

Guidance Notes for Completion of Initial Statements

General

1. You are advised to read carefully the note on funding objectives and method at **Annex** above before attempting to complete the Initial Statement. As a rule of thumb, institutions should have due regard to the size of the initial share of funding allocation indicated in the covering letter when formulating the proposals to be included in the Initial Statement.
2. You should use the template at **Appendix II** to set out in full the institution's triennial plans and annual targets regarding the use of the Knowledge Transfer funding. Unless otherwise suggested by the template, please do not attach other documents or annexes in your return.
3. An electronic version of the template can be downloaded from the UGC website at www.ugc.edu.hk under the "Knowledge Transfer" heading at the "UGC Activities" section. Completed initial statement should reach the UGC Secretariat, by post and/or through email to vlau@ugc.edu.hk, by **5 p.m., 3 July 2009 (Friday)**.
4. Please note that contents of the initial statements may be published for illustrating the knowledge transfer efforts in the UGC-sector once they have been approved for funding.
5. A word limit is assigned to each section of the template on the basis of the maximum amount of information we consider sufficient for the UGC to duly consider the relevant question. You are not required to use the full word limit for any section. It is set to obviate the need for institutions to put in a disproportionate amount of administrative work for the release of funding. The UGC will consider all sections of the Initial Statement as a whole, and the difference in word limit among the various sections has no bearing on the weight the UGC will attach to each of the areas during evaluation.
6. The template consists of four parts –
 - (i) **Part A** seeks information on the overall forward-looking Knowledge Transfer strategy of the institution, which should

cover all activities whether supported by the present Knowledge Transfer funding or other sources. This strategy should likely entail a timeframe of one or more triennia and not be expected to change materially during its intended effective period. Also, it should fit together with the role and mission of the institution.

- (ii) You are expected to provide in **Part B** specific information on the planned use of the Knowledge Transfer funding in the 2009/10 to 2011/12 triennium, and how that action plan glue together to contribute to the overall strategy set out in **Part A** and the funding objectives stated in the note at **Annex** above. Institutions should also state how they will strategically secure buy-in from both within the institution and the relevant business and community stakeholders, so as to effect their proposed plans with value for money. As mentioned, when formulating proposals in the Initial Statement, due consideration should be given to the size of the initial funding allocation for your institution indicated in the note at **Annex** above, and other sources of funding that the Institution is or will be prepared to commit. We realise that expenditure plans may change during the triennium in light of new insights and new focus of the socio-economic agenda, and it is thus important that such changes be discussed in the Annual Reports to be submitted.
- (iii) **Part C** calls for a quantitative analysis of the impact and outcomes expected from your plans stated in Part B. This naturally requires a description of the situation and the changes before and after the new funding is injected into the relevant areas of the institution, and how progress can be monitored and tracked. This part also invites institutions to give an estimate of a list of quantitative targets (definitions are set out below) by the end of the triennium, and set out other robust indicators which they consider fit for measuring the performance of their knowledge transfer activities during the triennium.
- (iv) **Part D** is basically a self-evaluation where you are asked to comment on the strengths, innovation, practicality and risks of your plans and how you expect to manage them.

Specific Questions

Contact Person for Correspondence

7. As mentioned above, the UGC Secretariat may during the process of evaluation liaise with institutions for necessary clarifications, improvements or adjustments to the Initial Statements so as to assist the UGC's consideration. You are thus required under this Part to nominate one officer (at the Associate Vice-President level or above) taking overall charge of the institution's knowledge transfer developments and activities with whom the UGC Secretariat may contact for the above liaison purposes.

Question 1

8. You should consider all knowledge transfer activities of your institution whether or not they are to be supported by this new recurrent funding for Knowledge Transfer. We expect this strategy to be sufficiently forward-looking and focussed, and dovetail with (if not already incorporated into) the present institution-wide Strategic Plan, as well as its role and mission. To assist the UGC's evaluation of its viability, it is important that you state the time-frame for implementing such strategy. That said, the items listed from (a) to (e) under the question are merely for provoking thoughts, and not meant for strait-jacketing or pre-empting the vision of the institution. For (e), we wish to have an idea about the relative importance of the new Knowledge Transfer recurrent funding in the institution's overall plan to boost knowledge transfer.

Question 2

9. We are interested in the underlying rationale and evidence base for your strategy, rather than the process by which it was developed. We also wish to know if information from, and interactions with, external agencies have been enlisted in developing strategies as they are important in fostering effective knowledge transfer which is a two-way (or multi-way) process.
10. While recognising that each institution, given its distinguished role and mission, may contribute in its own unique way to the overall knowledge transfer from the Hong Kong's higher education sector to businesses and the community, we see plenty of room within the

sector, as well as with comparable institutions overseas, to share best practices or lessons learnt in knowledge transfer. Through item (c), we hope to know if your strategy has in any way been informed by such best practices or lessons learnt.

Question 3

11. We expect that collaboration will be a very important part of an institution's Knowledge Transfer strategy. Collaborations may include large-scale strategic partnerships with businesses including SMEs; collaboration with other institutions to complement capabilities, expand markets, maximise impacts, and/or gain economies of scale; and sustained interactions with NGOs or other community groups. It is equally important, however, that such collaborations amount to more than the sum of their parts and that they are managed effectively.

Question 4

12. As mentioned, the UGC does not wish to prescribe a list of "fundable" activities, so that institutions have high autonomy to determine how its share of Knowledge Transfer recurrent funding should be utilised. It is likely that there will be a great diversity of activities to be supported by this new funding across the sector, and we would like to have an aggregate picture of how the UGC-funded institutions intend to use the Knowledge Transfer funding at the outset. Please consider giving as precise a breakdown of the figures as practicable. That notwithstanding, you may vary spending flexibly over the years of the triennium, and the distribution you now provide in Table 4.1 does not commit your institution to any spending patterns. The Total in Table 4.1 should be equal to the quantum of the initial allocation indicated in the main body of the note at **Annex** above.
13. There is no requirement that institutions must set aside any of its own funds to match the allocation of the new Knowledge Transfer funding, but we foresee that this is very much likely to happen given knowledge transfer by nature is intricately linked with the institution's existing core activities. Giving us an indication of how much from other funding sources you are prepared to set aside for the knowledge transfer activities allows us to better assess the viability of the scale of your proposals.

14. You are invited to describe in the text box any strategic approach or priorities in spending the funding allocation apart from the quantitative presentation in Table 4.1.
15. For Table 4.2, we expect you to show the changes in organisational chart of the various entities within or associated with your institution pertaining to the institution's knowledge transfer activities before the injection of Knowledge Transfer funding (*i.e.* as of now) and after, showing their power/business interactions and respective sizes of staff establishment. You may use diagrams for this purpose.

Question 5

16. Examples could include: incentive schemes, promotion criteria, workload planning schemes, sharing of good practice, awareness raising schemes, staff training with professional bodies, *etc.*

Question 6

17. Answer to this question may be related to that of Question 4 during the UGC's evaluation process. You are asked to break down the Knowledge Transfer funding allocation for your institution by major knowledge transfer outputs (*e.g.* CPD courses, enterprise education, NGOs engagement support, consultancy, licensing of intellectual property, staff development). We fully understand that this may not be possible in many cases since, for instance, a knowledge transfer staff funded by the new Knowledge Transfer funding may work across a range of activities. However, if you are able to make such an association, please provide information here. The figures provided for this question need not add up to the total funding allocation for your institution.

Question 7

18. We want to know to what extent of significance the new Knowledge Transfer funding would have vis-à-vis other funding sources in the implementation of your institution's overall knowledge transfer strategy.

Question 8

19. Impact and innovation are two cornerstones of effective knowledge transfer. This is an important question for which you are expected to articulate very clearly, qualitatively and if possible quantitatively, the expected impacts, at all levels, of the outputs of your proposal to the identified target business and/or community sectors. For the use of funding in enhancing the overall institutional capability in knowledge transfer, you should discuss both the immediate impacts of such funding, and the consequential impact of increased knowledge transfer capabilities on the community and/or businesses. You should also describe, where applicable, how these impacts would complement the current socio-economic development agenda of Hong Kong.
20. You should also set out the mechanism through which the benefits and impacts will be measured, *e.g.* use of performance indicators, regular reviews by senior management or committees, regular analysis of data, benchmarking with comparable efforts elsewhere, survey, *etc.*

Question 9

21. Progress monitoring (Question 9) is different from impact measurement (Question 8). You are expected to describe the internal mechanisms and systems in place or to be set up for the purpose of allowing the senior management to keep track of, and expedite where necessary, the progress of the institution's knowledge transfer activities. You should also give some thought as to whether there is any provision for review of the effectiveness of such monitoring mechanism.
22. Table 9.1 lists the key performance indicators which the UGC expects all institutions to provide both in the Initial Statement as annual targets after the injection of the new Knowledge Transfer funding against which the institution's future performance will be evaluated, and in subsequent Annual Reports where institutions will account for its actual performance during the triennium. When considering these indicators, the UGC will take into account the area of strengths, role and mission, as well as the size and other developments of the institution concerned. Although longitudinal comparison will only be made where these background factors of the institutions are similar, it is paramount that all institutions

follow the same set of definitions for these performance indicators in order to facilitate aggregate presentation of the overall situation of the UGC-funded sector. The definitions are as follows:

Performance Indicators	Definitions
Number of patents filed / granted in the year (with breakdown by country and type)	These items are currently required under the Common Data Collection Format (CDCF). Please refer to the Chapter VI of the Guidance Notes for CDCF Data Collection for Academic Year 2008/09 for definitions and classifications.
Number of licenses granted (with breakdown by type)	Refers to those granted to private entities allowing them to exploit an invention protected by a patent. Licence options and licenses granted in previous years which are still in operation during the current year, as well as any new licences which are executed (e.g. a commercial deal has been put in place) during the year, should be included.
Income (on cash basis) generated from intellectual property rights #	All incomes from license agreement which allows the transfer of intellectual property rights (IP, including licensing of patents, income from copyrights (i.e. royalties), trademarks and design registration, etc.) between two parties, where the licensor (which is the institution) permits the licensee to share the rights to use the IP, without fear of a claim of IP infringement brought by the licensor. Licensing income includes license issue fees, payment under options, annual minimums, running royalties, termination payments, the amount of equity received when cashed-in, end-user license fees of the invention (e.g. software and biological material), etc., but <u>excludes</u> research funding, patent expense reimbursement, a valuation of equity not cashed-in, and other income that has been covered under other performance indicators in Table 9.1 of the Initial Statement.
Expenditure involved in generating income from intellectual property rights #	Costs incurred in protecting IP, including those from patenting, external legal and other protection fees, and specialist IP consultancy advice. Potential loss from copyright infringement should be excluded. The income and expenditure arising from IP required here should be part of the overall income and expenditure of institutions.
Number of economically active spin-off companies (with breakdown by type)	Registered companies set-up to exploit the IP that have originated from within the institution which are still economically active. This includes two types of spin-off companies: (i) those with some institutional ownership and using intellectual property from the institution; and (ii) those with no institutional ownership and using assigned or licensed IP.
Net income generated (or net loss arising) from spin-off companies	In line with formal accounting statements of the companies (<u>note this may not be in cash basis</u>). It is understood that information on the performance of spin-off companies is often difficult to collect, and potentially, commercially sensitive. As such, there is a degree of 'expert estimation' here.

Appendix III

Performance Indicators	Definitions
Number of collaborative researches, and income thereby generated #	Research projects with at least two partners in addition to the institution, one of which is a government or public body. Income figure should reflect the total amount funded from all parties, apportioned to the funding year if practicable, as indicated in the relevant research agreements. "In-kind" contributions have not been given a specific financial value in the contract should be excluded. If funding contribution has already covered the costs of staff and use of facilities, double counting should be avoided even if a financial value has been attached to these staff and facilities costs.
Number of contract researches (other than those included in "collaborative researches" above), and income thereby generated #	Research projects meeting the specific research needs of external partners (recognising that few external bodies may provide funding for "blue skies" research without specifying the desired output of the project), which is likely to be a service that could otherwise be procured from non-higher education institution providers. Collaborative research which is also a contract research should be counted once as the former. Similarly, income figure should reflect the total amount funded, apportioned to the funding year if practicable, as indicated in the relevant research agreements.
Number of consultancies, and income thereby generated #	The provision of expert advice and work usually paid for at a market rate, which, while it may involve a degree of analysis, measurement or testing, is crucially dependent on a high degree of intellectual input from the institution of the client (commercial or non-commercial) without the creation of new knowledge (although new understanding is the main desired impact). Income figure should reflect the total amount funded, apportioned to the funding year if practicable, as indicated in the relevant consultancy agreements.
Number of student contact hours in short courses or e-learning programmes specially tailored to meet business or CPD needs	"Continuing professional development (CPD)" is defined as "a range of short and long training programmes for learners already in work who are undertaking the course for purposes of professional development / upskilling / workforce development, <i>i.e.</i> it does not relate to undergraduate courses where students go on placement". Such programmes can be award-bearing, credit-bearing or non-credit bearing, but should exclude on-the-job professional support or consultancy provided on a retainer/contingency basis. Mainstream teaching activities which are generally expected to be covered by the Block Grant should be excluded.
Number of equipment and facilities service agreements, and income thereby generated #	"Equipment and facilities service" refers to use by an external party (not another higher education institution) of the physical academic resources of the institution, ranging from electron microscopes to performance space, for instance, the use of wind tunnel, digital media suite, or stage and studio space, etc. The Income figure should only include income from hiring of unique academic and research resources of institutions.

Performance Indicators	Definitions
Number of jobs created through the new Knowledge Transfer funding	The number of additional staff (in full-time equivalent terms) directly hired by the institution with the new Knowledge Transfer funding who fully or partially engage in, or are materially associated with, knowledge transfer activities of the institution for over 4 months. Time-limited jobs spanning across one or more survey years should only be counted once. Staff hired by service suppliers of institutions should be excluded.

Note: Cash basis accounting practice should be used to report the income and expenditure figures concerned, similar to the current practice of institutions in reporting of income and expenditure under the CDCF.

There is bound to be grey area no matter how tight a definition is worded. While the UGC has been duly diligent in minimising ambiguity in the definitions, institutions should exercise their judgment on whether a particular item should be counted under certain performance indicators. You should provide the latest available (projected, if needed) data for 2008/09, as well as the annual targets for the coming three academic years. You are advised to set your targets prudently, as any substantial changes to them will need to be explained in the subsequent Annual Report.

23. From institutions' earlier feedback, a wide range of other performance indicators rather specific to the particular knowledge transfer activity of the institution concerned have been proposed. While some are indeed very important and robust indicators, the UGC considers it unfair if they are to be required across-the-board as institutions have different focuses in their knowledge transfer activities. That said, institutions are encouraged to provide these additional indicators in Table 9.2 to enable the UGC to have a better grasp of the individual situation. Your attention is drawn to the fact that whatever performance indicators entered in Table 9.2 will be used to evaluate the institution's subsequent performance which in turn may or may not affect the Knowledge Transfer funding for future years.

Questions 10 & 11

24. For the first part of Question 10 and the whole of Question 11, we are interested to know the competitive edge ("its own niche") of each institution's knowledge transfer efforts as compared with others. This may give an indication to the Government, the public or other interested parties about the diversity of strengths in knowledge transfer within the UGC-sector.

25. As regards the risk assessment, you should consider risks relating to both the overall strategy, and the specific implementation of the planned use of the new Knowledge Transfer funding. It may also be helpful to differentiate between ‘external’ risks (*e.g.* those related to user demand) and ‘internal’ risks (*e.g.* competing priorities and staff engagement). Comments on broader challenges facing the entire higher education sector pertaining to knowledge transfer are also welcomed here.

26. Enquiries on the requirements of the Initial Statement and this guidance notes may be directed to Mr Victor Lau, Assistant Secretary-General (Policy) of the UGC Secretariat, at 2844 9915 or vlau@ugc.edu.hk.

UGC Secretariat
May 2009