Terminal Evaluation

Asia

1. Outline of the Project

Country:
The Philippines

Project title:
Modernization of Industrial Property Administration

Issue/Sector:
Private Sector Development

Cooperation scheme:
Project-type Technical Cooperation

Division in charge:
Second Technical Cooperation Division,
Mining and Industrial Development Cooperation Department

Total cost:
401 million yen

Period of Cooperation   17 May 1999 - 16 May 2003

Partner Country's Implementing Organization:
Intellectual Property Office (IPO)

Supporting Organization in Japan:
Patent Office, Ministry of Economy, Trade and Industry

Related Cooperation:

1-1 Background of the Project

The Philippine government is focused on the policy of economic development by industrialization while promoting foreign investment and export. As an infrastructure development for that, it is necessary to improve protective structure such as patent property and trademark rights and, at the same time, to develop an environment where engineers and researchers have easy access to information concerning these industrial property rights.

In this regard, IPO holds the jurisdiction over industrial property administration including patent, utility model, industrial design and trademark. However, it used to take a considerably long time to give industrial property rights for foreign companies, and information supplied to outside organizations is inefficient.

For this reason, the Philippine government requested cooperation from Japan aimed at human resources development in construction of the system necessary for introduction of PACSYS (Patent Administration Computerized System).

1-2 Project Overview

In order to promote efficiency of a system of patent processing work in the Philippines, technical cooperation for system development and the construction and utilization of bibliographic and documentary database is conducted.

(1) Overall Goal

Industrial property rights are issued more swiftly with more accuracy.

(2) Project Purpose

Patent administration processing work is promoted at IPO.

(3) Outputs

1) The structure of organization and administration of the project is to be enhanced.
2) Human resources capable of analyzing current conditions of patent administration processing work and of presenting a measure for improvement are to be developed.
3) Appropriate equipment is to be introduced, maintained and managed suitably.
4) Bibliographic database is to be constructed and utilized.

5) Documentary database is to be constructed and utilized.
6) Human resources capable of making use of the system of patent administration processing work are to be fostered.

(3) Inputs

Japanese side:

Long-term Experts	7	Equipment	188 million yen
Short-term Experts	10	Local Cost	15 million yen
Trainees received	11		

Philippines Side:

Counterparts	22
Land and Facilities	8,072,495 peso (21 million yen)
Local Cost	26,140,000 peso (68 million yen)

2. Evaluation Team

Members of Evaluation Team	Team Leader/ General: Keiichi TAKEDA, Special Advisor, Mining and Industrial Development Cooperation Department, JICA Technical Transfer Program : Yoshiaki MIBU, Computer Specialist, Information Systems Affairs Division, Trademark, Design and Administrative Affairs Department Japan Patent Office, Ministry of Economy, Trade and Industry Technical Evaluation: Akira GOTO, Japan International Cooperation Center Evaluation Management: Kenichi KAWAMURA, Second Technical Cooperation Division, Mining and Industrial Development Cooperation Department, JICA Evaluation Analysis: Ryosuke SASAKI, Deloitte Touche Tohmatsu
Period of Evaluation	24 November 2002 - 10 December 2002	**Type of Evaluation:** Terminal Evaluation

3. Results of Evaluation

*The survey on the terminal evaluation did not achieve final consensus in the joint evaluation meeting owing to conflict of opinions on the content of the "conclusion", "recommendation" and "lessons learned" in the joint evaluation meeting with the Philippine side. The main reasons are listed below:

With regard to the programming in the development of PACSYS, the Japanese side took it for granted that the programming was going to be outsourced, so conducted necessary technical transfer to the personnel on the Philippine side so that they could place the order to other organizations/companies appropriately. Therefore, neither the counterparts nor the experts got themselves involved directly in the programming works, and the technical transfer did not include any activities for the programming. The Philippine side, however, insisted that they were planning to carry out the programming on their own after the termination of the project, and there was a need to implement some activities in order for them to learn the system of PACSYS itself such as the development of a part of PACSYS through counterparts as a project activity.

Therefore, there was no consensus attained in the meeting between the Philippine and the Japanese sides. The Philippine side was dissatisfied with the project activities because the technology transfer was not adequately implemented and insisted that the sections of recommendations and lessons learned include these issues. To the contrary, the Japanese side argued that no more consideration on those respects was needed because the technology transfer was adequately implemented.

This gap in the recognition about the range of technical transfer was derived from the following causes: At the beginning of the project, there was no choice but to outsource the programming effort since there were only four counterparts. In addition, clear-

cut arguments and agreements were not made in the phase of planning of the project (before the beginning of the project and at the first meeting in each year). Therefore, the both sides' assertions were interpretative because of the ambiguity of the description including PDM. IPO augmented the staff in the department of information system and their counterparts after the third year (2001) of the project, and thereby IPO seemed to have shifted policy (from outsourcing to the utilization of their own technique). IPO did not give a special claim for that respect in the following conference of the formulation of the annual project.

Meanwhile, the Japanese side formulated the annual program report which premised the utilization of outsourcers and presented the program to the Philippine side and implemented the project based on the Philippines agreement.

*Thus the evaluation results below show the content tentatively agreed upon at the midterm stage of the meeting between the two sides. In addition, with regard to the conclusion, recommendations and lessons learned, the points of conflict of opinions are listed.

*After the dispatch of the terminal evaluation team, during the remaining period of the project, a programming seminar by counterparts was held in which the training-oriented system duplicating PACSYS (which was independent and secluded from the PACSYS) was utilized. Moreover, system developers conducted lectures on the meticulous composition of PACSYS. As a result, counterparts reached a level where they were capable of conducting maintenance, management and programming of PACSYS by themselves, and both the Japanese and Philippine sides agreed to finish the project on schedule on 16 May, 2003.

3-1 Summary of Evaluation Results

(1) Relevance

The Philippine government was, in its National Mid-term Development Plan, aiming at the enhancement of the information-centered technical sector by protecting intellectual property rights and intensifying human resources in legal profession, such as prosecutors, through strengthening IPO. In addition, the government is emphasizing electronic government policy aiming at the realization of fast and easy access to administrative services. The project, which was designed to promote efficiency of the administrative process of industrial property rights through systematization, was consistent with the National Mid-term Development Plan of the Philippine side. Furthermore, PACSYS, one of the outputs of the project, was positioned to contribute greatly to the achievement of the goal of the Information System Strategy Program (ISSP: 2000-04) set by IPO and therefore, this project was a timely cooperation for IPO.

Moreover, the addition of new project activities such as a subsystem concerning the Patent Cooperation Treaty (PCT) was an appropriate choice for the patent administration in the Philippines to respond to international framework. However, that brought about a great restriction of time in the project owing to the completion efforts of additional items within the planned period.

(2) Effectiveness

In the project, the promotion of efficiency of patent administration, the goal of the project, was attained by the achievement of two outputs: Capacity improvement of the counterparts by technical transfer and development of PACSYS. As for the former output, the counterparts acquired management and technological skills required for system development by cooperative work with the experts and outsourcing developer. The internal system including necessary documents and the reporting process were provided. On the other hand, the development of PACSYS is still in a phase of coordination, and only a part of the whole system is accessible. It is expected that, if serious flaws are corrected efficiently, PACSYS will be one hundred percent available by the end of the project. However, only a part of PACSYS was accessible at the time of evaluation, and therefore, the output of promoting efficiency is restricted to the process of accepting application.

(3) Efficiency

Input to the project was utilized efficiently, and the quality, quantity and timing were appropriate in general. At first, the number of counterparts came short; the number of things necessary for the project's progress was secured in the later stages. Moreover, in the training and equipment provision, the effective adoption of local a procurement system is highly evaluated. However, the frequent change of outsourced developers and the insufficient communication in their taking over had negative influence on the efficiency of the project.

(4) Impact

It is impossible to give clear confirmation of the impact since PACSYS is not perfectly available at the time of evaluation. However, it is expected that the promotion of efficiency in monitoring the process of patenting, and the reduction of time in patent application procedure are achieved if obstacles are removed, and PACSYS becomes completely accessible. Furthermore, it is estimated that the time required for managing documents is reduced, and official reports (the technical documents for releasing technical contents of inventions; this plays a role of certificate of title clarifying exactly the technical range of a patent invention) is more frequently published. For instance, publication once in every two months is changed to twice in every month.

(5) Sustainability

It is expected that the role of IPO in the protection of intellectual property rights is continuously emphasized by the government. In addition, IPO is free to utilize the income as a special account from patent related work such as the fee of application and registration. Therefore, financial sustainability is secured even after the termination of the project. Concerning technical aspects, the counterparts acquired the ability to supervise outsourcers and the ability of specialists and are capable of managing PACSYS. Moreover, internal administrative structure entailing an appropriate reporting system was developed such as the management of necessary documents; report of error occurrence, questionnaire and communicating forms and human resources sufficiently to promote the utilization of PACSYS was secured. For instance, the number of IPO staff was augmented from 154 (in 1999) to 305 (in 2002). Thus sustainability is secured.

3-2 Factors that promoted realization of effects

(1) Factors Concerning the Planning

In the project, it was planned that local resources would be actively utilized in system development, equipment provision and the training implementation. The local training was superior to the training in Japan in terms of the comprehensibility of native language, and it was also highly cost-effective to give the training in the country. In addition, as for local procurement of equipment, its sustainability was enhanced owing to the establishment of a technical supporting system.

(2) Factors concerning the Implementation Process

Although the counterparts had additional work to their usual work, two people were in charge of one operation, and either one of them was always available to take response. Thus, because of the effective exploitation of limited resources, efficiency was increased.

3-3 Factors that impeded realization of effects

(1) Factors Concerning the Planning

After the commencement of the project, three more activities were added. They were the PCT subsystem, the former law system and the accumulated stock processing system. However, with this change, even though the short-term experts and equipment concerning the international application were additionally dispatched, the project suffered from strict restrictions in terms of the time and budget due to the inadequate argument on revising the plan such as input required for response to new activities and on modification of the plan of implementing institutions.

(2) Factors concerning the Implementation Process

The project, system development was divided into three phases. With regard to outsourcers in charge of system development, the consistency in system development by negotiated contract and security of understanding of special work were intended. However, there was a situation that the staff of an outsourcer in charge changed according to each phase of the three system developments. For this reason, the explanation of special work was needed every time when there was a change in the phase, in some cases, the provision of same the information was also requested redundantly.

3-4 Conclusions

*In the evaluation, conclusions were not finally drawn for the reasons written above. However, teaching of system composition by developer and programming drills was conducted using the training system duplicating PACSYS and the counterparts reached a technical level where they were capable of maintaining, managing and developing the system of PACSYS on their own. As a result, both sides of Japan and the Philippines made an agreement on terminating the program on schedule on 16 May 2003.

3-5 Recommendations

*The Philippine side insisted on describing the following contents as recommendations: JICA should acknowledge that the counterparts conduct work with system developers in integrated work of PACSYS, in order for counterparts to acquire knowledge of the contents of the PACSYS program. In addition, at the same time, JICA should provide counterparts with opportunities to understand the program of the whole PACSYS and its source code.

To the contrary, the Japanese side did not agree to the recommendations above made by the Philippine side for the following reasons: The restriction in time is too stringent to realize the desired results of the Philippine side by the end of the project, taking into consideration that system development is quite behind schedule. The patent office in Japan in the first place is always outsourcing programming works, and in general, outsourced programming is of advantage. It is not easy to carry out appropriate teaching on the programming by the IPO itself.

3-6 Lessons Learned

It was expected by JICA and experts that the project adopt an outsourcing system utilizing outside developers as a method of system development and also outsource the maintenance and management after the system development. The reasons are as following; The patent office in Japan has adopted the same system as the project; In general, progress in the field of information technology is very fast, and outsourcing the system development to the specialists is advantageous; Since the number of counterparts assigned on the IPO side at the beginning of the project was only three or four, system development on their own was not practically thinkable.

However, in the period of the project, IPO changed its basic stance where by IPO staff directly conducts basic system development. In addition, IPO augmented staff in the department of information technology to a large extent and increased the number of counterparts considerably. In this phase, that the Japan and the Philippine sides had not had enough discussion on the method of system development adopted in the project caused disagreement on the joint evaluation report in this conference and these are the lessons learned.

3-7 Follow-up Situation

N/A