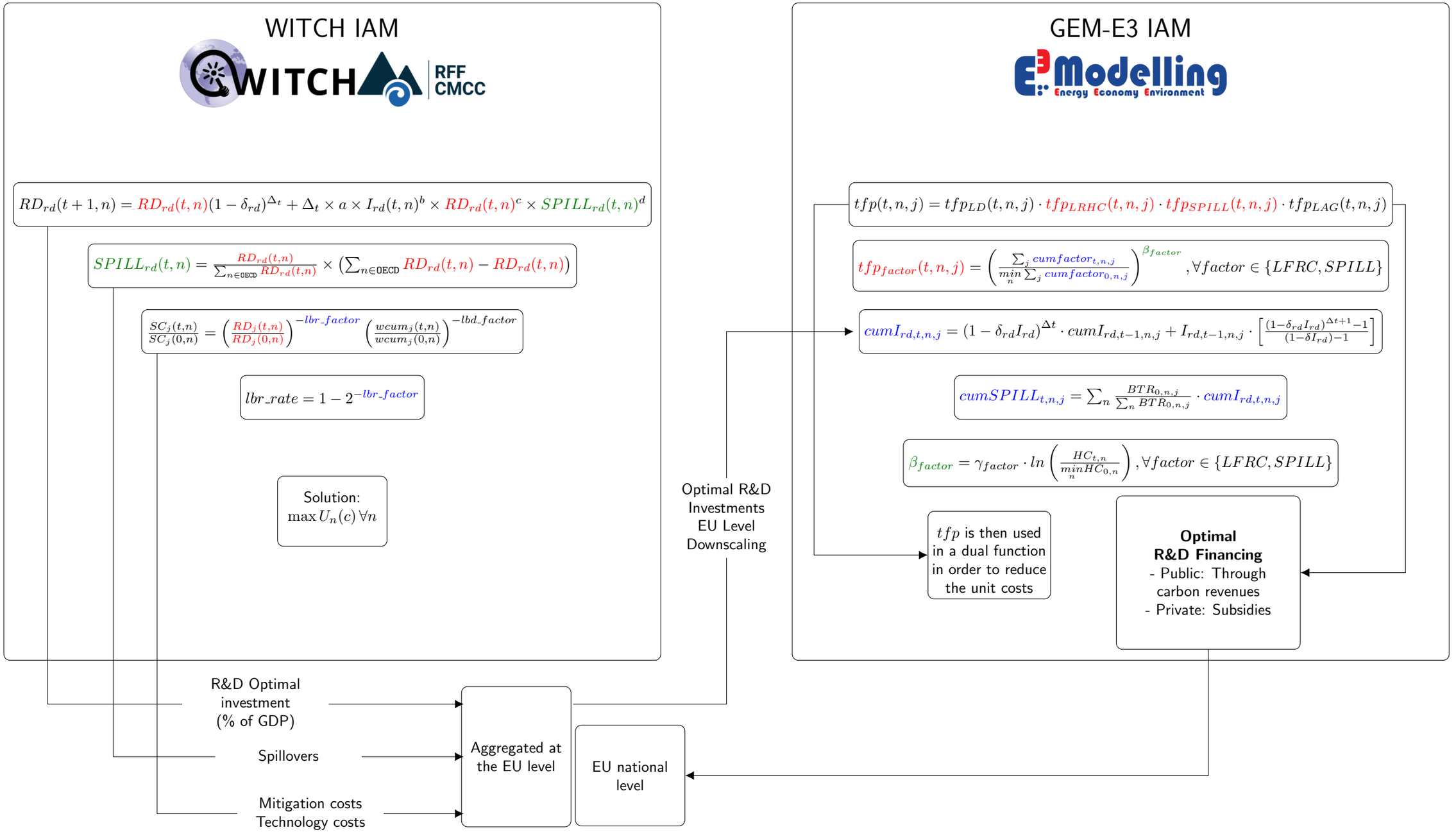

RD_{rd}: Stock of Knowledge
δ_{rd}: Discount rate
I_{rd}: Investment in R&D
j: Sector
a, b, c, d: Coefficients of the knowledge function

$SPILL_{rd}$: The contribution of foreign knowledge through spillovers to the production of new domestic ideas depends on the interaction between two terms: the first describes the absorptive capacity whereas the second captures the distance from the technology frontier, which is represented by the stock of knowledge in OECD countries.

t: time
n: Country/Rgion
SC: Instalation Costs
$wcum$: Cumulated installed capacity
β: elasticity of $cumI_{rd}$ to tfp

U: Utility
BTR: Bilateral imports
lbr_rate: Learning Rate
tfp: total factor productivity
HC: Human capital index

LD: Learning-by-doing
$LRHC$: Learning-by-research
$SPILL$: Spillovers