



**Intellectual Capital for Communities
in the Knowledge Economy
Nations, Regions, Cities and Emerging Communities**

***EU Policy enhancing intellectual capital: an overview
with a focus on research on Socio-economic Sciences and
Humanities research
(Community RTD Framework Programme)***



WORLD BANK INSTITUTE

Promoting knowledge and learning for a better world

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Key EU Policy Instruments for enhancing intellectual capital

The Knowledge Triangle scheme:

- **Education:** trans-national collaborative action, voluntary adherence to top-level principles (*Bologna* process and follow-up); the *European Institute of Technology*, an effort to structure and activate intellectual capital in Europe
- **Research:** implementing the *multi-annual 7 year Community R&D Framework Programme* (lots of innovations: *The European Research Council, Joint Technology Initiatives, Capacity building (Regions of Knowledge, Unlocking research potential), People* programmes)
- **Innovation:** special *Competitiveness and Innovation Framework Programme* launched

Cross cutting structural instruments:

- the *Structural Funds* (synergies sought with all other funding instruments)
- the *European Investment Bank* (multiple products)
- special policy on *SMEs* (*SME Envoy, promotion of a Small Business Act, etc.*)

Context: the Lisbon strategy

Objectives:

- Make Europe the most competitive knowledge-based economy in the world with more and better jobs and enhanced social cohesion (the *Goteborg strategy* added *environmental sustainability* to these objectives)

Where we currently stand:

- Revised strategy in March 2008 focuses priorities on jobs and growth coherent with the Sustainable Development Strategy (a new Community Lisbon Programme 2008-2010)

Lisbon strategy knowledge intensive policy goals

- Investing in knowledge and innovation
 - full development of the potential for innovation and creativity of European citizens built on European culture and excellence in science
 - further efforts must be made, including in the private sector, with a view to investing more, and more effectively, in research, creativity, innovation and higher education and achieving the 3% R&D investment target
 - Step up coordinated efforts for effectively realising the European Research Area
 - Invest in new public-private partnerships (Joint European Technology Initiatives, JTI) for achieving results in a limited number of areas

European Council (March 2008) introduces “**Fifth Freedom**” concept

- Single Market is built on four freedoms of movement – the freedoms of movement of goods, services, persons and capital
- Member States and the EU must remove barriers to the free movement of knowledge by creating a "fifth freedom" based on:
 - enhancing the cross-border mobility of researchers, as well as students, scientists, and university teaching staff,
 - making the labour market for European researchers more open and competitive, providing better career structures, transparency and family-friendliness,
 - further implementing higher education reforms
 - facilitating and promoting the optimal use of intellectual property created in public research organisations so as to increase knowledge transfer to industry, in particular through an "IP Charter" to be adopted before the end of the year (NB: adopted)
 - encouraging open access to knowledge and open innovation
 - fostering scientific excellence
 - launching a new generation of world-class research facilities
 - promoting the mutual recognition of qualifications

2 major initiatives enhancing intellectual capital from the EU: an IP Charter and Guidelines for Open Access

- On April 10, 2008, the Commission adopted a Recommendation on the management of intellectual property in knowledge transfer activities of universities and other public research organisations. This provides public research organisations (PROs) with operational principles to more effectively manage and exploit intellectual property
 - Europe notoriously claimed to be better at producing high-level knowledge than at converting it into socio-economic benefits
 - While the output in terms of scientific publication is comparable to that of the US, European universities and PROs produce considerably less inventions, file less patents, negotiate fewer licensing deals and generate a lower number of spin-offs than their US counterparts. **Surveys have shown that European organisations lag behind their North America counterparts regarding invention disclosures (by 25%), patent applications (by 53%) and patent grants (by 36%).**
 - Commission Recommendation offers a set of key policy principles which Member States are asked to follow when introducing or adapting national guidelines or other measures regarding knowledge transfer. Relying on common principles across Europe will help address the existing discrepancies between national knowledge transfer systems (regulations, practices, etc.).
 - "Code of Practice" for universities and other PROs, offers operational principles on which PROs should rely on when developing or reviewing institutional policies. Such policies should be balanced; promoting the exploitation of publicly-funded research results on the one hand while ensuring their broad dissemination on the other and where appropriate, taking into account reasonable delays to enable protection of IP
 - Member States have to Inform the Commission by 15 July 2010 and every two years thereafter of measures taken on the basis of this Recommendation, as well as their impact

Guidelines for Open Access endorsed by the Council and about to fuel experimental actions – already in force by the European Research Council for frontier research

- The Council (Nov.2007) adopted Conclusions on the promotion of Open Access to publicly funded scientific publications while respecting provisions for intellectual property where appropriate
 - **Commission had introduced a Communication on Open Access (February 2007) on "scientific information in the digital age: access, dissemination and preservation" COM(2007)56;**

Member States were invited to:

- **reinforce national strategies and structures for access to and preservation and dissemination of scientific information, tackling organisational, legal, technical and financial issues;**
- **enhance mutual coordination involving large research institutions and funding bodies on access, preservation and dissemination policies and practices;**
- **maximise access for researchers and students to scientific publications, in particular by improving public procurement practices in relation to scientific information;**
- **ensure the long term preservation of scientific information – including publications and data – and pay due attention to scientific information in national information preservation strategies;**



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NIH Public Access Mandate made law

Washington, D.C. - December 26, 2007

President Bush has signed into law the Consolidated Appropriations Act of 2007 (H.R. 2764), which includes a provision directing the National Institutes of Health (NIH) to provide the public with open online access to findings from its funded research. This is the first time the U.S. government has mandated public access to research funded by a major agency.

The provision directs the NIH to change its existing Public Access Policy, implemented as a voluntary measure in 2005, so that participation is required for agency-funded investigators. Researchers will now be required to deposit electronic copies of their peer-reviewed manuscripts into the National Library of Medicine's online archive, PubMed Central. Full texts of the articles will be publicly available and searchable online in PubMed Central no later than 12 months after publication in a journal.

"Facilitated access to new knowledge is key to the rapid advancement of science" said Harold Varmus, president of the Memorial Sloan-Kettering Cancer Center and Nobel Prize Winner.

"Public access to publicly funded research contributes directly to the mission of higher education" said David Shulenburger, Vice President for Academic Affairs at NASULGC (the National Association of State Universities and Land-Grant Colleges).

**Courtesy: T. Hey, Microsoft Research
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Research in Socio-economic sciences and humanities (SSH): focusing on Intangibles

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Research in Socio-economic sciences and humanities (SSH): focusing on Intangibles

- **The MERITUM Project (Targeted Socioeconomic Research, 4th FP) set the basis for identifying and measuring intangible assets (OECD, 2006)**
- **Projects RICAFE and RICAFE2 explored impacts of intangibles on the regional economy (The *Regional Comparative Advantage and Knowledge-Based Entrepreneurship* (RICAFE2) Research programme was launched on 1st March 2006 / RICAFE project completed in April 2005).(see also <http://www.lse.ac.uk/collections/RICAFE/docfind.htm>)**

Project INNODRIVE (Intangible Capital and Innovations: Drivers of Growth and Location in the EU)

- **new data on intangibles and new estimates of the capacity of intangible capital to generate growth focusing both at firm-level and at national level.**
- **At the micro-level the project seeks to improve insights into the contributions of intangibles to the growth of firms by exploiting the potential of recently established linked employer-employee datasets and implementing a performance based methodology to analyse how firms use knowledge and human capital to increase their productivity and how mobile workers react to these processes.**

IAREG (Intangible Assets and Regional Economic Growth)

The objective of IAREG is to analyse the role played by intangible assets (IA) in the generation of innovation, competitiveness and consequently economic growth and increases in productivity at regional level with a special emphasis on the geographical space in which such processes occur. The specific objectives of the project are:

- develop new indicators for improving the measuring of some of the IA that we consider to have the most influence in the generation of economic development**
- analyse how IA and their interaction define the environment affecting firms' location**
- measure the role of regional externalities in the generation of IA and in determining local economic performances in Europe and in the diffusion of knowledge**
- provide decision makers with policy recommendations in order to support them in the future design and implementation of regional innovation strategies.**
- The main result expected in the project is the guide of policy recommendations and the dissemination of this guide among regional, national and European policy makers**

COINVEST (Competitiveness, Innovation and Intangible Investment in Europe)

- **The project aims to understand the contributions of intangible investments to innovation, competitiveness, growth and productivity in Europe.**
 - **project seems important to help EU policy formation and deepen the understanding of some of the most crucial questions facing EU economic policy.**
 - **Currently, (almost all) intangible investments are either not measured, or treated as an intermediate input into production so they are assumed to produce no durable assets for firms or economies.**
 - **The project will try to collect data on a wide range of knowledge investment, at macro and micro levels, incorporate these into macro and micro performance measures and thus improve our understanding of knowledge-driven economies**

EURODITE (Regional Trajectories to the Knowledge Economy: A Dynamic Model)

<http://www.eurodite.bham.ac.uk>

- **The overall goal of EURODITE is to understand the role of knowledge in the economies of European regions in order to inform relevant policies towards a knowledge-based economy with enhanced social cohesion.**
- **The intention is to probe beneath the popular notion of the 'Knowledge Economy' by describing the diversity of learning processes, knowledge dynamics and knowledge trajectories across Europe. It is also intended to examine the assumption that regions and other spatial arrangements (such as 'clusters' or 'milieu') represent coherent units of explanation and intervention in the knowledge field.**
- **Operational Objectives are to: assess the current state of knowledge; produce a model of 'economic knowledge micro-dynamics'; develop methodologies and calibrate macro-level indicators as a diagnostic tool for policy-makers; evaluate the contribution of these knowledge micro-dynamics to macro-level regional economic and social implications; identify conditions that have created the observed knowledge dynamics; identify policy levers and coordination activities available at different levels of governance; identify the specific gender issues generated by the knowledge economy.**

- Lisbon Strategy:

http://ec.europa.eu/growthandjobs/index_en.htm

- The European Research Area concept

http://ec.europa.eu/research/era/index_en.html

- Research on Socio-economic Sciences and Humanities

http://cordis.europa.eu/fp7/ssh/home_en.html

http://ec.europa.eu/research/social-sciences/index_en.htm