPO, 2019

The latest data also shows that, in line with expectations, IPRs are becoming more and more prevalent during the Fourth Industrial Revolution. As per latest WIPO statistics, the total number of applications filed via the PCT mechanism grew by 5.2% while trademark applications under Madrid System for the International Registration of Marks saw a year-on-year increase of 5.7% in 2019 (WIPO, 2019). The most impressive growth was witnessed in the area of industrial designs however, with applications under the Hague System for the International Registration of Industrial Designs growing by 10.4% (WIPO, 2019).

The growth has been largely driven by the Asia and the Pacific region (Figure 4). In fact, the region accounts for the vast majority of patent, trademark and industrial design applications with a particularly significant lead in the category of utility models. Over the past decade, Asia and the Pacific region patent application numbers grew at a pace of 50.8% during 2008-2018 (figure 5).

Figure 4. Asia and the Pacific region lead in global IP filings

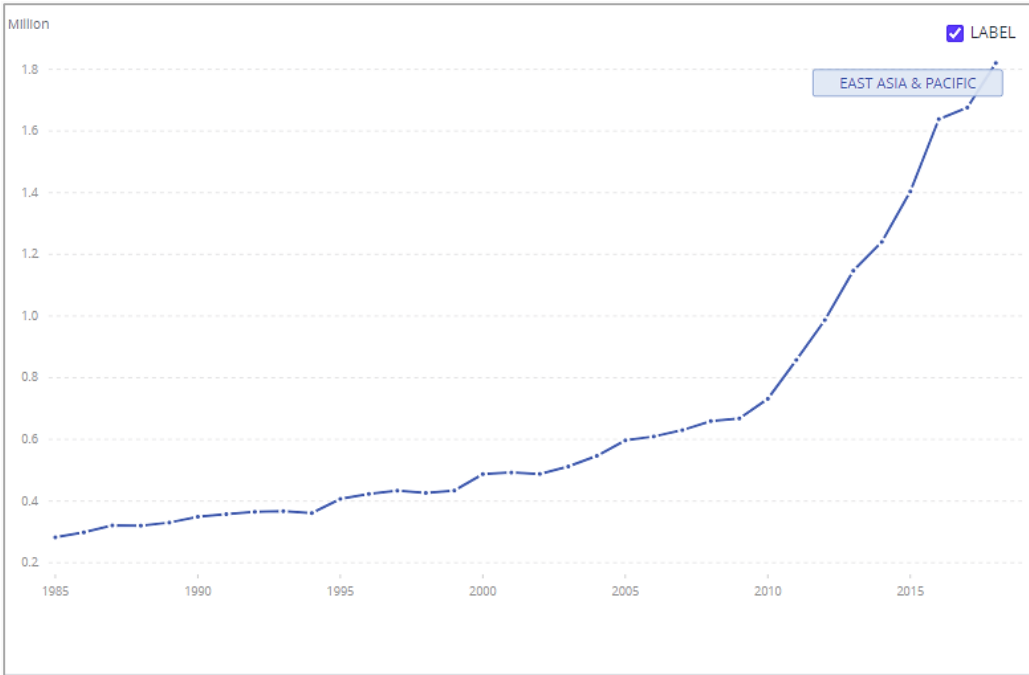


Source: WIPO, 2019

However, these gains are the result of a handful of regional members such as, China, India, Japan and the Republic of Korea, all of which have made significant investments into IPRs-intensive industries and regimes over the past decades. In fact, the story can be quite different for the emerging economies of the region.

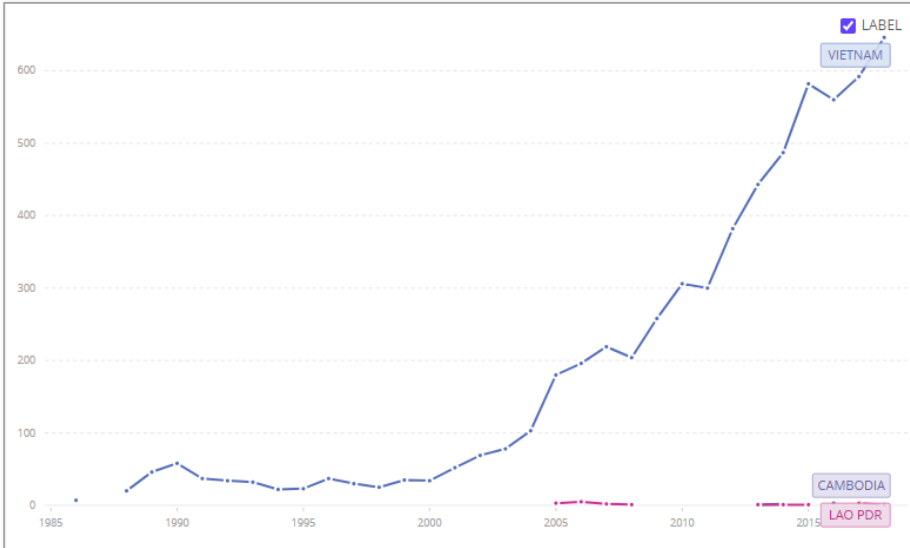
The below two panels showcase the World Bank’s latest data on total applications per year since 1985 for the East Asia and Pacific region as well as the Cambodia, Myanmar, Lao PDR and Viet Nam (CLMV) group (figure 5). The reason why we have not attempted to plot both groups in one graph is simple: the sheer disparity between the two groups would render the CLMV figures utterly unreadable. According to the World Bank, the entirety of East Asia and the Pacific had 1,820,380 patent applications, while Viet Nam had a total of 646. Cambodia and Lao PDR had three and one application respectively with no data available for Myanmar on any year on record (figure 6).

Figure 5. East Asia and the Pacific shows impressive growth in total patent applications



Source: World Bank, 2020

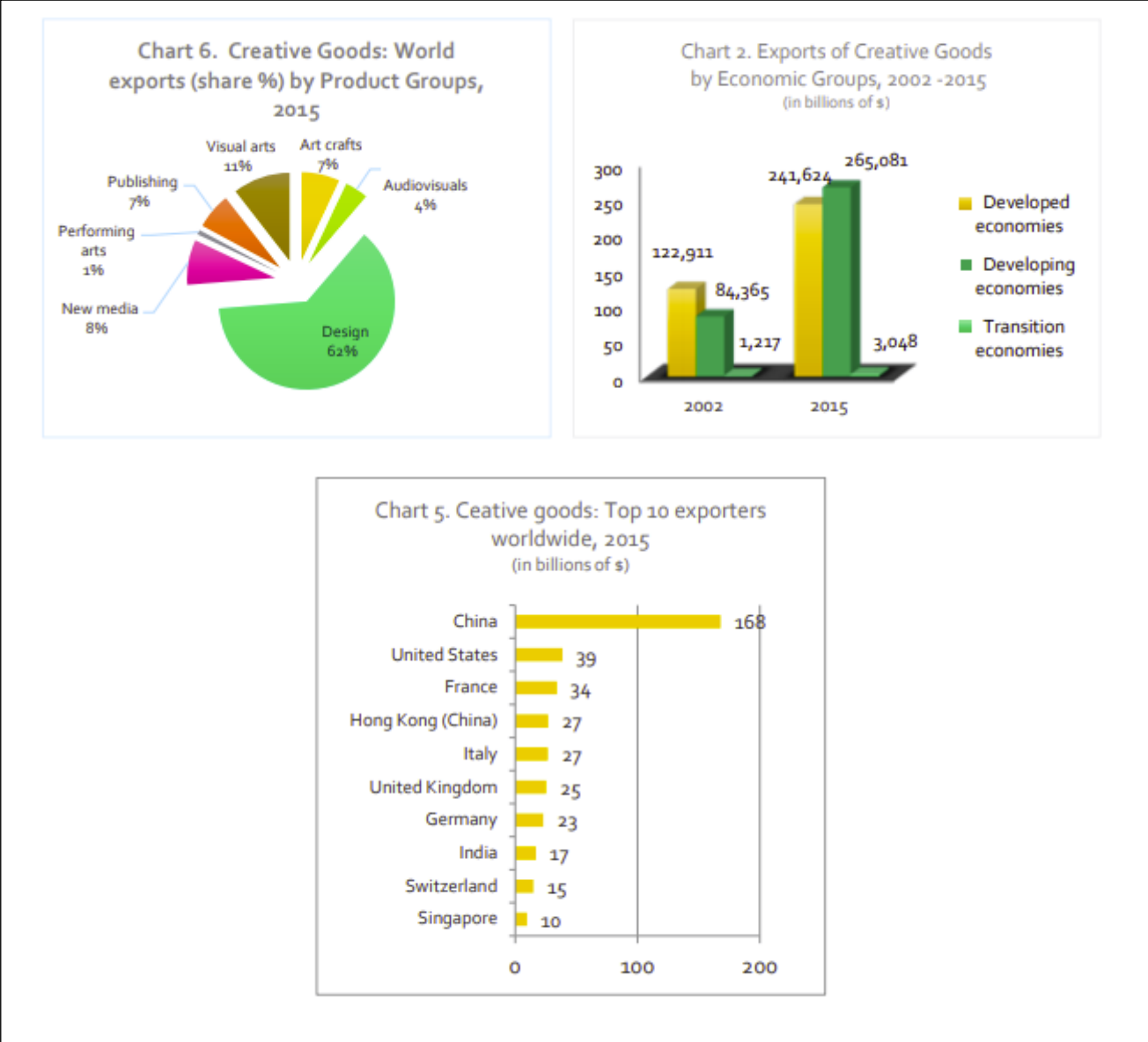
Figure 6. CLMV countries lag significantly behind the East Asia and the Pacific region in terms of total patent applications



Source: World Bank, 2020

Another typical approach to measuring creative economies is to assess exports and imports in creative goods. Figure 7 below contains selected results from UNCTAD’s most recent Creative Economy Outlook (UNCTAD, 2018) according to which the world’s exports in creative goods (e.g. designs, visual arts, publishing, crafts) more than doubled to USD 509 billion during the studies 13-year period. UNCTAD further shows how developing countries and the Asia and the Pacific region overall have come to dominate global trade in creative goods overall with almost 70 per cent of global trade being in design goods that cover fashion and accessories, interior design, toys and jewelry.

Figure 7. Selected results from UNCTAD’s most recent Creative Economy Outlook



Source: UNCTAD, 2018

While statistics such as the above permeate the public and academic discourse when it comes to measuring the success of creative economies, they present a partial picture at best. In fact, in order to assess the success of creative economies in line with the definition proposed in this article, we must analyze a far wider number of the economic, social, cultural and environmental outcomes that innovation and creativity modulate either directly or indirectly.

To date, UNESCO has offered the most comprehensive list of tangible development outcomes and indicators that can be targeted by policy makers interested in promoting local creative economies (Table 1). More importantly, these indicators can be measured in order to assess the rates of return to investing in creative economies. In the table below we reproduce UNESCO's list of outcomes accompanied by our additional evaluation of whether these outcomes are directly or indirectly connected to IPRs and what are the main venues through which the creative economy interacts with IPRs under these categories.

Table 1. Development outcomes and indicators

ECONOMIC OUTCOMES		Main connection type to IPRs (direct/indirect, what forms of IPRs)*
Output of cultural goods and services	<p>Volume and value of local production of cultural goods and services: – by product group – by industry</p> <p>Value added in local production of cultural goods and services: – by product group – by industry</p> <p>Value of cultural production per head of population • Value of cultural production as a proportion of gross domestic product: – at regional level – at national level</p>	Direct: through e.g. goods and services that depend on copyrights, trademarks and patents.
Employment	<p>Number of new jobs created for artists and creative workers: – in core arts industries – in wider and related cultural industries – in industries outside the cultural sector</p> <p>Increase in wages, salaries, incomes of creative workers • Reduction in the need for artists to access unemployment assistance • Increased opportunities for artists to work full-time at their creative work</p>	Direct: through e.g. copyright ownership, incentivizing effect of various IPRs etc.
Trade*	<p>Volume and value of net exports of creative goods and services from the city/region: – to other parts of the country – to other countries</p> <p>Proportion of creative to total exports</p> <p>Import replacement by domestic production of creative goods and services</p>	Direct: through e.g. goods and services that depend on copyrights, trademarks and patents and which are traded globally.

<p>Business development</p>	<p>Number of new creative business start-ups</p> <p>Improvement in entrepreneurial skills in creative SMEs</p> <p>Creative clusters and hubs: – establishment – expansion</p> <p>Inward investment stimulated by cultural attractiveness of the city or region: – in cultural industries – in non-cultural industries</p> <p>Cultural content in city branding attractive to incoming business investment</p>	<p>In-direct: through e.g. accumulation of know-how and cluster effects</p>
<p>Tourism</p>	<p>Number of tourists whose visit involved some cultural consumption: – coming from inside the region – coming from the rest of the country – coming from abroad</p> <p>Tourist expenditure on admissions to cultural events or for participation in cultural activities: – heritage visits – performing arts venues – museums and galleries – other cultural tours and attractions</p>	<p>Direct: through e.g. traditional knowledge, geographical indications, copyrights and trademarks</p>
<p>Equity in economic outcomes</p>	<p>Distribution of income and wealth: – trends in Gini coefficients</p> <p>Poverty alleviation facilitated by creative economy development: – number of jobs created – increase in income levels</p> <p>Economic initiatives to ensure equitable community access to cultural participation and enjoyment: – free admission to public cultural institutions – affordable prices for admission to paid cultural events – programmes to assist low-income or disadvantaged groups to access cultural resources.</p>	<p>Indirect: through e.g. increased opportunities for rural populations to engage in economic activities due to protection of traditional knowledge and copyrights</p>
<p>Innovation*</p>	<p>Number of patents and open source innovations generated by local producers</p> <p>Strength of local innovation cluster effects and ease of knowledge-transfer and technological diffusion</p> <p>Local investments in R/D and innovation enabling physical capital</p>	<p>Direct: through e.g. goods and services that depend on copyrights, trademarks and patents and which are traded globally.</p>

SOCIAL OUTCOMES		
Social cohesion, cultural diversity	Cultural identity: – proportions of different ethnicities in the local population – shared/common elements in local cultural identity – distinctive features of cultural identity unique to city or region – languages spoken at home • Intercultural dialogue and engagement: – platforms for inter-ethnic contact and exchange – multicultural clubs, societies, associations – festivals, fairs, etc., celebrating cultural diversity – valorization of “interculturality” in schools • Social capital, peace and security:– trust towards individuals and institutions – lack of crime, violence – lack of inter-ethnic conflict – tolerance, openness in social interaction	Direct: through e.g. copyrights, geographical indications and traditional knowledge protection
Human rights and non-discrimination	Gender equality: – proportion of women working in cultural sector – proportion of women in decision-making or gatekeeping positions – equity in women’s access to cultural participation – non-discrimination against women on cultural grounds – male/female earnings gaps • Minority rights: – recognition of appropriate cultural rights and consistency with basic human rights – freedom of religion • Freedom of expression, no arbitrary censorship	Indirect: through e.g. traditional knowledge and copyright protection for minorities
Educational outcomes	• Number of children studying arts/cultural subjects in school • Number of children engaged in extra-mural artistic activities, including: – learning a musical instrument, singing – art classes, ballet classes, drama classes – creative writing programmes • Number of artists employed as teachers in schools • Number of graduates from arts training institutions.	Indirect: through e.g. incentivizing effect of copyright protection leading to a wider number of creative outputs available on the educational market
CULTURAL OUTCOMES		
Cultural consumption and engagement	Attendance at cultural events and cultural institutions: – Number of attendees, by event/institution type – number attending cultural events/institutions, as a proportion of population – composition of audiences, by age, gender, etc. • Expenditure on cultural by individuals – by households – cultural expenditure, as a proportion of total consumption expenditure goods and services, by type	Direct: through copyright protection for cultural goods and services producers

<p>Cultural participation and creative activity</p>	<p>Number of people engaged in active artistic pursuits including (indicative list only): – creative writing – amateur theatricals – music-making – visual art, craft, photography</p> <p>Time devoted to cultural activities, by type: – passive consumption – active participation • Volunteering in cultural institutions: – number of people volunteering – proportions of time spent</p>	<p>Direct: through copyright protection for cultural goods and services producers</p>
<p>Art-form development</p>	<p>New work produced, by art-form • Public art: – number of new commissions – expenditure • Innovative use of new media in the arts: – in production/distribution – to expand and extend consumption • New ways to express local cultural identity in art works</p> <p>Cultural maintenance: – restoration of built heritage – conservation of art works and artefacts – maintenance of locally-based cultural skills and traditional knowledge</p>	<p>Direct: through copyright protection for cultural goods and services producers</p>
<p>Culture in external relations</p>	<p>Touring outside the region by local artists and groups: – Other parts of the country – abroad</p> <p>Representation of local artists in foreign art fairs, etc. • Visits by artists and groups from outside the region • Artists' exchanges</p> <p>Twinning with other cities to improve cultural branding</p>	<p>Direct: through copyright protection for cultural goods and services producers</p>
<p>ENVIRONMENTAL OUTCOMES</p>		
<p>Educational strategies</p>	<p>Use of arts to raise public awareness of environmental issues: – visual art exhibitions on environmental themes – drama, music, dance with environmental content on stage – creative content in film, television, social media to convey environmental messages</p> <p>Active engagement by children in creative activities dealing with environmental questions: – at school – in the community</p>	<p>Indirect: through e.g. incentivizing effect of copyright protection leading to a wider number of creative outputs available on the educational market</p>
<p>Arts as an exemplar of green practice</p>	<p>Environmental responsibility in arts organizations: – environmentally aware design principles for theatres, galleries etc. –</p>	<p>Indirect: through e.g. incentivizing effect of copyright protection</p>

	<p>energy efficiency in building operation and maintenance</p> <p>Individual artists: – demonstration of environmental responsibility in creative practice – promotion of sustainability principles through art</p>	<p>leading to a wider number of creative outputs available</p>
Traditional knowledge	<p>Management of natural ecologies and landscapes by indigenous communities: – maintenance of skills – demonstration of best practice</p> <p>Access to traditionally-recognized biological resources: – protection from exploitation – possible intellectual property benefits</p>	<p>Direct: through e.g. the protection of traditional knowledge</p>

Source: UNESCO, 2013 with ESCAP adaptations marked with*

The above table is by no means an exhaustive listing of the ways in which creative economies interact with the economy, society, culture and environment. Instead, it was intended by UNESCO as a starting point for policymakers looking to understand what are the tangible outcomes and indicators that they should focus on if they are to succeed in fostering creative economies.

ESCAP’s additions further show how IPRs play a significant role across all indicator categories. The most immediate linkages to IPRs are to be found in the area of economic outcomes, where the institutional aspects (property ownership) and incentivizing effects of IPRs coalesce effortlessly. However, the importance of IPRs, such as copyrights and traditional knowledge protection, cannot be understated in the socio-cultural areas either. In fact, stronger copyright laws have been found to be critical for improving author’s likelihoods of success, reducing the cost of creation and promoting the social value of creativity and the arts (Ray, Sun and Fan, 2009). The linkages to environmental outcomes may seem the weakest at first blush, but even here we can identify direct positive impacts through e.g. patents and green technology and the protection of traditional knowledge.

Such a lengthy list of potential avenues for promoting creative economies is equally as likely to aid as to confound any practically oriented policymaker seeking guidance from it. Administrators and policymakers on the local level are particularly unlikely to find solutions to fostering their own creative economies given the difficulties in translating the above macro indicators into local actions.

However, there are numerous ways local policymakers can promote creative economies as shown in the following pages.

1.3 From global regimes to local outcomes

The above section presents local policymakers with a conundrum: what tangible actions can be taken to promote creativity at their level where global, regional and national frameworks and institutions are to be taken as given?

One way of beginning to untangle this issue is to begin by examining the global hierarchy of sources of policy frameworks and institutions and how their actions modulate the success of creative economies:

- Global and regional arrangements incentivize the adoption and development of new IPRs rules that are transformed into laws at the national level while supranational entities such as the EU and ASEAN have more direct influence over national policies, laws and investment decisions;
- National governments promulgate law and establish institutions that enable and promote creativity to various degrees of success. Typically, these laws and institutions operate without preference to any particular location but targeting can also be utilized;
- Local governments and municipalities adopt national laws and institutions and oversee the physical and intangible (socio-cultural) markets in which creativity and innovation ultimately occur; and
- Finally, local firms, innovators, artists and creators take advantage of the opportunity space and tangible markets created by the combination of national legislation and institutions and local circumstances to the best of their capabilities in accordance with availability of internal resources and talent.

Much of modern national IPRs regimes are the result of global/regional coordination and cooperation. In fact, both developing and developed nations alike have sourced IPRs rules from multilateral agreements such as TRIPS as well as a wide range of FTAs, RTAs and BITs. While the linkages to local-level actions are even weaker than with national laws, there have been forays into assessing the potential impacts of trade agreements on e.g. patent regime strength and innovation capabilities (e.g. ESCAP,

2016). Of note, in previous ESCAP studies similar indexes for the Asia-Pacific regions FTAs were created, showing that the region's developing countries in particular tend to seek weaker IPRs provisions when dealing intra-group and accept stronger IPRs provisions as transplants when engaging more developed countries such as the United States.

On the national level, the most important determinant of how well any particular IPRs regime supports creativity is the national IPRs legislation itself. As discussed in e.g. ESCAP 2016, national IPRs legislation comes in many forms with significant variety in terms of ambition, scope and enforceability leaving room for interpretation and uncertainty. Perhaps the most well-known method for attempting to address such uncertainties is the creation of weighted indexes, such as the pioneering Ginarte-Park index of patent strength (Park, Ginarte, 1997), which consolidate and present various legal and institutional dimensions with ordinal numeric results. The subsequent application of Ginarte-Park indices has shown that stronger national IPRs regimes correlate strongly with e.g. success in innovation and IPRs exports (Park, 2008).

However, the linkages between the strength of national IPRs regimes and local-level creativity and innovation remain an area of open inquiry, largely due to the difficulties in attributing the drivers of firm-, innovator-, artist- and creator-level behaviour to legislative acts. This is not to say that legal institutions have not been proven to matter when it comes to innovation and creativity. On the contrary, the critical importance of institutions on firm level and individual behaviour has been thoroughly explored by e.g. Elinor Ostrom and many others (e.g. Ostrom, 1993). This body of research has made clear how national legislation and institutions, such as robust and fairly enforced IPRs regimes, play an important role in incentivizing innovation and creativity.

To be sure, there are a number of policy instruments, such as targeted investment programmes, tax exemptions etc., that nations wishing to jump-start innovation and creativity can use. For example, national funding and grants are particularly important enablers of innovation and creativity in the areas of healthcare, arts and breakthrough technologies that have no immediate commercial applications (Singer, 2014). It is also clear that national governments are often unable to directly modulate the intensity and success rates of innovative and creative activities on their own.

In fact, it is only at the local level where the actual production takes place and where innovation and creativity can occur in practice. This is also the level at which cluster effects and knowledge transfers take place, often without direct connections to national frameworks and institutions that are prima facie thought to be critical enablers of the same.

The below Table 2 attempts to further decode and elaborate upon the global-to-local hierarchy in terms of IPRs relevant actions across the economic, social, cultural and environmental categories of outcomes relevant to creative economies as established by UNESCO as below.

Table 2. Global-to-local hierarchy

Scope of measures	Economic	Social	Cultural	Environmental
Global	Multinational harmonization and standardization of IPRs norms, establishing policy floors and ceilings, steering/targeting international resource allocations across socio-cultural and environmental categories,	IPRs training, capacity building and knowledge sharing	Acknowledging and appreciating cultural norms, promoting the protection of diverse cultural outputs through IPRs	Establishing multilateral frameworks and norms for environmental protection technology
Regional	Deeper harmonization of IPRs rules and norms, economic integration of creative markets, steering/targeting regional resource allocations across socio-cultural and environmental categories,	Promoting deeper social integration to create deeper linkages between regional creative economies	Establishing cultural ties through trade and exchanges of cultural outputs and norms	Promoting green technology transfer, establishing patent pools
National	Maintaining creative societies,	Aggregating locally	Aggregating locally generated	Establishing environmental

	implementing national policies, laws and institutions, steering/targeting national resource allocations across socio-cultural and environmental categories, enforcing rights	generated social capital, maintaining a national social framework and developing social institutions	cultural values, norms and outputs, manufacturing and maintaining a national cultural narrative	rules and norms, enforcing environmental rules and norms
Local	Adapting and applying national policies and laws, maintaining local markets, infrastructure, etc. and enforcing rights	Establishing venues and fostering opportunities for the accrual of social capital	Maintaining local cultural values, norms and outputs internally and promoting them externally	Adapting and applying national environmental rules and norms, local enforcement
Creative economy producers	Producing and distributing creative goods and services	Sharing knowhow and contributing to the accrual of social capital	Creating cultural outputs and directly maintaining cultural norms	Adopting environmentally responsible production and consumption norms

Source: ESCAP 2020

The above table is by no means exhaustive and it aims to only highlight the differing responsibilities - and impact opportunities - that policymakers have at their respective levels of operation. The table also leaves open the question of what do the practical actions that aim to foster creative economies look like at each level.

While there are several ways of categorizing tangible actions that can be taken at any particular level, the following categorization (Table 3) accompanied with and actual examples of various measures that have been taken for supporting the cultural value chain as adopted by UNESCO are rather instructive.

Table 3. Tangible actions in support of creative economies at various levels of activity

	Financial	Institutional	Legislative	Regulatory
Global	Establishment of an Official Development	Establishment of an IPRs training	Signing bilateral cultural agreements to	Operating a grant programme, Creative Force Africa and the

	Assistance project that funds arts and cultural education in developing countries	programme that supports the development of tangible crafts	strengthen cultural ties between nations	Middle East & North Africa , that promotes gender equity and intercultural management
Regional	Creating a cultural exchange project for artist and performers	Operating the East African Community Arts and Culture Festival (JAMAFEST)	Entering into regionally enforced frameworks on partnership and cooperation that promote diversity of culture and creativity	Promoting policy harmonization, resource mobilization and regional interaction through Eswatini's SADC protocol
National	Introduction of scholarships for performing arts in Palestine by the Qattan foundation	Execution of a "Partnership for development programme" that targets community clubs in vulnerable areas	Issuing a national law on cultural awareness activities in Slovakia	Operating the Rwandan Society of Authors (RSAU) for the protection of Intellectual Property Rights and Copyright.
Local	Establishment of a local community project for the promotion of artists from the city of Dakar and providing community support to artists and creators.	Establishment of Movida Joven , a local institution that arranges activities and provides training and tools for youth	Enforcing local laws on cultural diversity and social integration	Ensuring equitable access to cultural activities and training at the municipal level

Source: UNESCO 2020

As the above tables show, the proverbial 'policy-funnel' tightens considerably as one moves from the global scope to the local level with the main role of local governments and administrations being the adaptation and application of the IPRs regimes they are given from above.

This does not mean that the local level is powerless with regards to protecting IPRs and fostering their creative economies however. On the contrary, there is a wealth of

tangible actions ranging from running community projects, operating local institutions and training workshops to enforcing local regulations that local governments can undertake in support of creative economies.

As the following chapters concerning the One Village One Product Movement prove, local governments can do much more than simple community projects and training initiatives in support of their creative economies. In fact, when equipped with the right ambitions and practices, local governments can create targeted, effective and replicable *development programmes* by promoting local production, cultural awareness and branding: all of which are activities where IPRs play a significant role.

2. Local development initiatives and creative economies: the origins of the OVOP movement

2.1 Japan's response to marginalization of rural areas: The One Village One Product (OVOP) movement

The One Village One Product (OVOP) movement began in 1979 in the Japanese Prefecture of Oita at a time when urbanization had rapidly eroded the economic foundations of the rural area. Today, OVOP is by far the most widely recognized localized development initiative that targets the local creative economies without relying on national, regional or global frameworks and institutions.²

The movement began as a locally organized response to the declining population and long-term economic sustainability of Japan's once prosperous rural areas where agricultural adaptation to the globalized world had failed (Fujita, 2006). OVOP was first utilized in the prefecture of Oita, where the Governor encouraged the local population to identify potential products and industries that were unique to their villages and towns so that they could be further developed for national and global markets (ODI, 2010). In short, OVOP asked local producers to think globally while acting locally by investing in product differentiation and 'brand agriculture' based on the local resources and goods that were not particularly competitive globally prior to the intervention (Fujita, 2006).

² Apart from access to markets and trade etc.

In more tangible terms, the OVOP moment began as a collection of localized development initiatives sponsored and supported by the Oita prefecture's local government and its various policy, research and governance institutions.

In Oita, the OVOP movement produced a collection of mostly institutional and financial initiatives, ranging from more than 800 events, facilities and activities promoting 338 locally produced specialty products that included hundreds of activities aimed specifically at promoting local environmental and economic sustainability (ODI, 2010). More particularly, the OVOP movement has invested resources directly into product and human resources development, financial management and the utilization of more socio-culturally oriented forms of IPRs, such as traditional knowledge and geographical indications.

Since its inception the OVOP movement has been successful in promoting economic activity across the local strengths of the Oita Prefecture, with ODI's 2010 assessment of the OVOP movement stating that Oita had become the best location for Japanese job seekers due to the openings/applicants ratio (ODI, 2010). To date, Oita remains the sole producer of the traditional tatami grass schichitoui, and it is a significant source of shiitake, saffron flowers, kabosu and Japanese bamboo (Oita, 2020).

While OVOP started as a rural development programme overseen and managed by local level administrations in remote villages of Japan, the success of the OVOP programmes quickly spawned a global movement where the best practices learnt in Japan were applied globally by a host of developed and developing countries alike. After several decades of success, the programme was formally concluded in Japan in 2003 when the founder retired from his governorship position. However, Japan still continues utilizing the programme framework as what has been referred to as the most attractive package of Japanese Official Development Assistance (Thanh, 2018).

As the following chapters will show, the lessons from Oita have been successfully adapted to meet a wide range of circumstances and development needs. In most, the nine success factors of the Oita experience, namely: land, labor, capital, technology, marketing opportunities, networking, local government, mass media, natural environment, international exchanges, and local diplomacy (IOVOP, 2020) have been put to use. The various offshoots of the Japanese OVOP movement are all guided by

the principles of self-reliance and creativity, utilization of local resources in order to link to global markets, and the continuous development of social, cultural and human capital.

All initiatives also share the foundational objective of empowering local producers to create comparative advantages as well as a strong emphasis on the promotion of local creative economies as the main determinants of long-term regional sustainability.

2.2 The global influence of the OVOP movement

The OVOP movement's success in Japan has attracted the attention of many governments from around the world as both emerging and developed economies attempt to come to grips with the economic and social consequences of urbanization rural underdevelopment.

From early on the program drew the attention of other governments in the Asia and the Pacific region, which have thus far been the most numerous adopters of the OVOP concept. The program has also gained traction in developed economies; for a limited time initially the mayor of Los Angeles in the United States ran a 'One Village, One Product Day' in order to highlight local specialties and similar programs were also trialed in France, the United Kingdom and the Russian Federation (Morihiro, 2005).

OVOP has also been implemented by the Japan International Cooperation Agency (JICA) and the Ministry of Economy, Trade and Industry (METI) which have added OVOP as a part of their technical assistance efforts in their Official Development Assistance (ODA) offerings with a particular focus on the African region.

One of the early beneficiaries of such efforts in Africa was Malawi; after years of preparation involving the visits of various delegations from Malawi to Oita Prefecture and from Japan to Malawi, the Malawian OVOP program was launched in 2003. Since then other sub-Saharan African nations have sought help from JICA to implement their own OVOP programs; Ethiopia, Kenya, Nigeria, Senegal, and Uganda, to name a few, are all at various stages in implementing their own OVOP program designed to bolster the economic livelihoods of their local communities. Similar programmes are on their way in several Latin America nations.

As of today, more than 20 countries have implemented OVOP –type programmes (Table 4).

Table 4. Non-exhaustive list of OVOP programmes, past and present, by country

<i>Country</i>	<i>Implementing agency</i>	<i>Titles of programmes</i> <i>Main objective</i>	<i>Year of initiation</i>
<i>Bangladesh</i>	Export Promotion Bureau	One District, One Product Alleviate problems generated by rural to urban migration	2008
<i>Cambodia</i>	OVOP National Committee	One Village, One Product Local development and expanding export basket	2006
<i>China</i>	Several	One Hamlet, One Product Movement (Shanghai) One Town, One Product Movement (Shanghai) One Region, One Vista Movement (Shanghai) One Village, One Treasure Movement (Wuhan) One Community, One Product Movement (Jiangsu Province) One Product Movement (Jiangsu Province) One Village, One Product Movement (Shaanxi Province) One Village, One Product Movement (Jianxi Province) Poverty alleviation in rural agriculture-based area based on brand agriculture	1983
<i>Columbia</i>	Department of National Planning	Otra Villa, Otro Producto Poverty alleviation in rural agriculture-based area	2008
<i>Ecuador</i>	Several	Un Pueblo, Un Producto Poverty alleviation in rural agriculture-based area	Uncertain
<i>Ethiopia</i>	Ministry of Agriculture	One Village One Product Promotion Project Agriculture commercialisation through business training	2010
<i>Indonesia</i>	Several, including Bangli and Badung counties and Java Province	One Village, One Product Agribusiness Project Back to Village (East Java) Rural agricultural development, citrus plantations	2011

<i>Japan</i>	Oita Prefectural Government (http://www.ovop.jp/en/)	One Village, One Product Reverse rural depopulation, increase regional autonomy and reduce dependency on central government	1979
<i>Kenya</i>	Ministry of Industrialization (http://www.ovop.go.ke)	One Village, One Product Develop and grow MSMEs to increase employment and industrialization	2011
<i>Lao People's Democratic Republic</i>	Department of Production and Trade Promotion	Neuang Muang, Neuang Phalittaphan Movement Promote local small business and improve livelihood of local residents	2009
<i>Malawi</i>	Ministry of Industry and Trade	One Village, One Product To generate incomes and wealth for the Malawian society by community mobilization, poverty alleviation	2003
<i>Malaysia</i>	Ministry of International Trade and Industry	Satu Kampung, Satu Produk Movement Satu Daerah, Satu Industri, Developing local industries into a commercially viable product	2006
<i>Mongolia</i>	Office of the Deputy Prime Minister	Neg Baag, Neg Shildeg Buteegdekhun Develop rural entrepreneurial capacity and facilitate a business-conducive environment	2005
<i>Nepal</i>	Federation of Nepalese Chambers of Commerce and Industry	One Village, One Product Engage local skills and resources in creating enterprises and employment opportunities for balanced economic growth	2006
<i>Nigeria</i>	Abuja Enterprise Agency	One Village, One Product Poverty alleviation, employment generation, wealth creation and value reorientation	2007
<i>Pakistan</i>	Ministry of Production	Aik Hunar Aik Nagar Increase exports and reduce rural poverty	2007
<i>Peru</i>	Ministry of External Commerce and Tourism	Un Pueblo, Un Producto, Peru Local entrepreneurship promotion and agricultural employment creation	

<i>Philippines</i>	Department of Trade and Industry	One Town, One Product	2004
		One Barangay, One Product Movement	
		One Region, One Vision Movement	
		Local entrepreneurship promotion and agricultural employment creation	
<i>Senegal</i>	Ministry of Craft Industry	One Village, One Product	2011
		Increase income of local producers	
<i>Taiwan, Province of China</i>	SMEA, Ministry of Economic Affairs	One Village, One Product Agribusiness Project	2011
		Developing and promoting local cultural industries in Indonesia	
<i>Thailand</i>	Office of the Prime Minister	One Tambon, One Product	2001
		Local entrepreneurship and (rural) stimulus program	
<i>Uganda</i>	Ministry of Trade Industry and Cooperatives (http://www.mtic.go.ug/index.php?/one-village-article/)	One Village, One Product	2008
		Integrated community development	
<i>United States</i>	Several	One Village One Product Day Los Angeles, USA	-
		One Parish One Product Movement Louisiana, USA	
		SME development	
<i>Viet Nam</i>	Department of Agriculture and Rural Development, Program Management Organization (OCOP) Quang Ninh	One Commune One Product (OCOP) Strategy, Quang Ninh Province	2013

Source: ESCAP compilation, 2020

All in all, the OVOP model has been adapted globally in support of a variety of policy objectives, ranging from GDP growth, trade expansion, local connectivity, employment creation, poverty alleviation, food security, rural community development, human resource development and reskilling, retention of traditional culture and support to traditional creativity. In all instances the OVOP model has specifically targeted local creative economies.

The rapid expansion of OVOP can also partly be attributed to the simplicity of OVOP's promise: a simple method for producing high-quality, exportable and globally

marketable locally produced products in often disadvantaged communities left behind by industrialization and development elsewhere in the country.

At the same time the OVOP movement promises regional vitalization through a stronger regional society which is fed by a strong sense of cultural tradition and enhanced economic viability and capitalization of the latent potential of 'brand agriculture' (Murayama and Son, 2012). The spread of OVOP can further be explained by the non-controversial and positive nature of the movement in general. Locally targeted financial and institutional activities that aim to provide concrete benefits to disadvantaged communities and tangible beneficiaries and certainly helps create a strong positive appeal with the general public.

The OVOP movement also provides local communities with a set of practical instruments, such as local brand building and product development, that can be employed against the increasingly more negatively perceived effects of globalization and urbanization.

2.3 How OVOP promotes local creative economies

As explained above, innovative and creative activities take place on the local level. Accordingly, creative economies themselves are only as strong as the local actors that constitute the various markets and industries involved.

The OVOP movement focuses on supporting the private sector to produce and distribute its goods more efficiently, effectively and with higher quality to larger markets. In many cases, the products selected for promotion are originally highly generic goods, or even pure commodities such as rice, in an attempt to support product differentiation through the infusion of value-adding creative inputs such as branding (which in turn leverages IPRs).

In essence, product differentiation promotes the sustainability of local creative economies by allowing community producers to move from the position of price takers to price setters with more market power. IPRs factor heavily in this process both at the product development (e.g. copyrights, patents) and marketing (trademarks) levels. Further IPRs-based benefits accrue to the producers from the utilization of, and association with the OVOP brand name, which reduces the costs of assuring

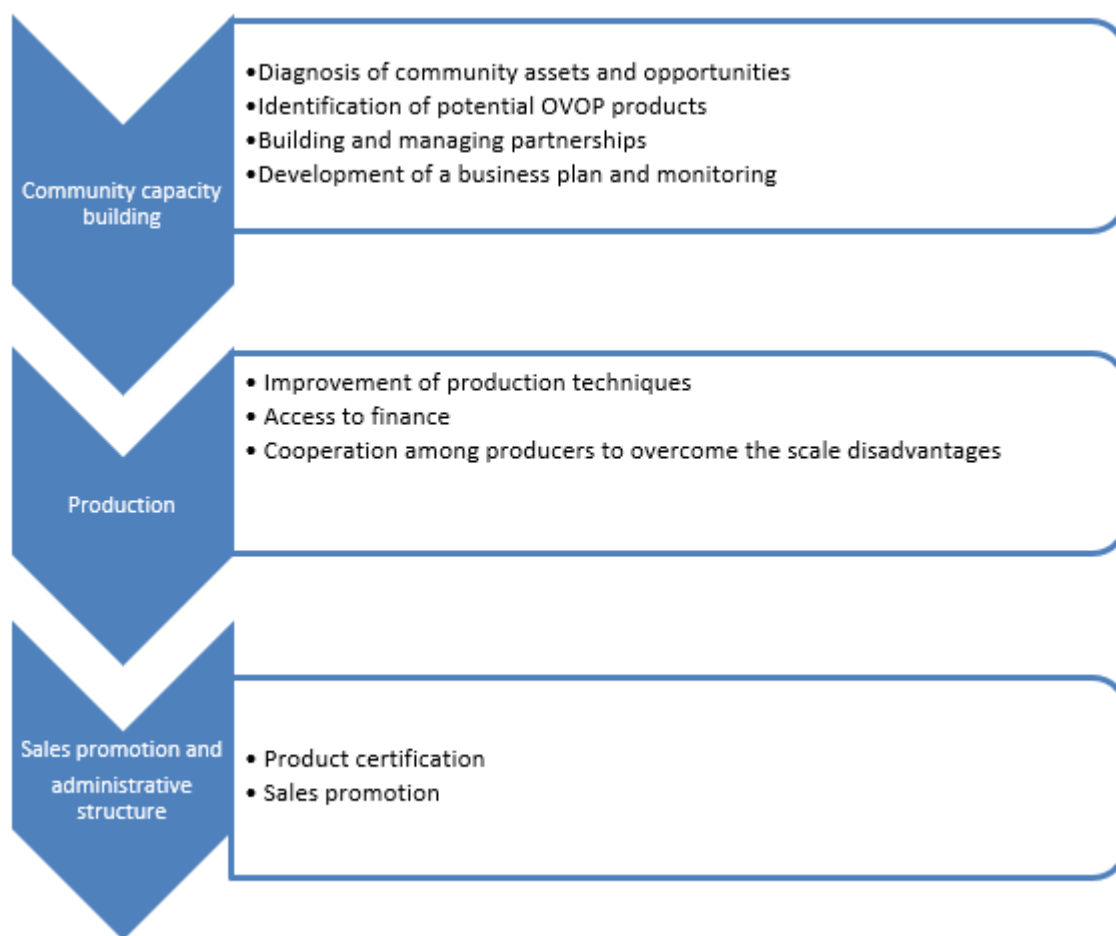
consumers about the quality and efficacy of their products across multiple product categories.

The OVOP movement relies upon the notion that each community has the potential to develop its own comparative advantage, with the support of the government. Successful utilization of these comparative advantages leads to increased income for the producers and employment opportunities, driving development at the community level. Further, injecting investment and applying best business practices to local products previously in want of both factors of success, aims to give these products a distinct advantage over similar products produced elsewhere, helping the local market maintain global competitiveness and its rationale for existing.

In rural settings where prior competency levels in terms of product development, IPRs utilization and trade are typically low, accomplishing any of the above requires investments in the productive capacity of the targeted local communities. Under the OVOP model, this is typically achieved through knowledge transfers and skills training in all aspects of doing business; from upgrading production equipment to better bookkeeping and cost management to marketing to market research capabilities, these are lasting improvements which generate skills that can be disseminated and carried forward.

At the heart of all these activities is the product. From the product and production perspective, the OVOP model provides for a rigorous framework for product development (figure 8) and process improvements across the localized supply chain.

Figure 8. Objectives of the OVOP movement from the product perspective



ESCAP 2020 adaptation from UNIDO, 2008

In terms of improvements to the production process, the most commonly utilized methods under the OVOP model are i. engaging and inducing, ii. adapting and growing, iii. stabilizing and redistributing production at the local level. The first approach aims to engage and induce production in sectors and industries where none exists before while the second supports adaptation and growth in sectors and industries already functioning. The third approach takes an existing sector or industry and aims at creative destruction and redistribution of productive capacity. The following matrix (Table 5) explains the main differences between the focus of activities under these approaches and the accompanying concrete activities that are typical under OVOP programmes.

Table 5. Main focus of activities under each approach

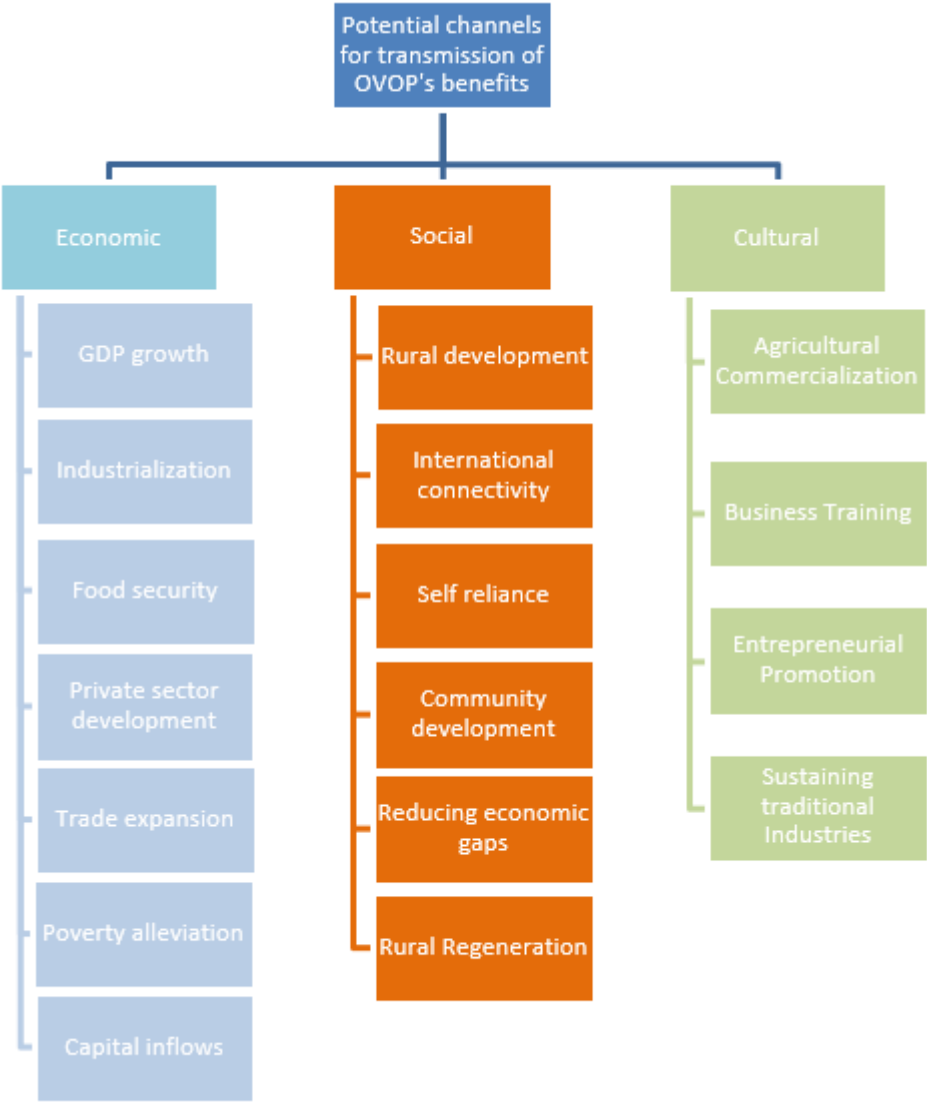
	Engaging and inducing approach	Adapting and growing approach	Stabilizing and redistributing approach
<i>Enabling production</i>	Seed investments and financing for new sectors/industries Building factories and infrastructure Providing access to hardware and software	Further capital investments to increase productivity in existing sectors/industries	Selective investments in competitive industries
<i>Enhancing production</i>	Trainings on quality assurance	Reskilling labour Technical assistance	Enhancing labour mobility Deepening linkages to global value chains
<i>Sustaining production</i>	Issuing credit	Training and lifelong learning Issuing credit	Training and lifelong learning Issuing credit
<i>Product development</i>	Market research	R&D support Supporting product differentiation	Reassessing existing product lines
<i>Product distribution</i>	Establishing connections from farm to market Trade fairs Active export promotion	Expanding connections and infrastructure	Reassessing need for connections and infrastructure

Source: ESCAP compilation, 2020

The OVOP movement’s focus on products or producers does not mean that they are its only beneficiaries. In fact, the beneficiaries of OVOP can include the providers servicing the targeted producers, the local community which benefits from the direct and indirect effects of increased employment in their community and in some cases from access to infrastructure developed by and/or for the producers. Furthermore, the society at large which enjoys of an expanded variety of products and the fiscal benefits of increased employment including the generated tax income. All in all, the positive

effects can accrue to local, provincial, national or international beneficiaries either directly or indirectly through a variety of channels (figure 9).

Figure 9. Potential channels for transmission of OVOP's benefits



Source: ESCAP compilation, 2020

A concrete example of direct beneficiaries are the multitude of housewives and the elderly who have benefitted from the Thai OTOP project on the local community level through access to meaningful employment and increased income. In this example, indirect benefits fall on a plethora of beneficiaries, ranging from the households and children of the employed wives to the formal and informal service providers and other producers whom enjoy of increased consumption.

The inputs to human resource development and capital inflows also give rise to a plethora of more complex effects such as increased productivity, enhanced competitiveness and a realm of externalities such as knowledge spillovers. In all cases the ultimate beneficiary of systematic and localized private sector development interventions is the society at large and the government at all levels through increased tax revenues, strengthened social cohesion and so on.

Table 6 lists beneficiaries on the local, provincial, national and international level and provides examples of the direct and indirect benefits possibly accruing to them from application of an OVOP programme.

Table 6. Beneficiaries of OVOP programmes and potential direct and indirect benefits

Type of beneficiary	Concrete examples of beneficiaries	Direct and indirect benefits
<i>Local level beneficiaries</i>	Formal and informal workforce, rural-urban migrants, disadvantaged individuals such as the illiterate and disabled, local communities and local government, small businesses and collectives	Access to employment/to labour, increased income, retention of tradition and cultural expressions, increased community appeal for businesses and individuals, knowledge spillovers, increased competitiveness and productivity
<i>Provincial beneficiaries</i>	Provincial governments, larger companies	Social cohesion, increased income through taxation, increased community appeal for businesses and individuals
<i>National beneficiaries</i>	Trade unions, government, society at large, larger companies	Social cohesion, increased income, urban access to rural diversity
<i>International beneficiaries</i>	Trading associations, multinational corporations	Increased access to high quality value chain inputs, increased exports, increased connectivity

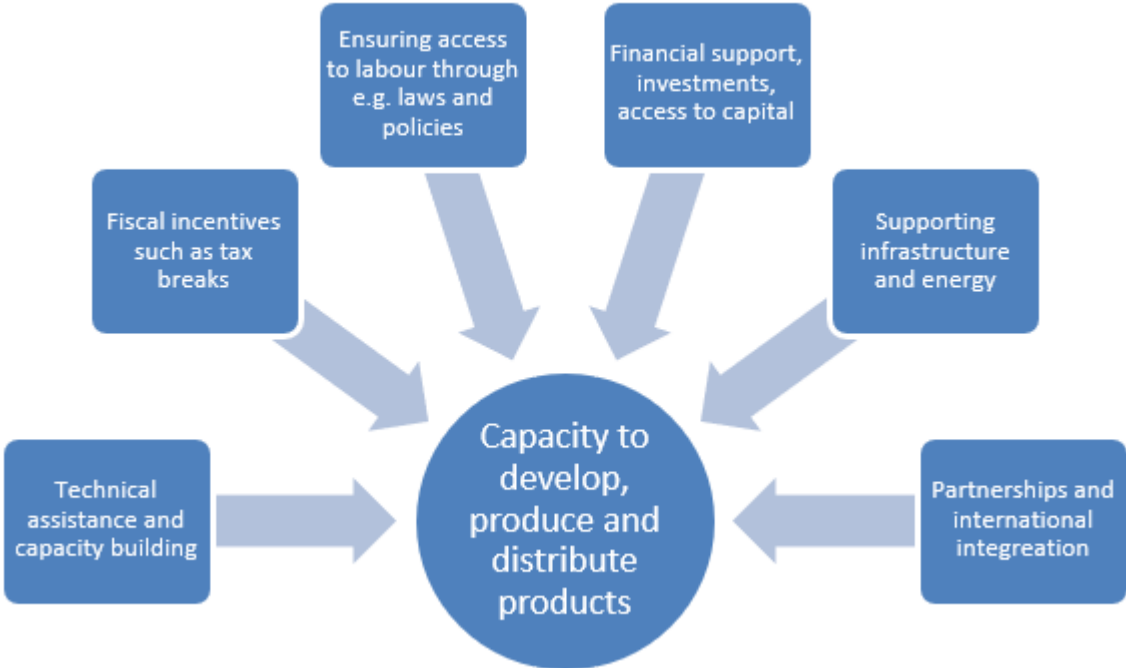
Source: ESCAP compilation, 2020

2.4 Typical capacity building modalities utilized under the OVOP model

To date, the OVOP movement has promoted the capacity to develop, produce and distribute products through various modalities (figure 10). Financial modalities include subsidies, loans and grants facilitating access to capital, alongside other fiscal incentives such as tax breaks. Grants are perhaps the most widely used modality,

utilized by e.g. the Thai OTOP programmes with financial assistance given on the village level. Technical assistance is often employed in the areas of business management and marketing and promotion.

Figure 10. Modalities of supporting the capacity to develop, produce and distribute products



Source: ESCAP compilation, 2020

Some OVOP programmes provide targeted technical assistance in the production itself, including the programmes in several Indonesian counties which aim at establishing citrus plantations. A more rarely utilized forms of support is the establishment of hard infrastructure such as roads and electricity grids. Finally, governments can support production and productivity through modalities improving the soft infrastructure, such as business friendly laws and regulations which can e.g. facilitate access to labor.

The majority of OVOP programmes utilize a mixture of the available modalities (Table 7). A glance at the table below proves that technical assistance through product development is all but ubiquitous in OVOP programmes, overshadowing other modalities. While financial assistance is frequently made available through OVOP

programmes, it is not a universal element of modern initiatives which often focus on skills and human resource capacities.

Table 7. Modalities utilized by selected OVOP programmes

Country	Direct and indirect beneficiaries	Chosen modalities
Cambodia	Local communities and small businesses, trade associations	Technical assistance, product development
China	Local rural communities and governments	Capital improvement, product development
Ethiopia	Local businesses such as small scale farmers	Product development, community development, business development
Japan	Local communities, local and provincial governments	Product development, skills training
Kenya	Local communities and businesses through industrialization	Product development, business skills development, financial assistance, technical assistance
Lao People's Democratic Republic	Small businesses	Technical assistance, product development, business training
Malawi	Local communities, small businesses and collectives	Short-term microfinance, targets small businesses and cooperatives
Malaysia	Rural communities	Product development, business education
Mongolia	Local businesses	Entrepreneurial and business development, product development
Nepal	Local communities and businesses	Technical assistance, product development, capital improvements
Pakistan	Trade associations and local communities	Small-medium enterprise growth, business skills development, female empowerment
Philippines	Local businesses	Small-medium enterprise growth support, financial assistance

Senegal	Local businesses and communities	Production improvements, product development, technical assistance
Taiwan, Province of China	Local communities, governments and businesses	Small business development, technical assistance
Thailand	Various including local communities, disadvantaged groups such as illiterate.	Product development, technical development, entrepreneurial stimulus
Uganda	Local communities	Human capital development, business skills development, product development

Source: ESCAP compilation, 2020

Of note, to date the OVOP movement has not given particular emphasis to training and capacity building in the area of IPRs utilization. While IPRs play a critical role in e.g. brand agriculture and product promotion, the fact that most OVOP programmes target rural stakeholders where the capacity to operationalize complex IPRs instruments is most likely the underlying reason for this lack of emphasis. In all cases identified in our study, collective trademarks (such as the OTOP brand in Thailand) have been established as a means of providing a means of ‘shared differentiation’ and source recognition for the products involved. However, due to the wide range of products marketed under each OVOP programme leading to a lack of distinctiveness and dilution of information carried by the mark, the signal value of these collectively used trademarks is significantly lower than what a dedicated and well marketed trademark could achieve.

2.5 Connecting local creative economies with the global market

One of the tenets of the OVOP movement is to think globally while acting locally. In practice, this means that OVOP beneficiaries are supported in utilizing locally available resources in producing goods which have definite export appeal. Thus, OVOP can well

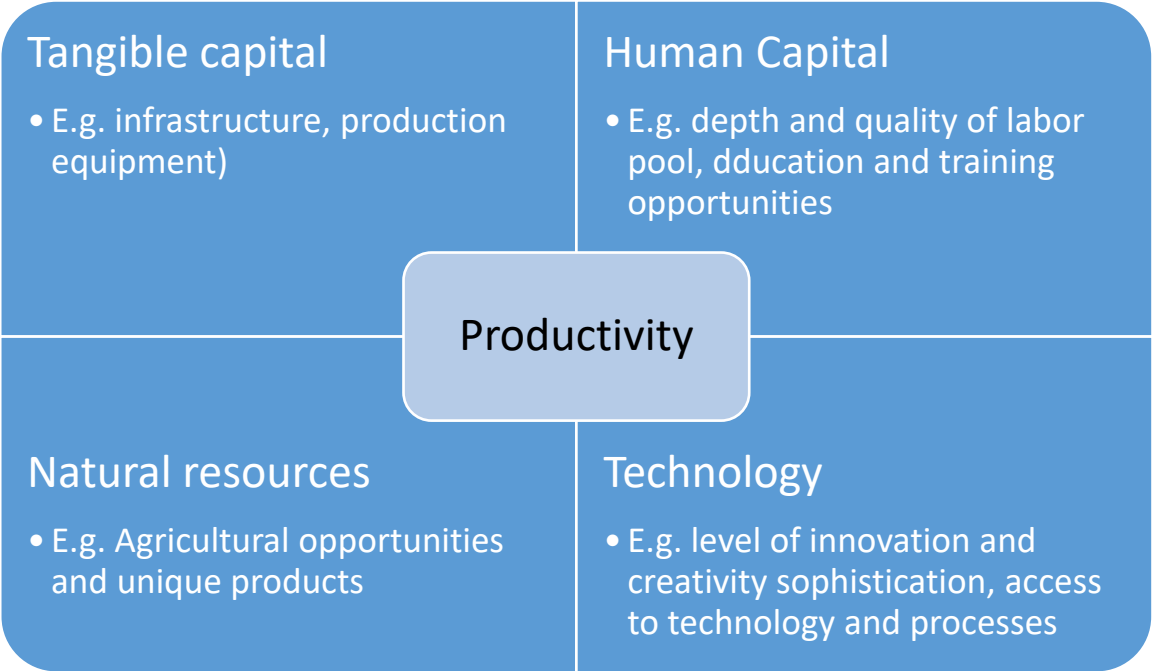
be taken as a framework for grassroots export promotion as well as a creative economy development intervention.

Focusing on export markets forces producers to bring their production processes up to global standards, which often far exceed those of local markets. When aiming for global outreach, producers will need to address variance in taste and sophistication of consumption alongside a slew of regulatory standards such as rules on safety and sanitation. Seeing that OVOP most often targets rural and disadvantaged communities which have little pre-existing capacity to create exportable goods one might argue that the bar is set too high. However, with sufficient support (e.g. in the form of collective action on IPRs), producers may be guided to build up the lacking capacity to tap into distant export market successfully.

Setting the bar high from the beginning also helps avoid wasting government resources in inefficient production, which after the subsidy period would not be able to sustain itself. The higher quality requirements also steer the beneficiaries towards more efficient management and promotes economic creativity. For example, in the case of Kenya, producers that have applied to the OVOP programme must provide proof of market potential, value addition, potential for branding of product, self-reliance and sustainability and provide a business plan.

As noted above, products and how they are produced are at the very core of the OVOP programmes. Consequently, the concept of productivity is of great significance to the movement (figure 11). Productivity itself is often seen as a function of the amount and quality of capital, human resources, natural resources and technology which are available to the producers. As is to be expected, each community has different strengths and weaknesses within these categories – and it is these needs which OVOP programmes target with both financial and technical support.

Figure 11. Elements of productivity



Source: ESCAP compilation, 2020

Producers vary greatly in terms of their unique challenges in improving productivity. For many OVOP beneficiaries, particularly in rural areas, the lack of capital is the most acute binding constraint holding back the amount and quality of production. Capital refers to the physical assets required in the production of a certain good, such as machinery and equipment. By either directly providing or helping finance the access to hardware, such as looms and packaging machinery, governments can enable producers to increase their production and the quality of their products. This in turn will enable more income from expanded output and expanded markets and higher prices due to increased quality. In areas and communities deprived of capital, even small investments can bring about significant growth in productivity due to the catch-up effect of capital investments. The inverse of this phenomenon is the diminishing returns of capital investments, entailing that capital rich communities do not benefit of capital investments to the same extent as capital deprived.

Capital can also refer to the financial assets that producers need to access hardware and to operate in general. Many of the OVOP adaptations are involved with providing financing to micro, small and medium-size enterprises which often face difficulties in accessing financing on market terms. Government aid in the form of lump sum subsidies and loan guarantees can help fix the market failure caused by information

asymmetries – i.e. the difficulty for financial institutions to assess the risks involved – and enable local communities to engage in production.

Perhaps even more important than the machines and equipment employed in production are the people who operate them. Human capital is an essential component of production, and in many areas targeted by OVOP programmes also the most abundant, if not the highest quality resource. Human capital refers to not only the labourers themselves, but more specifically to the skills, knowledge and experiences they have gathered. Human capital grows from inputs such as education, training and on-the-job learning. Whereas the returns to government investments in human capital might require significant amounts of time to mature, they are easily transferrable and typically generate positive spill-over effects as opposed to capital which is often difficult to transfer or transform for other uses. Many OVOP programmes support the accumulation of human capital for production purposes through means such as business and marketing training, alongside capacity building of more basic nature. In most cases governments have opted for localized programmes built around the available modalities of production.

Natural resources are essential for the production of tangible goods. Access to arable lands, rivers, and mineral deposits are often required to secure inputs for production. In other cases access to the spoils derived from natural resources need to be acquired through trade. OVOP programmes often aim at enhancing the utilization rates of locally available natural resources in adherence with the objective of self-reliance and sustainability. Doing so often also means enhanced utilization of the local comparative advantage. The means within the OVOP programmes through which governments support better utilization of natural resources range from investments to infrastructure to financing.

Finally, production depends on the available technological knowledge which refers to the understanding of how to best produce goods with the available resources and capital. Technological knowledge is an intangible input to the production which can easily be transferred and utilized as a public good. OVOP programmes can increase productivity introducing new technologies to the target communities. More efficient packaging machines and electrical looms are good examples of technology which aims to bring the quality of the locally products closer to global standards.

Technological knowledge can also be created through investments in research and development and innovation. Often such investments are often beyond the scope of OVOP programmes as research and development is often seen as the privilege of large companies. However, this does not have to be the case. With the prerequisite training and incentives, OVOP beneficiaries are likely create innovative solutions to the problems facing them and local communities in the form of ‘Jugaad’ innovations’ (HBR, 2011) that take existing products and processes and adapt them to immediate – and typically wholly unexpected - uses.

2.6 Can self-reliant and globally ambitious local creative economies co-exist?

The original OVOP movement strongly emphasized the role of creativity and self-reliance which at first brush seems to be immediately at odds with the movements goal of integrating local creative economies into global markets.

OVOP’s proponents also think that by sourcing both tangible and intangible factors of production locally, the communities could limit exposure to external shocks and increase the sustainability of their economic and social prosperity. To further increase self-reliance, the Japanese government avoided directly subsidizing companies and opted for creating marketplaces of OVOP products and for providing assistance in product development and distribution.

To date, self-reliance remains a central theme in the majority of OVOP programmes outside of Japan as well and OVOP programmes around the world endeavour to engage communities through independent and self-reliant economic production by local businesses which utilize local resources.

OVOP’s self-reliance is not a particularly strict interpretation of the concept, however. Acknowledging the benefits of interconnectivity and access to global markets, many OVOP programmes have construed self-reliance rather loosely, leaving room for e.g. importing intermediary goods from other provinces or abroad. Such is the case with silver in villages manufacturing jewellery in northern Thailand to name one example.

Whereas strict self-reliance undoubtedly would help focus the development interventions squarely on the targeted community, it would also have unwanted

consequences on e.g. productivity. With access to only local sources of factors of production, producers often find themselves allocating their time and resources inefficiently in something that others would do better. OVOP's approach to self-reliance also allows the beneficiaries to take advantage of the skills and outputs of others through trade. This not only enables specialization but also creates crucial links between communities and other producers.

OVOP also shows that tapping into global markets does not necessitate forgoing self-reliance as a policy objective however and that engaging in global trade does not have to undermine the local identity of the products. On the contrary, the emergence of modern supply chains has proven that where the innovation and creativity behind the product took place often matters much more than where the components were sources from or assembled in. It is difficult to imagine that conglomerates which rely heavily on innovation and creativity such as Apple could have reached the levels of success they have under strict self-reliance rules. Yet, due to its strong sense of origins, Apple is often considered as a localized success story from Cupertino.

For OVOP programmes, local expressions of creativity are also a potent source of self-reliance. Creativity promises a perpetual stream of unique designs, forms, and content, leading to unique products. In essence, creativity is a source of absolute advantage. The point is well taken e.g. in Ethiopia where the OVOP programme emphasizes that the locally available resources have their own unique value which enable the products/services to compete in the local and international markets. Augmenting commodities such as rice with IPRs such as trademarks that build upon the heritage and local expressions of creativity tied to the product in question has proven particularly successful as the case of Hon Mali jasmine rice shows.

As a result, the objective of self-reliance and global ambitions can be reconciled without jeopardizing either objective.

3. An in-depth assessment of selected OVOP application models

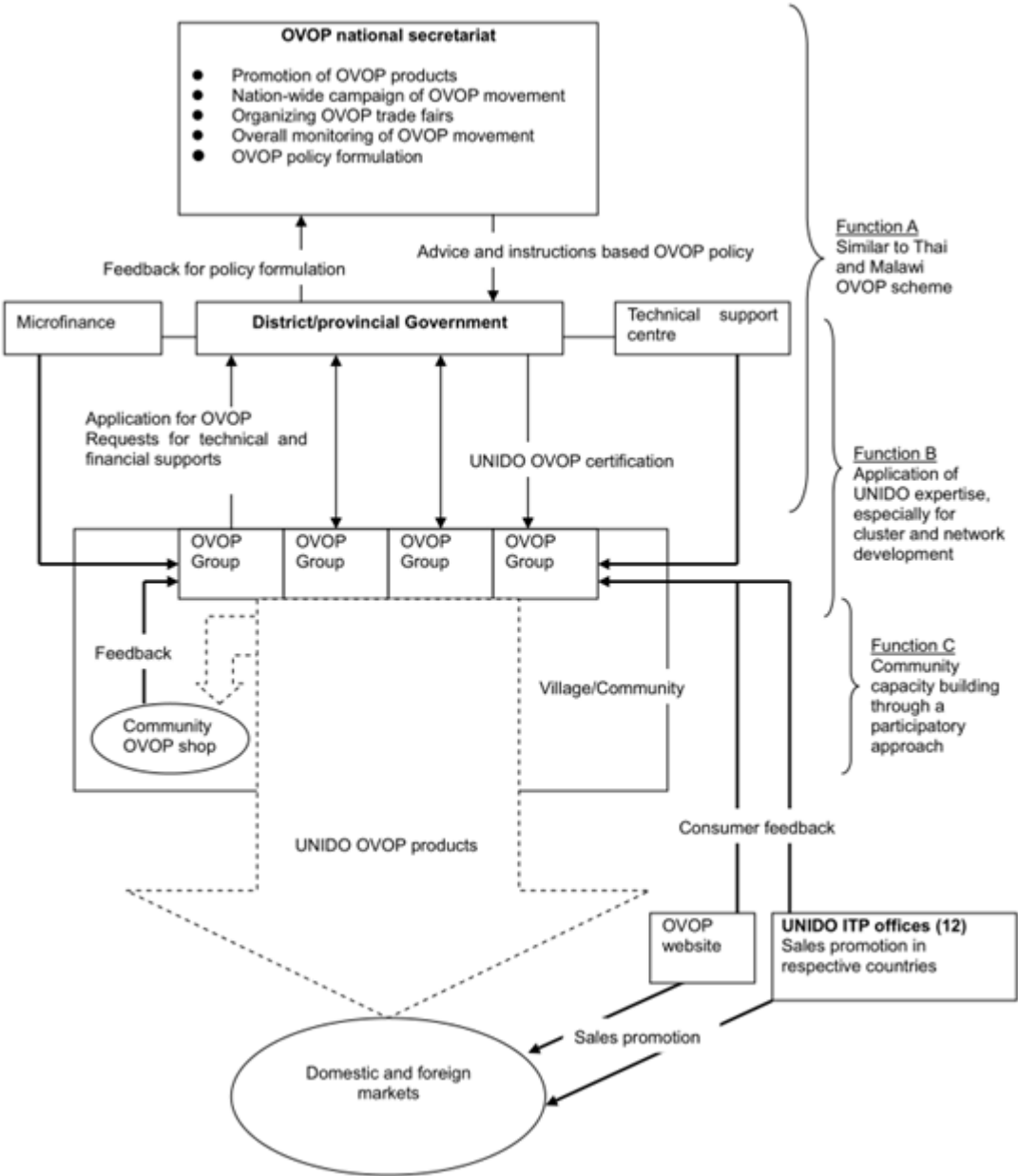
3.1 The UNIDO model

The following chapter aims to provide local level policymakers with a clear view of how the OVOP model operates and how it has been applied in several countries in support of creative economies.

While several models for application of the OVOP model have been established, the UNIDO model of OVOP stands out as perhaps the most easily accessible model for systematic development and application of OVOP programmes. The model divides the planned OVOP project into three main areas of focus, namely sales and administration, production, and community development. This is done in order to develop a model for OVOP which are effective and sustainable in a short time frame with a clear goal: poverty alleviation through product differentiation, utilization of local resources and increasing value-added.

The UNIDO OVOP model is very similar to that implemented in Malawi and Thailand which will be presented in the following chapters. The microfinance side is akin to the Malawi OVOP model, while the extensive trade promotion and technical support is similar to what has been implemented in Thailand which is why these programmes were selected as examples in this chapter. The UNIDO model also explicitly incorporates objectives from the original OVOP model by placing emphasis on cluster and network development and community capacity building which was one of the major successes of the Oita OVOP programme (figure 12).

Figure 12. UNIDO OVOP framework



Source: UNIDO, 2008

Despite clear operational framework the model lacks a clear strategy for implementation by way of objectives and goals in terms of sequencing activities and roll-out, and a lack of monitoring tools and responsibilities for each of the working areas. Admittedly the model is a preliminary draft drawn from conclusions based on research of existing OVOP models; the UNIDO model calls for engagement with UNIDO on the development strategy and establishment of the project along UNIDO guidelines.

This approach can possibly lead to too narrow of a view of outcomes that could otherwise be expected from an OVOP programme. As UNIDO is an agency focused primarily on progress and development through increased industrialization the operational framework is very much product development and manufacturing based, which precludes other possibilities in terms of traditional knowledge which may be utilized.

Further room from improvement can be found in the lack of clarity on the sequencing of activities, the types of stakeholders and their responsibilities and the limited scope of acknowledged objectives for the OVOP project.

Accordingly, it is our hope that the below examples from Thailand, Malawi and Nepal further elaborate on how local creative economies can be targeted through OVOP programmes and what their administrative structures can look like.

Unfortunately, with all the projects surveyed possessed there is a dire lack of official and regularly updated statistics. Even from an overall project perspective in terms of inputs and outputs there is a dearth of data. In Japan's case the government's hands-off approach and the local actor's holistic approach to development did not lend itself to the collection of hard data. Language barriers also pose a problem in cases where data may be available, though in the latter cases the development level of the countries also make data collection an issue. This in turn has posed a problem for proper data analysis and the usage of models to produce robust estimates of policy impacts.

3.2. The Thai model

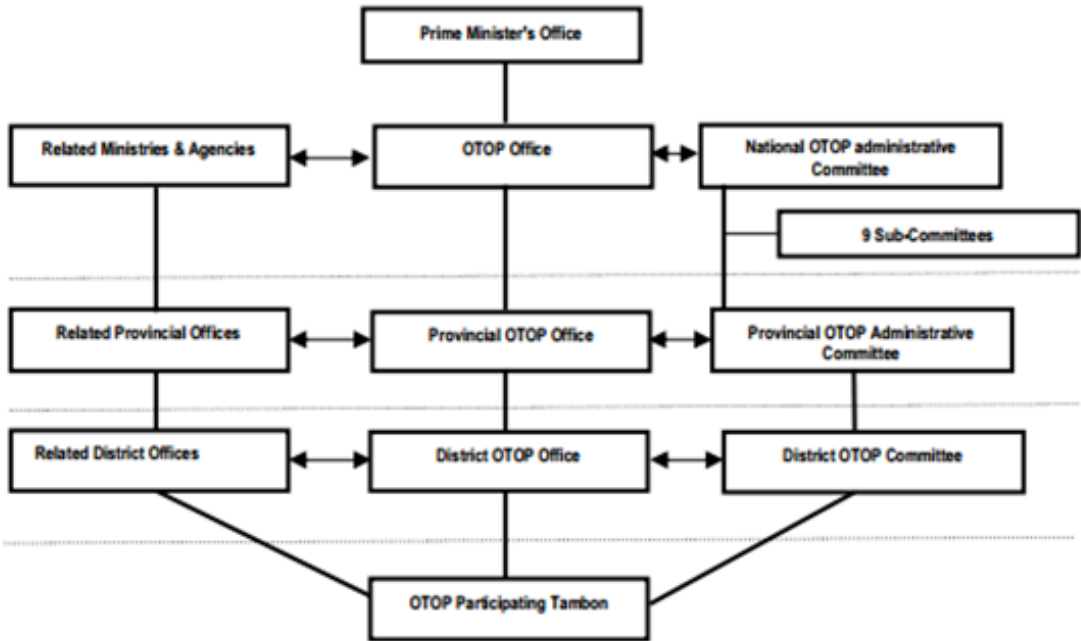
3.2.1. Objectives and administrative structure

Thailand's OVOP programme was initiated in 2001 by the local government under the name One Tambon One Product (OTOP) with the stated aim of poverty alleviation in rural provinces (a tambon is a subdistrict division roughly equivalent to the Japanese village designation). The programme in Thailand sought to alleviate rural poverty by giving households alternative sources of income, especially among women. Administratively, OTOP brings together the majoring public stakeholders and administrative entities ranging from the Prime Minister's office to the local district offices

(Figure 13). The national OTOP office and its administrative committee manage the collectively utilized IPRs (such as the OTOP brand logo) on behalf of the programme.

Thailand chose to target agricultural-based rural areas with this programme due to the fact that though the manufacturing sector is the largest contributor to GDP, the majority of the population is employed in the agricultural sector. At the same time, Thailand has gone through a rapid urbanization period creating deep divides between urban and rural areas in terms of economic capabilities. Consisting mostly of SMEs, the rural agricultural industry is an appealing target for localized development interventions. Whereas brand agriculture and the promotion of agricultural products is at the heart of the OTOP model, there is no particular limitation of scope in terms of applicable products. On the contrary, the participating local administrations are free to identify products that are unique in terms of cultural heritage or that otherwise have national and global potential.

Figure 13. OTOP Administrative Structure



Source: Takanashi, 2009

3.2.2. Impacts, Successes and Future Challenges

Over time and with the subsequent success the program has morphed into a movement to support the development of small and medium enterprises, particularly

those from rural areas which have been vital in rural development as employers. One study conducted after a few years of operation by the Office of Small and Medium Enterprises Promotion found that the program encompassed 1.3 million members and employees, with highlight being especially given to housewives and the elderly who have especially benefited from the extra income. More recent statistics places the sales value of OTOP products at THB76 billion a year and over 30,000 OTOP producers. Small-scale surveys conducted by ODI show that OTOP –based activities account for 23.1 -28.6 per cent of the income of families in which one or more members take part in the OTOP programme (ODI, 2010). Further, these surveys show that the majority of the beneficiaries are women of 50 years of age or more. Thailand has also been eyeing the overseas markets; the current 5 star system demarcates products worthy of being promoted nationally (3 stars) and internationally (5 stars). The stars are awarded according to a ‘Product Champion’ contest which rates the products based on several criteria including stability and sustainability of production and quality. Products which are awarded higher stars receive greater support in the form of loans, marketing and capital acquisition in order to enhance their chances of success. Currently however only a small portion of OTOP goods are graded at 5 stars; the export value of OTOP products is placed at THB10 billion.

Looking to the future there is still room for OTOP in Thailand to grow. Many OTOP producers still lack formal business skills which hinder their ability to access formal financing opportunities; many also would benefit from exposure to intellectual property right laws in order to protect their products. A deeper integration of traditional knowledge and related intellectual property rights as well as further infusions of capital and other business skills would allow the OTOP project to become an even more powerful force for rural development.

3.3. The Malawi model

3.3.1. Objectives and administrative structure

The Malawian implementation of OVOP is concerned with giving local industries and producers access to capital in order to improve their products and scale-up production to a commercial level in order to complement existing trade facilitation and general aid for trade strategies with export diversification. The programme is implemented by

Malawi Government with technical and financial support from JICA. As opposed to the beginnings of OVOP in Japan as a grass-roots effort, the implementation of OVOP in Malawi is a proposal-based community project supported by low interest-rate loans. The programme began in 2003 with a fund of \$500,000 over five years with the majority provided for by the Malawi Government and only 20 per cent by JICA following 10 years of consultation and preparation involving government officials, JICA and Oita prefecture. The OVOP movement in Malawi is similar to the Japanese and Thai efforts in that they provide producers with technical and financial assistance, however in Malawi OVOP project proposals must first be submitted and accepted by the OVOP Secretariat before assistance is rendered. This stems in part from the limited funding available to the Secretariat.

As a tool for development, OVOP in Malawi falls under efforts to meet the Millennium Develop Goals through economic empowerment of rural communities and the creation of value-added processes to primary products already being produced. This can be particularly seen in the large co-operatives who have taken part in the OVOP program to make use of the technical and financial assistance being offered in order to improve their products.

3.3.2. Impacts, Successes and Future Challenges

Though its scope has been limited, the OVOP programme in Malawi has been shown to be effective and beneficial for loan recipients in terms of improving their incomes through sales, integration into value chains and enhanced market access. For example, soybean oil producers under the OVOP programme have been introduced to new machinery and technologies which have boosted their production from 10 to 18 litres per 50kg of soybeans (ODI, 2010). Elsewhere, beekeepers have received capital infusions which have led to the installation of hundreds of beehives with the result that honey produced under the OVOP programme accounts for 60 per cent of the families' income (ODI, 2010).

There are, however, questions that remain over the sustainability of projects as in 2008 after five years of operation only 18 out of 50 OVOP supported sites were still in operation. Further questions arise concerning the capability for projects to scale up to operate on a commercial basis. Though data is lacking, the government is still pushing

forward with the OVOP programme and help through OVOP channels is still being delivered.

Examples of recent developments include the commissioning of the Kampini Soya Cooperatives Project which will be focused around making soy products. The cooperative is a 24 member group with more than half being female. In terms of training and capacity building in January 2014 the programme arranged for a two week training course with the Malawi College of Accountancy for 28 members of the OVOP programme to train them in basic accounting principles. These examples show commitment to the OVOP programme and are examples of imparting lasting knowledge and means to rural communities to aid their development in a sustainable manner. The total number of projects and beneficiaries and the funds made available for the Malawi OVOP programme have fluctuated from year to year from 12-42 projects and 1200-7700 beneficiaries.

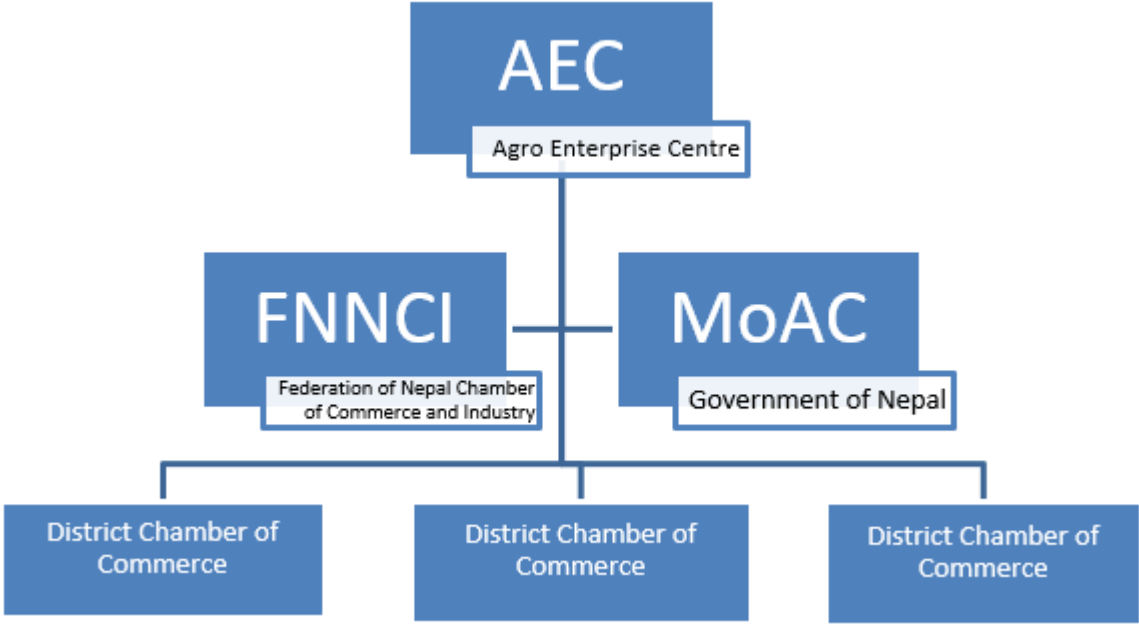
3.4. The Nepalese model

3.4.1. Objectives and administrative structure

The OVOP programme in Nepal began in 2006 as a five-year public-private partnership pilot programme between Federation of Nepal Chamber of Commerce and Industry (FNCCI) and the Ministry of Agriculture and Cooperatives (figure 14).

Following its success in 22 districts under the OVOP banner, the FNCCI extended the programme with plans to cover all 75 districts in Nepal under a new title: One District One Product (ODOP) with the tag line of 'Balanced Economic Growth' which makes it an excellent study for the usage of OVOP as a tool for sustainable development. As one of the poorest land-locked developing countries in the world, the adoption and usage of non-traditional avenues for growth is particularly salient given the country's ecological diversity arising from elevation differences and the lack of exportable natural resources such as oil or diamonds.

Figure 14. Stakeholders of the Nepalese OVOP



Source: ESCAP compilation, 2020

The OVOP and subsequent ODOP programme in Nepal operates through independent local chambers of commerce in each district, overseen by the national level Federal Chamber of Commerce. This gives each district sufficient headroom and independence to proceed at an appropriate pace and tailor projects to suit the specialties of the district. This decentralization is reflected in the diversity of projects, from agricultural crops such as oranges and spices, to *lokta*, a type of specialty handmade paper made from locally growing shrubs, to medical and eco-tourism, and to commercial rainbow trout and goat farming.

Each of these specialties is uniquely different and requires their own unique developmental approach (Table 8).

Table 8. Development approaches and objectives of the Nepalese OVOP/ODOP

<i>Product</i>				
<i>Oranges</i>	Area and Production expansion	Introduction of hybrid varieties	Increased commercialization	Domestic promotion and generate employment for youth

Lokta	Area expansion	Increased benefits for local farmers	Increased number of and improvement of processing centres	Domestic and export market promotion
<i>Eco-tourism</i>	Building environmental and cultural awareness	Contribution towards conservation efforts	Financial benefits for local population	Raise domestic environmental awareness and generate employment
<i>Rainbow Trout</i>	Area and Production expansion	Improved feed, stocks and rearing techniques	Increased commercialization	Domestic and export market promotion

Source: ESCAP compilation, 2020

3.5 Recommendations for first steps in the implementation and operationalization of OVOP programmes

The UNIDO model and examples from Thailand, Malawi and Nepal provide valuable insights into how OVOP programmes can be applied in practice. In order to further assist local level policymakers implementing OVOP programmes, we provide a brief overview of the steps to be taken during the course of the programme's operationalization.

As with any development intervention, the first step is to conduct a feasibility study seeking to assess whether an OVOP programme would be successful and sustainable in the local context. The feasibility study should examine the local implementation context as well as the wider stakeholder network, all the way to the global markets, so as to ensure that there is a genuine need for the OVOP programme as well as an opportunity for a product-based creative economic development intervention to make a positive impact on the local level.

In addition to covering the typical feasibility study areas, the study should examine the following topics in particular:

- Examining the proposed target sector: Is the proposed localized development intervention area suitable for an OVOP programme in terms of e.g. demographics,

economics and cultural background. Is the OVOP programme the correct intervention for the sector;

- Mapping the stakeholders: Who are the beneficiaries, end-users and other stakeholders of the programme. Are any stakeholders harmed by the programme and are national, regional and global policy-sponsors needed to make the programme a success;
- Assessing the local creative economy's capacity sustain an OVOP programme: Does the proposed target sector contain a sufficient number of local products/producers that have a likelihood of commercial success under the OVOP programme. What have been the reasons why the local creative economy has not flourished without external support and why have local producers not succeeded in accessing global markets. Can these reasons be addressed via the OVOP programme;
- Access to global markets: What are the barriers to trade faced by the local producers and is an OVOP programme likely to lower these barriers. Do the local producers face unique issues in accessing export markets and what are their most urgent capacity development and financing needs;

While product identification is one of the preliminary research objectives in developing an OVOP programme, it is not a one-off effort. There should be efforts to identify key sectors and products continually building upon already previously gathered information; as more research is completed a clearer picture of the availability of knowledge about local industries will be gained, which can be paired with continually changing consumer market to come up with new products.

Potential ways in which such products can be identified are through methods such as comparative advantage analysis. For example, comparative advantage analysis may show potential cost savings or quality improvements compared to what is already on the market, or highlight possible benefits from specialization. Another approach is to try to identify niches and gaps in national or world markets and address these gaps through development of locally produced alternatives or substitutes.

Another important decision is the selection of the main organization or entity that will run the programme. The vast majority of OVOP programmes are implemented with direct support from national governments and institutions such as ministries of finance

and commerce. In Thailand OTOP was under the direct purview of the Office of the Prime Minister with dedicated reporting lines and organisational structure. In Malawi the OVOP National Secretariat was established within the Ministry of Industry and Trade. The ministry that is responsible for the OVOP programme will have an impact of its direction and this should reflect the goals set for the implementation programme whether it is for rural development, industrialization, SME development, or export diversification and trade development et cetera.

Keeping that in mind, it is equally important to bring all related ministries and agencies on board and integrate them into the OVOP process. By reducing bureaucratic lag and lowering the costs of doing business the chances of the OVOP programme succeeding will be increased. Furthermore, involving more agencies will not only introduce and educate them about the programme, but also will increase government-wide buy-in and increase the political will behind the success of the programme. Evidence has shown that increased government and political buy-in increases the likelihood of success of the OVOP programme.

In several examples, such as the Thai model, additional substructures (such as national committees and regional offices) were also established with the assistance of the national government, greatly alleviating the financial pressures on the local administration. Other sources of support and funding, such as ODA channels for example through JICA can also be considered. Potential sources of funding and assistance are listed in Table 9 below. Funding arrangements should also take into account the fact that fostering creative economies is a long-term activity and that lengthy periods of sustained effort levels will most likely be required before significant results are achieved.

Table 9. Potential sources of funding and assistance

Source	Purpose
Government	Public operational funds
Foreign Aid Agencies	Aid for trade, operational funds, technical assistance

JICA	Operational funds, technical assistance
UNIDO	Technical assistance and capacity building in industrialization
NGOs and Charities such as the Sasakawa Foundation	Funding, technical and operational assistance
ESCAP	Technical assistance and capacity building

Source: ESCAP compilation, 2020

Particular care should be given to monitoring and evaluation of the success of the OVO programme. In fact, monitoring activities should be embedded within the operational framework and by dedicated staff, if possible, and monitoring should be an on-going and involved process with the target group in order to obtain accurate information and quickly identify issues. Timely and objective monitoring is critical for ensuring financial accountability and transparency and it is important to make preparations for monitoring in advance. In addition to monitoring activities, full-blown evaluations are required at each meaningful milestone. Evaluations need to take into account the progress of product development, production and quality, the general state of producers under OVOP (size, product, sustainability) and track their progress and the extent to which the dissemination of information regarding the project to all stakeholders has been successful. This includes how aware members are of what they are doing and trying to achieve, potential members to the OVOP programme, and awareness among the general public Attempts should be made to link inputs (e.g. financial, training) to outputs (e.g. sales, production, improved business processes) and assess along the lines of a cost-benefit analysis in order to identify what and why things are working or not working

Steps should be taken to ensure the impartiality of evaluators to minimise any potential conflicts of interests or undue pressure on any side. An electronic database and system is also recommended, especially keeping future growth in mind, to increase transparency and accessibility.

Evaluations should be planned to have the most effect and contribute feedback about progress in a timely manner as to influence proceedings. As such an evaluation of the participating groups should be carried out at the beginning to act as a benchmark to measure future progress. If possible, this should be done for all groups, with subsequent follow-up evaluations at very short intervals especially during the nascent period to ensure that funds are being used productively and real progress is being made. Following the example of start-ups, the first few months are the most important and the pace of evaluation and feedback will set the standard and expectation for development. An example timeline would be at inception for benchmarking, every month until the sixth month, then increasing time intervals for example every two months until after a year, and after a year depends on the progress of the project.

3.6. Summary

Creativity and innovation play increasingly important roles in modern societies. In both developed and developing countries alike, artistic, scientific and economic creativity accounts for significant portions of GDP and trade in creative goods is an increasingly important contributor to global trade flows. Regardless of the importance of creativity and innovation to our economies, the concept of creative economies remains somewhat underdeveloped and underutilized, largely due to difficulties in coming to consensus with regards to which behaviors, economic activities and resulting industries to include.

This paper has examined the connections between local creative economies and IPRs regimes and we propose that creative economies are defined as comprising of the *primary results* of artistic, scientific and economic creativity that fall under the protection of main types of IPRs such as patents, trademarks and copyrights. From this new vantage point, this paper notes that local administrations and policymakers have various localized development intervention instruments that can promote creative economies at their disposal. Of these instruments, the One Village One Product movement which originated from Japan's Oita prefecture stands out as a particularly robust project framework for promoting local creative economies.

This paper also provided an assessment of the objectives, methodologies and applications of the movement across numerous countries and it showed that OVOP

programmes have been successfully implemented in a variety of settings. With localized product development and export promotion at its heart, the OVOP programme has proven to be particularly flexibly and adaptable to a wide range of policy objectives – ranging from rural poverty alleviation to brand agriculture and SME development – and operational settings with both developed to developing economies findings success under the OVOP movement.

The paper concludes with an in-depth assessment of the UNIDO, Thai, Malawi and Nepalese models of OVOP implementation. These models and examples of direct application are presented to local administrators and policymakers as guidance and inspiration of how OVOP programmes can be implemented in support of creative economies.

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