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**SCIENTIFIC AND TECHNICAL  
RESEARCH COMMITTEE**

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**– CREST –  
Secretariat**

**CREST 1206/06**

**REPORT**

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**Subject :       Application of the open method of coordination in favour of the Barcelona  
                  research investment objective - "The Second Cycle"**

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Delegations will find attached the final version of the "Second cycle report on the application of the open method of coordination in favour of the Barcelona research investment objective" ("2nd cycle 3% OMC report") as approved by CREST.

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## CREST REPORT

### ON THE APPLICATION OF THE OPEN METHOD OF COORDINATION IN FAVOUR OF THE BARCELONA RESEARCH INVESTMENT OBJECTIVE - THE "SECOND CYCLE"

#### INTRODUCTION

In October 2004, CREST reported on the first application of the open method of coordination in support of the "3%" research investment target set by the Barcelona European Council in 2002<sup>1</sup> and the associated "3% Action Plan" prepared by the Commission<sup>2</sup>.

Since 2004, in the context of the re-launched Lisbon strategy and recognising the priority accorded to the knowledge triangle within that strategy, the policies of the Community and of the Member States to increase investment in R&D have assumed even greater importance.

Continuing to fulfil its mandate from the Council, as most recently reaffirmed in 2005<sup>3</sup>, and building on the experience of the first cycle<sup>4</sup>, CREST initiated a further application of the open method of coordination to this policy sphere in 2005. This "second cycle" comprised a number of work-modules; each conceived and led by a CREST Member State delegation.

The second cycle has been enhanced by high-level meetings of Directors General for research and innovation in 2004 and 2005, convened at the initiative of the Netherlands and United Kingdom Presidencies, and by a wider conference on the benefits of the OMC process to research and innovation policy making in 2006 organised by the Austrian Presidency and the European Commission.

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<sup>1</sup> CREST 1206/04.

<sup>2</sup> 3% action plan.

<sup>3</sup> Council conclusions on: More Research and Innovation; adopted 28/29 November 2005, doc.14604/05.

<sup>4</sup> Modus operandi paper.

## OUTCOME

The second application of the open method of coordination has resulted in new or strengthened networks of national policy makers, synthesis of a detailed evidence base on national policies in selected areas and peer-review/mutual learning around this evidence base. In some instances specific recommendations to either Member States or the Community have been made or concrete deliverables in the form of policy guidelines or handbooks produced.

The detailed reports of each of the five work-modules are available online<sup>5</sup>. A summary of their work and outcomes is given below.

The "**peer review of policy mixes**" work-module was co-led by the Netherlands and the United Kingdom and was actively supported by Belgium, Estonia, France, Ireland, Slovak Republic, Norway, Romania, Slovenia, Spain, Sweden plus the European Commission and an external consultant. The work-module developed a specific and effective peer review process and successfully completed three peer reviews (of Sweden, Spain and Romania) which were well received by both the countries being reviewed and those acting as reviewer. In addition to the detailed evidence collected and feedback given on each peer review, a number of generic lessons related to the optimal structure and content of national research and innovation policy mixes oriented towards the 3% target, and to their trans-national dimension, have been drawn.

The "**design and evaluation of fiscal measures to promote business research, development and innovation**" work-module was led by Norway, and was actively supported by Belgium, Estonia, France, Ireland, Italy, Malta, Netherlands, Poland, Romania, Slovakia and the United Kingdom plus the European Commission and external consultants. The work-module has provided some general orientations that Member States could consider when designing fiscal measures, has looked in detail at evaluation methods for fiscal measures to promote research and development and has produced an "overview of issues and considerations" to inform those planning future evaluations.

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<sup>5</sup> [http://europa.eu.int/invest-in-research/coordination/coordination01\\_en.htm](http://europa.eu.int/invest-in-research/coordination/coordination01_en.htm)

The "**reform of public research centres and universities in particular to promote the transfer of knowledge to society and industry**" work-module was led by Spain, Sweden and Italy and was actively supported by Austria, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Israel, Lithuania, Netherlands and the United Kingdom plus the European Commission and external consultants. The work-module concentrated to a large extent on policy actions to increase knowledge transfer from public research centres and universities to society and industry. The work-module used peer review as a tool to examine the policies of some countries (Sweden, Italy, Spain, Lithuania) in depth and has made a number of policy recommendations in this area.

The "**design measures to promote the growth of young research-intensive SMEs**" work-module was led by Belgium and the Netherlands and was actively supported by Austria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Israel, Latvia, Luxembourg, Netherlands, Norway, Romania, Slovakia, Spain, Sweden and Switzerland. The work-module concentrated on five topics: the financing of young research-intensive SMEs and start-ups, on the management and entrepreneurial skills that may need attention in some young high-tech companies, on the links between HEIs and SMEs within collaborative research and also on the role of public technology procurement in enhancing demand-driven R&D. The work-module has made a number of policy recommendations at the national and also European level.

The "**ownership of intellectual property rights**" work-module was led by the United Kingdom. This module focussed on two items to aid cross-border collaboration. The first was the development of a practical toolkit addressing potential differences in IP and technology transfer across Europe with a view to facilitating a greater number of collaborations. The second aspect of the group's work was an analysis of training programs for technology transfer officers and its possible delivery at the European level.

## CONCLUSIONS

At the conclusion of the second application of the open method of coordination to the RTD policy sphere, CREST:

1. **RECOGNISES** the scale of the challenge facing the European Union in meeting the 3% GERD/GDP research investment target and improving the Member States' mix of support instruments as recently reaffirmed by the European Council<sup>6</sup>;
2. **AFFIRMS** that the ongoing application of the open method of coordination can play an important role in strengthening and aligning Member States' policy-making to meet this challenge;
3. **ENDORSES** the published outcome of each of the five second-cycle OMC work-modules and **COMMENDS** the content therein to the Council and the Commission;
4. In particular, **ENCOURAGES** the Member States:
  - to exploit the ongoing opportunities offered for policy development through external peer-review and to optimally capture and disseminate the evidence thus generated;
  - to adopt an integrated, holistic approach to their research and innovation policy mix - ensuring that the scope of such a mix encompasses the entire range of policies that impact on public and private sector activity and that the priority accorded to this mix (including, in terms of funding) reflects the importance of research and innovation as drivers of competitiveness and growth;
  - to ensure that the governance and implementation of their research and innovation policy mix is inclusive to ensure synergy of effort and consistency of engagement with stakeholders;
  - to consider the various policy instruments, including the use of fiscal measures, to promote research and development and further develop the evidence and expertise available in Europe when designing and evaluating instruments to encourage investment in research and development;
  - to consider the newly produced "overview of issues and considerations" on evaluation methods for RTD fiscal measures;
  - to consider the newly produced toolkit for cross-border collaboration;

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<sup>6</sup> doc. 7775/06; point 18 (European Council Presidency conclusions).

- to optimise the user-driven nature of research undertaken in public research centres by concretising their industry and market-orientation both in their research agendas and in research governance structures;
- to promote a clearer role for universities in the transfer of knowledge to industry using efficient and effective knowledge transfer infrastructures, and without compromising the role of universities in teaching or fundamental knowledge creation;
- to recognise the need for appropriate incentive schemes for public-sector researchers to engage in knowledge transfer activity with business and wider society;
- to address market failures which may cause an "equity and financing gap" as regards seed capital for young, research-intensive SMEs;
- to consider the specific training and coaching requirements of young high-tech SMEs and the role that the public sector can play in competence transfer to these companies;
- to segment and target the SME base when designing RTD programmes;
- to further explore the potential role of public technology procurement in stimulating the growth of research-intensive SMEs;
- to acknowledge, in their National Reform Programmes and implementation reports, the role of the OMC process may have played in national RTD policy development;
- and finally, to optimally exploit the opportunities provided by the "OMC-NET" scheme to assess issues of common interest and, where appropriate, develop joint policy initiatives.

5. In particular, **ENCOURAGES** the Commission:

- to facilitate and inform the (often resource-intensive) peer-review process as further countries volunteer to be reviewed and to coordinate this process with ongoing work in the OECD;
- to work with the Member States to develop policies and facilitate mutual learning on knowledge transfer by universities and public research institutes to society and industry, addressing inter alia the need for common approaches for performance assessment, training and professionalisation of knowledge transfer units, and to support transnational collaboration in this area;
- to ensure that the state aid framework for R&D helps to strengthen collaboration between public research establishments and businesses;
- to address the "equity gap" faced by some research-intensive SMEs when revising the State Aid Rules;
- To publish a set of recommendations and general principles in the form of European Charter to promote collaboration and technology transfer between public research organisations and industry;
- and finally to continue support to the OMC process through OMC-NET and analogous initiatives in the Seventh Framework Programme.

6. **NOTES** the ongoing work by the Steering Group on Human Resources and Mobility within the broad heading of Member States' policy coordination, most notably its work on inter-sectoral mobility and its collaboration with the Commission on the European Charter for Researchers/Code of Conduct for the Recruitment of Researchers<sup>7</sup> and the "night of the researcher" initiatives.
7. **CONCLUDES** that the second application of the open method of coordination and analogous policy coordination activity have made an important contribution to the shared political objective of increasing investment in R&D towards 3% of GDP and that further OMC work-modules should be developed by CREST Member State delegations as part of a "third cycle".
8. **RECORDS** the following intentions with respect to the future optimal use of the open method of coordination in the RTD policy sphere:
  - policy areas selected by CREST for OMC will be sufficiently narrow to allow policy-makers to engage at a level of detail commensurate with in-depth policy learning;
  - attention will be paid to the development, planning and selection of work-modules by CREST, involving external project management expertise where necessary;
  - the optimal integration of policy-making at a regional level in the OMC process will be considered;
  - the establishment of an oversight and management group to act as an interface between CREST delegations and the detailed work ongoing in each work-module will be considered;
  - the Commission will work with the CREST Secretariat to establish a "knowledge-sharing platform" to optimally capture the benefits of the OMC process and, where appropriate, disseminate those benefits to the wider policy-making community in Europe;
  - the Member States and CREST will adopt measures to ensure that the output of the OMC process is also visible to other interested parties such as industry and the wider civil society.

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<sup>7</sup> doc. 7321/05 - Commission Recommendation of the European Charter for Researchers and on a Code of Conduct for the Recruitment of Researchers.

9. **SIGNALS** its intention to better synchronise future reporting of the open method of coordination process with the broader reporting cycle of the European economic reform (Lisbon) process.

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