

PRO-PRODUCTIVITY INSTITUTIONS AT WORK: COUNTRY PRACTICES AND NEW INSIGHTS ON THEIR SET-UP AND FUNCTIONING

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ABSTRACT/RÉSUMÉ**Pro-productivity Institutions at Work:
Country practices and new insights on their set-up and functioning**

In the face of slowing productivity growth, a number of OECD countries have set up pro-productivity institutions to produce objective evidence and data on productivity trends and growth drivers and help inform pro-productivity policies and interventions. The paper presents a new analytical framework to analyse the key characteristics of these pro-productivity institutions. The framework draws on a comprehensive stocktaking of pro-productivity institutions and applied policy advice work aimed at supporting capabilities and mutual learning across these institutions. The paper finds that pro-productivity institutions rely on a variety of set-ups and approaches to contribute to pro-productivity policies. Despite this variety, the paper does point to some lessons that can help pro-productivity institutions to continuously strengthen their capabilities. In particular, the paper highlights the importance of guaranteeing the analytical independence of pro-productivity institutions and access to micro-level data on firms and workers to inform policies and interventions with objective data and evidence. The paper opens a new line of research on the political economy of productivity policies that can support countries ensure the effective implementation of policies aimed at enhancing incomes and living standards.

Keywords: productivity, competitiveness, pro-productivity institutions, National Productivity Boards, political economy of reform, implementation, structural policies.

JEL classification codes: D02, D04, D24, E24, J24, O47

Les institutions de pro-productivité à l'œuvre: pratiques nationales et nouvelles perspectives sur leur mise en place et leur fonctionnement

Face au ralentissement de la croissance de la productivité, un certain nombre de pays de l'OCDE ont mis en place des institutions pro-productivité pour produire des évidences et des données objectives sur les tendances de la productivité et les moteurs de la croissance et pour aider à formuler les politiques et les interventions pro-productivité. Ce document présente un nouveau cadre analytique pour analyser les principales caractéristiques de ces institutions pro-productivité. Ce cadre s'appuie sur un inventaire complet des institutions pro-productivité et sur un travail de conseil politique appliqué visant à soutenir les capacités et l'apprentissage mutuel entre ces institutions. Le document constate que ces institutions pro-productivité s'appuient sur une variété de structures et d'approches pour contribuer aux politiques de pro-productivité. Néanmoins, l'étude met en évidence certains enseignements qui peuvent aider les institutions de productivité à renforcer continuellement leurs capacités. Ce document souligne, en particulier, l'importance de garantir l'indépendance analytique des institutions de productivité et leur accès aux données microéconomiques sur les entreprises et les travailleurs afin d'améliorer les politiques et les interventions avec des données objectives. Il ouvre une nouvelle voie de recherche sur l'économie politique des réformes en faveur de la productivité pouvant aider les pays à garantir la mise en œuvre efficace de politiques visant à améliorer les revenus et les niveaux de vie.

Mots clés : productivité, compétitivité, institutions pro-productivité, Conseils nationaux de la productivité, économie politique des réformes, mise en œuvre, politiques structurelles.

Classification JEL : D02, D04, D24, E24, J24, O47

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Pro-productivity institutions at work: country practices and new insights on their set-up and functioning

By Filippo Cavassini, Chiara Criscuolo, Francesca Papa and Fatima Talidi¹

1. Introduction

1. Aggregate productivity growth, a key driver of income growth and prosperity, has slowed down considerably since the turn of the century across nearly all advanced economies. In most OECD countries, labour productivity growth has been significantly lower between 2010 and 2019 than before the 2007-2009 financial crisis (OECD, 2021^[1]). On average, across the OECD, labour productivity growth was lower by 0.8% in the 2010-2019 decade than the previous one.

2. The COVID-19 pandemic has sent shockwaves throughout the global economy by limiting national and international mobility, accelerating the adoption of digital technologies and of new business models and working arrangements, and disrupting trade flows with implications for productivity levels and growth.

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These effects might be further exacerbated by the economic consequences of the war in Ukraine (OECD, 2022^[2]).

3. In the face of these challenges, attaining high productivity growth has become even more central for policymaking in most OECD countries, as it not only impacts macroeconomic variables, but it is also essential for increasing incomes, living standards and well-being.

4. However, because of its multifaceted and all-encompassing nature, productivity enhancing policies can be difficult to design and implement as they cut across policy areas and need a concerted effort within and outside government. Well-designed pro-productivity institutions (PPIs) have the capacity to facilitate the development of pro-productivity policies which are best suited to their respective countries. PPIs can produce the evidence on productivity trends that help design effective policies and can serve as a co-ordination device that help create cross-linkages among the needed policy interventions. When they are governed in a transparent manner and equipped with adequate resources, PPIs have the potential to offer independent and sector-specific advice to encourage effective pro-productivity policies (OECD, 2022^[3]).

5. Many OECD Member countries have long-standing institutions that aim to improve productivity and competitiveness at the national level (e.g. Australia, New Zealand, and Ireland). These institutions vary in terms of their remit and resources, offering key learnings for newly-established institutions. Over the past few years, several European Member countries have established pro-productivity institutions, in line with the European Commission's Recommendation 2016/C 349/01, which recommends that all countries in the Euro area set up National Productivity Boards (NPBs).²

6. A comprehensive review of the different key features of PPIs across OECD countries is instrumental to have a better understanding of how PPIs contribute to higher productivity growth and long-term well-being. The OECD has conducted such reviews in 2015 and 2017 (Banks, 2015^[3]) (Renda and Dougherty, 2017^[4]), i.e. before the implementation of the European Commission (EC) Recommendation. This paper fills this gap and contributes to ongoing policy discussion by expanding on and bringing new insights to existing research with a new framework and an extensive analysis of practices of PPIs across a large set of OECD countries.³

7. The paper is organised as follows. The next section presents the analytical framework developed to review country practices. Section 3 reviews and compares different country practices. Finally, section 4 concludes with a summary of the main takeaways from the comparative analysis and suggestions for next steps.

² Although addressed to Euro area Member States, Recommendation 2016/C 349/01 also encouraged non-Euro area Member States to identify or set up similar bodies.

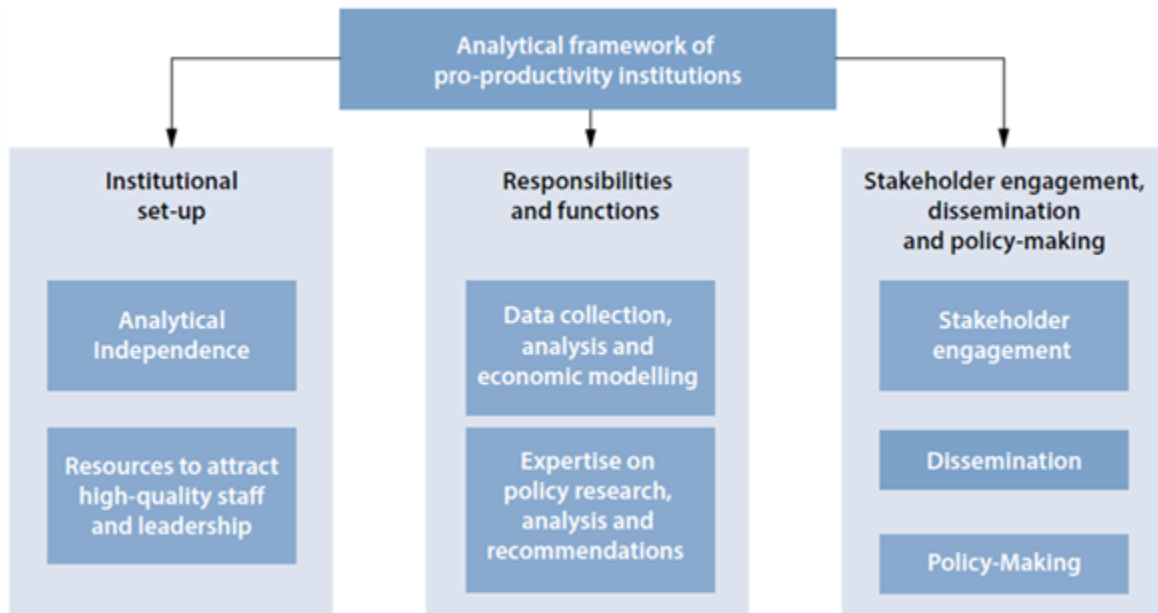
³ The paper draws on new analysis conducted to support the set-up and analytical capacity of the Slovak National Productivity Board, jointly conducted with the European Commission (OECD, 2022^[7]). It reflects insights and discussions conducted in a series of working sessions and study visits with an expert group on National Productivity Boards, including the Belgian, French, Irish, Luxembourgish, Portuguese and Slovak pro-productivity institutions, to whom the authors of this report are extremely grateful. It also incorporates insights from the conference "[Productivity and Competitiveness in the Eurozone in an Uncertain Environment](#)" organised jointly by the French *Conseil national de productivité*, France Stratégie, the European Commission and the OECD on 30 June 2022 with the participation of numerous PPIs.

2. Analytical framework

8. This section describes the analytical framework that is developed to analyse the key characteristics of PPIs across OECD countries. It builds on a taxonomy of PPIs and what makes them effective (Banks, 2015^[3]). It draws on a stocktaking of PPIs practices and applied policy advice work to advance this taxonomy and identify in greater detail common lessons across the variety of country practices and approaches.

9. The analytical framework evolves around three categories of essential elements for the set-up of PPIs to support the analysis of their functioning and possible areas of improvement. The three categories are: institutional set-up, responsibilities and functions, and stakeholder engagement, dissemination and policymaking (Figure 1).

Figure 1. Analytical framework of pro-productivity institutions



Source: OECD elaborations

10. The analytical framework aims to capture the internal capacity of PPIs. This internal capacity inevitably requires national governments' commitment and capacity to review and implement the policy recommendations in order for PPIs to produce real impact. These external preconditions are only marginally influenced by the internal capacity of a pro-productivity institution to develop policy analysis. Nevertheless, any institutional set-up should account for these contextual elements to ensure that PPIs can effectively contribute to the domestic policy debate. When comparing different countries, existing political and institutional arrangements, different root causes affecting the slowdown in productivity in each country and varying government objectives should also be considered when drawing lessons on how to improve the effectiveness of PPIs.

2.1. Building blocks of the analytical framework

2.1.1. Institutional set-up

11. The primary role of PPIs is analysing the evolution of domestic trends of productivity and competitiveness and guiding national policies surrounding productivity, acting as a source for incorporating inputs and evidence into policy recommendations. The ability of institutions to effectively communicate their policy recommendations, and allow these to be incorporated into policy-making, is largely linked to their defining institutional features, the analysis of which constitutes the first step into analysing the set-up and capacity of PPIs. Design features include the institution's ability to provide independent analysis and the governance frameworks that can be used to guarantee independence and autonomy. The analytical framework places particular emphasis on analytical independence, as part of a broader package of institutional design features that make a pro-productivity institution effective. In the analysis of analytical independence, this dimension is further broken down to zoom in on the legal status; composition; chair and secretariat of different PPIs and the trade-offs that different set-ups engender. Moreover, the framework stresses the importance of allocating adequate resources to allow PPIs to provide meaningful contributions to policy making. Drawing on the experience of a number of PPIs, the framework also highlights the importance for these as, institutions to remain plugged into the policy cycle through appropriate accountability and reporting mechanisms.

2.1.2. Responsibilities and functions

12. The ability to analyse data, develop pro-productivity policy analysis and recommendations and ultimately influence economic policies and reforms relies on a clear allocation of responsibilities and functions. These components each serve an important role in allowing PPIs to operate effectively, and therefore, it is important that a balance is achieved between the allocation of resources for fulfilling these functions. Responsibilities and functions determine the quality and variety of outputs of PPIs and the extent to which they are able to deliver on their mandate with robust and actionable productivity analysis. Some institutions may compile existing research, while some may have the ambition to be active in the production of new findings. Data collection, analysis and economic modelling, together with expertise on policy research, analysis and recommendations and the ability to disseminate the results of specific studies are all important functions for an institution's effectiveness.

2.1.3. Stakeholder engagement, dissemination and policy making

13. In order to ensure that PPIs support their analysis with the views of experts and different parts of society, stakeholder engagement and results dissemination are key. This allows for an in-depth understanding of the potential impacts of policy recommendations on businesses and other stakeholders. A second key tool to ensure pro-productivity institution accountability and transparency is sustained communication/contact with the press, as media and written press are the main vectors for PPIs to reach wider public and enhance impact. Experience from different PPIs highlights the importance of being able to reach the public with a range of communication tools, from consultation to advocacy and online presence. Dissemination helps raising awareness on the work of PPIs and contributes to increase the chances of influencing policymaking. It also points to the importance of producing evidence and data and communicate them clearly and effectively to policy makers to ensure that these data and evidence are used for designing pro-productivity policies.

3. Insights from country practices

3.1. Institutional set-up

14. This section looks at country practices informing the institutional set-up element of the analytical framework. It looks first at analytical independence, including mandate and legal status, composition and functioning, institutional leadership and the secretariat and resources supporting PPIs.

3.1.1. Analytical independence

15. Guaranteeing analytical independence of the technical analysis conducted by PPIs is a key enabler for the effectiveness of their work. Analytical independence is key to ensure that PPIs can produce research, findings and evidence-based policy recommendations that are not susceptible to undue influence by special interests and party politics while relying on governmental structures and resources.

16. Analytical independence can support the promotion of productivity reforms that require a commitment that extends beyond the political cycle. The ability of a pro-productivity institution to conduct independent research and select research topics and an agenda at its own initiative indicates a level of analytical independence. The institution's mandate and legal status, the eligibility criteria for Board members and management, the composition of the Board as well as the interactions between the institution and other government bodies all contribute to the institution's ability to conduct independent research and produce policy recommendations.

17. In short, the analytical independence of a pro-productivity institution can be understood in terms of: 1) mandate; 2) legal status; 3) composition and functioning; 4) chairperson; and 5) Secretariat.

Mandate

18. The mandates and roles of different PPIs appear relatively aligned across different OECD countries. The core role of PPIs is to monitor trends, assess policies and encourage improvements in relation to productivity and competitiveness. The objectives of PPIs are generally guided by long-term thinking, which national governments may be less inclined to adopt, due to pressing short-term policy challenges. As such, the establishment of PPIs can contribute to the enhancement of ownership and implementation of the productivity policies at national level, with the long-term goal of sustained economic growth and convergence.

19. In some countries, the institution's competences are limited through sectorial limits to the institution's roles and tasks and a list of topics that lie beyond the institution's competences. For example, differently from other PPIs, the 2018 federal law establishing the Belgian pro-productivity institution specifies limits to the institution's roles and tasks. In particular, the law explicitly excludes the analysis of wage setting mechanisms from its competences, which is within the responsibilities of the social partners⁴.

20. In some long-standing PPIs, such as Australia, New Zealand and Ireland, efforts to enhance productivity are guided by complementary missions, such as enhancing competitiveness, promoting improvements in community wellbeing and advancing sustainable development. For these institutions, improvements in productivity offer the means to fulfil other goals. Whilst most institutions focus on national, economy-wide productivity, some also provide sectoral and regional analysis. Australia provides such an

⁴ This is in line with the 2017 law reforming the 1996 Law on the Promotion of Employment and the Preventive Safeguarding of Competitiveness.

example, as the Productivity Commission reports regularly on developments in productivity data at a national, regional and sectoral level.

21. A large share of the work conducted by PPIs relates to monitoring progress on productivity, by either producing or collecting indicators, and reporting regular updates to national government bodies. This points to the role of PPIs as a trusted repository of productivity trends, supported by the consistent implementation of robust methodologies to monitor these trends.

22. PPIs in the European Union (EU) might face stricter top-down criteria in relation to their role and objectives. However, each EU pro-productivity institution is responsible for developing its own mandate, and under the Commission's progress report on the implementation of Recommendation 2016/C 349/01, all EU PPIs reported that they decide autonomously on their work programme (European Commission, 2019^[5]). Therefore, they exhibit a degree of autonomy building upon their core role. Reporting requirements for PPIs in EU Member States are detailed in Recommendation 2016/C 349/01. This sets the expectation that each pro-productivity institution should deliver an annual report which identifies challenges facing productivity in their Member State. Although not explicitly noted in the Recommendation, the majority of EU PPIs also use their annual report to provide policy recommendations to address productivity issues. For example, Ireland's National Competitiveness and Productivity Council (NCPC) produces two annual reports, which aim to benchmark Ireland's international competitiveness and productivity, outline competitiveness and productivity challenges, and provide policy recommendations.

23. In institutions outside the EU, such as in Australia and New Zealand, while PPIs publish productivity analysis and offer government bodies direct recommendations, their annual reports focus on providing an update on the performance and activities of their institutions. The Council of Economic Advisers (CEA) of the United States also releases an annual report. However, this report provides a broader analysis of the nation's economic progress and does not offer direct policy recommendations on productivity challenges.

Legal status

24. While there is similarity in the mandates and core purpose of PPIs, across countries, a variety of legal and governance set-ups exist to carry out these functions, reflecting each country's specific circumstances and institutional context.

25. These defining features vary between PPIs, in terms of their institutional typology, level of independence and accountability. Table 3.1. provides an overview of the key design differences in a number of selected institutions.

26. The three key institutional formats are government advisory councils, standing inquiry bodies and ad-hoc taskforces:

- **Government advisory councils** offer expert advice and information in relation to key policy issues. These institutions often have a secretariat based within a ministry, although some have their own budgets and separate staff resources (Banks, 2015^[3]). In the case of PPIs in the EU, which have typically adopted the government advisory council institutional set-up, several EU Member States have built upon existing institutions. For example, the NCPC in Ireland was initially established as the National Competitiveness Council in 1997, and has built upon the success of this existing institution, and expanded its remit to cover productivity. Other countries, such as Belgium, Hungary and Luxembourg, have established new institutions, relying on support and knowledge from existing bodies, such as government ministries and central banks. The organisational structure varies, with some institutions consisting of a board comprised of several members from academia, business associations, unions, government departments and public

sector bodies, whilst being led by a chair or a president (e.g. Belgium, Denmark, Finland, France, Hungary, Ireland, Luxembourg and Romania). The boards tend to receive technical and secretarial support from a government department, or a group of experts. In other cases, the role of the pro-productivity institution is entrusted to a body, such as a research institute (e.g. Netherlands, Slovenia) or a ministerial department (e.g. Portugal, Slovakia), led by a director or chair (European Commission, 2021^[6]) (OECD, 2022^[7]).

- **Standing inquiry bodies** are institutions with a core function of conducting public inquiries at the request of the government on key policy or regulatory issues bearing on economic performance and community wellbeing. For example, the New Zealand Productivity Commission conducts inquiries at the request of the Cabinet of New Zealand. With the government having selected a final inquiry topic following suggestions from the Productivity Commission and consultation with the Minister of Finance, Treasury officials, under direction of the Minister of Finance, develop the scope of the inquiry in a terms of reference. Based upon the Productivity Commission's findings and recommendations, the government outlines which actions, if any, it intends to take in a formal response to the inquiry. Similarly, the Australian Productivity Commission contributes to policy development by providing independent advice and information. It conducts public inquiries and undertakes a variety of research at the request of the Australian Government.
- Finally, in some cases, these bodies are created as **ad-hoc taskforces** set-up by the central government to conduct inquiries, obtain information and provide advice on certain policy issues. These are often set up to provide specialist expertise or offer an independent perspective. The remit of these bodies varies, and they tend to be temporary in nature. For example, the Danish and Norwegian Productivity Commissions provide examples of institutions set up with a time-bound mandate to provide an overview of the state-of-play of productivity in their respective countries.

Table 1. Brief overview of pro-productivity institutions in selected OECD countries

Country	Institution	Type of institution	Relationship with government
Australia	Productivity Commission	Standing inquiry body	Australian Government's independent research and advisory body
Belgium	National Productivity Board (Conseil National de la Productivité)	Government advisory council	Independent
Chile	National Productivity Commission (<i>Comisión Nacional de Productividad</i>)	Standing inquiry body	Independent, reports to the Committee of Ministers of Economic Affairs and the Interministerial Committee for Social Development
Denmark	National Productivity Board (<i>De Økonomiske Råd</i>)	Ad-hoc government advisory council	Independent
France	National Productivity Board (Conseil National de Productivité)	Government advisory council	Independent public think tank affiliated with Prime Minister's office

Germany	Council of Economic Experts (<i>Sachverständigenrat Wirtschaft</i>)	Government advisory council	Independent
Greece	Centre of Planning and Economic Research (Κέντρο Προγραμματισμού και Οικονομικών Ερευνών)	Government advisory council	Independent, appointed by Ministry of Development and Investment
Hungary	National Competitiveness Council (<i>Nemzeti Versenyképességi Tanács</i>)	Government advisory council	Government ministry (Ministry of Finance)
Ireland	National Competitiveness and Productivity Council	Government advisory council	Independent, reports to the Minister for Business, Enterprise and Innovation
Luxembourg	National Productivity Board (Conseil National de la Productivité)	Government advisory council	Independent, established under the authority of the Minister of Economy
The Netherlands	Bureau for Economic Policy Analysis (<i>Centraal Planbureau</i>)	Government advisory council	Government ministry (Ministry of Economic Affairs and Climate Policy)
New Zealand	Productivity Commission	Standing inquiry body	Independent Crown entity, work programme set by Ministers, with the Minister of Finance as Responsible
Portugal	Council for Productivity (Conselho para a Productividade)	Government advisory council	Government ministry (joint dispatch from the Minister of Finance and the Minister of Economy)
Slovakia	National Productivity Board (Council of the Government of the Slovak Republic for Competitiveness and Productivity)	Government advisory council	Government ministry (Ministry of Economics)
Slovenia	Institute of Macroeconomic Analysis and Development (<i>Urad RS za makroekonomske analize in razvoj</i>)	Government advisory council	Independent (formerly government ministry), reports to President
USA	Council of Economic Advisers	Government advisory council	Agency within the Executive Office of the President

Source: OECD elaborations

27. Different trade-offs are associated with different governance set-ups and their varying degrees of engagement with the central government. In general, standing inquiry bodies display a higher level of independence than advisory councils located within government ministries. A clear advantage associated with a higher level of independence (e.g. as is the case for Luxembourg, France, Belgium), is that a body can depart from the short-term needs of government, and concentrate on broader, transformative, long-term issues that are often difficult for government bodies to factor into their thinking, while also being less exposed to pressure from vested interests. However, institutions with a closer relationship to government (e.g. Portugal, Slovakia) have a greater opportunity to contribute more significantly to the policy process, encouraging evidence-based policy-making internally.

28. In line with the different trade-offs and evolving national contexts, it is also possible for PPIs to modify and adapt their institutional set-up over time, as has been the case for the Slovenian pro-productivity institution, which has evolved from ministerial to independent advisory body (IMAD, 2018^[8]) and for the Slovak pro-productivity institution, which was led by the head of the Institute of Strategic Analysis, an analytical unit within the Government Office and has recently introduced changes to its institutional status, appointing the Minister of Economy as Chair (OECD, 2022^[7]). Overall, across all governance set-ups and evolutions, what enables evidence-based work is the institutions' analytical independence to provide good recommendations (i.e. independence in technical terms), as well as the government's commitment to recognise the value of the institution's analysis and translate it into policy.

29. As evidenced by international experiences, analytical independence can be guaranteed in any set-up through a number of safeguards. For example, in some countries (e.g. Belgium, Finland, Luxembourg, the Netherlands and Slovenia), functional autonomy is legally guaranteed, which is consistent with the Recommendation of the Council of the EU recommending the creation of Productivity Boards, which explicitly mandates that all NPBs should have functional autonomy (Council of the EU, 2016^[9]).

30. A common feature that also appears to be fundamental for the effectiveness of PPIs is their freedom to decide on the content and scope of the work and the possibility to act autonomously (Renda and Dougherty, 2017^[4]). For example, in countries such as Belgium, France, Luxembourg and Germany, the Board is the ultimate decision-maker on timeline, subjects and work agenda of the pro-productivity institution. In particular, one important feature of the Belgian NPB is that the agenda and the outcome of the technical work are not supervised by government. The internal rules of the NPB are established by the board itself and published as a Royal Decree – thus guaranteeing no political interference in the functioning of the pro-productivity institution.

31. Analytical independence of PPIs does not prevent interactions with other public institutions, which can on the contrary be quite useful for productivity analysis. For example the French *Conseil national de productivité* (CNP), which sits within *France Stratégie* (a public think tank affiliated with the Prime Minister's Office) grounds independent productivity analysis on close relationships with other public bodies. In conducting their research, members of the French CNP can consult relevant institutions and public administrations to access useful information. As such, the CNP frequently interacts with a network of advisory bodies, including the Council of Economic Analysis, the Pensions Policy Council and the High Council for the Future of Social Security, among others. However, the CNP has full analytical independence from these institutions in producing its annual report and the views of the economists and researchers are expressed independently of economic and political authorities. The Board is fully independent in defining the work agenda and the content of the reports. *France Stratégie*, where the CNP is headquartered, is likewise an independent, advisory body and constitutes the institution's secretariat.

Composition and Functioning

32. As national expert bodies, PPIs strongly rely on the robust and diverse expertise of members to function on a continuous basis and produce impactful research. As a result, most institutions consist of a variety of members chosen from academia, business associations, private sector, unions, government departments and/or other public sector bodies.

33. However, the composition of PPIs varies significantly across countries as different countries attribute different weights to these categories of experts. For example, the Danish pro-productivity institution is entirely chaired by academics, while Ireland has a significant private sector constituency. Meanwhile, in France, the CNP places high value in including academics with previous exposure to policymaking and economic institutions (e.g. OECD, Bank of France) to guarantee relevance and applicability of their work. This ensures that the main messages from the institution are not disconnected from public policy constraints and can be understood by policymakers as well as more widely by the public. The number of official members ranges from three/four (e.g. USA / New Zealand, Finland and Denmark) to twelve (e.g. France, Belgium) and a maximum of sixteen in Ireland.

34. The Belgian pro-productivity institution provides an interesting example of a strong regional representation. It includes 12 overall members (1 president, 2 vice-presidents and 9 members) divided among 6 members from the federal level and 6 from the regional level. At the federal level, two members are selected by the secretariat of the Central Economic Council⁵ (1 President); two others by the National Bank of Belgium (1 Vice-president) and two others by the Federal Planning Bureau⁶ (1 Vice-president). At the regional level, 4 are professors at the university and 2 are senior economists. The inclusion of members at the regional level is particularly important to bring key stakeholders around the table when developing annual reports and addressing regional disparities, including through close technical collaboration with the secretariat of the Central Economic Council and Regional statistical offices. The Belgian institution's composition also ensures respect for linguistic parity.

Figure 2. Membership of the Belgian CNP



Source: CNP website

35. With regard to technical expertise, some institutions are comprised of experts in trade, macroeconomics, and public policy, in addition to microeconomic experts focusing on productivity. The French experience is useful in this sense, as it provides an example of a board of productivity economists where each member brings expert knowledge of a different topic within the study of productivity. In some cases, institutions also bring in external advisors and consultants to complement their in-house expertise.

⁵ Composed of representatives of employers' associations and trade unions, plus six independent experts, the Central Economic Council is a public body which submits formal opinions on issues relating to the national economy to the government and Parliament.

⁶ The Federal Planning Bureau is an independent public agency which makes studies and projections on economic, social and environmental policy issues and on their integration within the context of sustainable development.

36. Formal eligibility criteria to select the Board's members and its management can strengthen the institution's credibility and its ability to perform continuously and independently. The criteria, which appear in the legislation of a significant number of PPIs, can consist of academic qualifications (Germany, Greece, Ireland, and Slovenia), expertise in the field (Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Hungary, and the Netherlands) and rules to avoid conflicts of interest (Germany, Belgium and Denmark). For example, in France, the CNP is comprised of 11 independent academic economists, who are nominated by the Prime Minister on the basis of standards of academic qualifications for a period of two years (renewable).

37. In other cases, such as Slovakia, the institutions do not have a formal or legal provision on criteria for selecting board members. For example, in Latvia, board members have been selected based on their reputation and experience in policymaking and in economics (European Commission, 2021^[6]).

38. Finally, incompatibilities criteria are also important, insofar as they are designed to avoid conflicts of interest and undue influence from political powers, as in the case of the German institution, whereby members cannot belong to any employee association or trade union, and cannot be bound to such organisations by a permanent contract (GCEE, 2019^[10]).

39. In Belgium, the law establishing the pro-productivity institution sets out formal eligibility criteria to select the Board's members as well as some incompatibilities. For example, individuals holding office as minister or parliamentarian or collaborating for a political party cannot be nominated as Board members, and Board members are not permitted to hold political or public posts during their terms of office. The Board also has specific legislative provisions for limitations on dismissals. Indeed, the federal law instituting the Board mandates that members should be nominated for a 4-year renewable mandate and not dismissed before the end of the term. In the event of the early resignation of a member, their successor is only appointed for the remaining term of office of the member they replace.

Chairperson of the Institution

40. The head of a pro-productivity institution can influence its public credibility and, in turn, its value as a vehicle for policy reform. PPIs are usually headed by a chair/president/scientific director, or a chairing group which can be supported by a number of vice-chairmen (e.g. two in Belgium, the Netherlands, Slovakia, and Slovenia).

41. For example, the Belgian pro-productivity institution is headed by a "Bureau" which is composed of 3 members of the pro-productivity institution, namely: a chairman, nominated by the secretariat of the Central Economic Council and two vice-chairmen, one nominated by the National Bank of Belgium and the other by the Federal Planning Bureau. The Bureau determines the agenda of the meetings as well as the choice of themes to be examined by the Board.

42. Meanwhile, Denmark provides an interesting case of collective chairmanship. The Danish pro-productivity institution, set up in 2017, is an independent economic advisory body consisting of the two economic councils (the Economic Council, and the Environmental Economic Council) with one joint, independent chairmanship. It is comprised of four members who are independent economic experts, typically university professors. The chairmanship decides issues to be addressed in individual reports and is responsible for formulating conclusions and proposing policy adjustments in the areas analysed. The chairmanship of the Economic Councils is.

43. In the vast majority of international experiences, PPIs' chairs are experienced economists or academic experts. In a few cases, such as Hungary and Slovakia, the institution's head is a political figure, such as a minister.

44. The appointment of high-level political figures may be a sign of high-interest by policy makers. However, there have to be strong safeguards to guarantee the analytical independence of the work of the institution. There are examples of other advisory bodies like councils of economic advisers where the political leadership is chairing the body as it is the case for the Prime Minister for the French Council of Economic Analysis. In this case, however, the mandate and institutional set-up is designed in a way that guarantees independence of the analysis and the advice produced, for example, through the appointment of a delegated chair who is different from the political chair and, as an independent economist, is responsible for leading the work of the body which is composed of independent economists. Additional safeguards include full autonomy in the choice of the issues addressed, the analysis conducted and the advice provided.

45. Appointment procedures also vary across countries. In France, for example, the chair is appointed by a Government Decree for a renewable period of two years together with the appointment of the other members of the institution. In Denmark, the collective chairmanship is formally appointed by the Minister of Economic Affairs for a three-year period, which can be extended. In Germany, the institutions' members are appointed every five years by the President on the recommendation of the Federal Government, and then the Council selects one of its members as chairperson for three years.

46. In the United States, the chair of the Council of Economic Advisers is appointed by the President with the advice and consent of the Senate, who analyse and interpret economic developments and formulate and recommend economic policies that advance the interests of the American people (The White House, 2020^[11]). Due to the election of the chair by the President, one possible issue is the short duration of member positions. However, such short duration reportedly helps to attract top-level scholars, who cannot leave their academic positions for more than two years.

Secretariat of the Institution

47. PPIs typically have a secretariat based within a ministry, although some have their own budgets and separate staff resources. The Secretariats are essential to provide administrative, technical, and analytical support to the institutions. They can comprise a number of full-time equivalent staff, but most often rely on staff that has other responsibilities in addition to the institution's tasks.

48. International experiences show that secretariats are often housed in already-existing independent public agencies or research institutes. For example, in Hungary, the secretariat and analytical background of the Council is provided by the Ministry of Finance, as well as the institutions represented by the members. In Chile, the secretariat consists of seven economists, two lawyers, a communication expert, and a business manager. The members of the secretariat are under the same contract as civil servants (Corporación Andina de Fomento, 2019^[12]).

49. In Belgium, the Federal Public Service Economy⁷ provides secretariat support to the NPB and its "Bureau". The secretariat is responsible for assisting the institution and its Bureau in all of their activities and in particular for convening meetings of the latter, drafting the agenda, meeting reports and summaries of the contributions of members of the institution and ensures all internal communications and publication of the reports of the institution and its Bureau. The Board Secretariat holds quarterly meetings with the Board. As for the members of the Board, members of the secretariat are appointed by the King.

⁷ The Federal Public Service Economy, commonly known as FPS Economy is a Federal Public Service of Belgium created in 2002, to contribute to the development, competitiveness and sustainability of the goods and services market, ensuring the position of the Belgian economy at the international level, promoting trade by fair economic relations in a competitive market, collecting, processing and disseminating economic information.

3.1.2. Stable financial resources to attract high-quality staff and leadership

50. A flow of stable and sufficient resources and clearly defined budgets are also paramount for any pro-productivity institution to engage in the collection and/or production of data through inquiries and research, and to perform analysis and modelling that can contribute to the policy debate. Adequate funding ensures stability in the functioning of PPIs and strengthens their analytical autonomy.

51. Budget and human resources must allow PPIs to conduct research and any necessary stakeholder consultation activities in line with their mandate. The provision of a budget, which allows PPIs to extend beyond their minimum reporting requirements, to engage in the production of data through additional inquiries and research, and more extensive analysis and modelling, has the capacity to attract and retain high-quality specialist staff and leadership. This in turn will enhance the quality of research outputs and the policy recommendations put forward to government. The allocation of resources from the government to PPIs also reflects their level of political commitment, which is considered essential for the influence of PPIs.

52. One aspect to consider is whether budgets are allocated annually or on a multi-year basis, which helps to shield the institution from undue influence. With tight budgetary constraints, PPIs can also draw on a pool of academic experts to alleviate workload and provide additional expertise when needed without the need to hire additional resources.

53. In the EU, with a few exceptions (such as Denmark), most members of PPIs are non-salaried, part-time employees, although they may receive compensation for attending meetings (European Commission, 2019^[5]). For example, in countries such as Belgium and Slovakia, the pro-productivity institution does not dispose of its own budget / own human or financial resources. In addition, it does not have full-time equivalent (FTE) staff working for the institution.

54. Resource limitations can thus prove an issue for PPIs, both in terms of available funding and human resources. In particular, for the institutions which do not engage directly in data collection and the creation of productivity indicators, budgetary limitations can often restrict the capacity to conduct high-quality research.

55. In response to internal resource limits, PPIs have taken different approaches to ensure that they have sufficient resources. For example, some institutions, such as in France and New Zealand, decided to leverage expertise from external bodies. France's CNP within *France Stratégie*, has displayed resilience to resource limitations, through engaging with external institutions, to benefit from knowledge-sharing. The capacity to call on a pool of consultants and academic experts has been shown to alleviate workload and provide additional expertise when needed, whilst engaging similar institutions can be useful to exchange views and learn from experiences on common issues, without the need to hire additional resources.

56. Similarly, New Zealand provides an example of a pro-productivity institution responding to internal resource limits by leveraging expertise from external bodies. To support New Zealand's Productivity Commission, a Productivity Hub was created as a partnership of agencies, with the aim of improving the capacity for policy to contribute to improvements in productivity performance and wellbeing in New Zealand. The Productivity Hub Board is comprised of representatives from the Productivity Commission, the Ministry of Business, Innovation and Employment, Statistics New Zealand, and the Treasury. Several other agencies and non-governmental groups are active in the partnership, allowing the Productivity Commission to fill knowledge gaps through engaging with experts, without the need to hire internal staff.

57. Other Boards have increased the overall budget of the institution entrusted with the task of PPIs. Meanwhile, Denmark and Greece, provide examples of funded PPIs. In particular, the financing of the Danish Economic Council is facilitated through the Finance Act, and the budget allocation for 2020 was

DKK 28.6 million (Danish NPB, 2020^[13]). In Greece, the Centre of Planning and Economic Research (KEPE) receives funding from the Greek State (KEPE, 2019^[14]).

58. Another option is increasing the human resources allocated to the ministerial department entrusted with the task of pro-productivity analysis as in Lithuania. Conversely, a project-based funding scheme, as observed in Latvia, may make it more challenging for the Productivity Board to conduct its mandate continuously (European Commission, 2021^[6]). This feature could weaken the pro-productivity institution's independence in the long run.

3.2. Responsibilities and functions

59. This section looks at country practices informing the responsibilities and functions element of the analytical framework. It looks first at PPIs' approaches to data collection and analysis and how expertise on policy research, analysis and recommendations is mobilised by PPIs to produce their analyses and advice.

3.2.1. Data collection and analysis

60. PPIs' ability to produce high-quality analysis and policy advice is influenced by a number of key factors, among which data availability, good methodologies and analytical capacity are paramount. In particular, data availability and access remain essential to lend credibility to the work of a pro-productivity institution, as access to granular, up-to-date data (including firm-level data) is key to produce robust technical analysis informing policy. Building on robust methodologies is a necessary step to ensure productivity analysis is backed by evidence and ultimately useful for providing policy recommendations that can inform policy making.

61. Most pro-productivity institutions do not produce their own data, and rely on the remit of national banks, national statistics offices and other public bodies to supply data, including international sources, such as international databases managed by Eurostat and the OECD. Data access and exchange with government bodies are key to conduct high-quality data analysis and become the go-to source for national productivity trends over time. Data analysis, including the in-house development of modelling scenarios, allows to forecast productivity trends and to provide ex-ante analysis of potential policy recommendations.

62. Institutions which have relevant in-house expertise to collect, analyse and use data (e.g. to produce indicators, assess economic impacts), while in parallel have the skillset to conduct stakeholder consultation effectively and to disseminate their results to wide-ranging audiences, appear to be the most effective at promoting pro-productivity interventions across the policy cycle.

63. The capacity for data collection, analysis and modelling greatly varies among PPIs and crucially hinges on the Secretariat's internal capabilities and access to data and external resources on a continuous basis. The location of the pro-productivity institution within government does not necessarily correlate with ease of access to data, as witnessed by the Australian Productivity Commission, which is an arms-length institution, yet has a high level of access to government data. Therefore, developing a cohesive relationship with the relevant government ministries, and potentially implementing legal provisions to guarantee PPIs access to the information needed to fulfil their mandate can improve the ease of access to information.

64. In terms of data access, such an example is Belgium, where permanent and continuous access to relevant data from government institutions is legally mandated in the law establishing the pro-productivity institution. In France, access to data is also facilitated by the fact that the institution is part of a wider network of government advisory bodies that are used to share data and information. The French CNP also compares data with national and international institutions on a regular basis. As for data collection from

external sources, an interesting example is that of Chile, whereby the institution is able to collect micro and sectoral data from business associations to address sector specific inquiries.

65. In terms of data analysis, a smaller number of institutions develop in-house indicators to track progress of productivity and other economic trends. For example, Chile's CNP develops an annual estimate of TFP for the Chilean economy, which is presented in its annual report as a means of tracking productivity developments. In light of the large role played by the mining sector in Chile, the pro-productivity institution presents estimates for TFP both including and excluding mining activities. In order to compute the productivity indicators, the CNP relies on data sources from the National Statistics Institute and the Chilean Central Bank.

66. Data analysis more broadly, including the development of modelling scenarios, allows a number of institutions to project productivity trends and to provide ex-ante analysis of potential policy recommendations. For example, France's CNP uses an econometric model to identify the parameters capable of predicting business failure in the private sector, enhancing understanding of the predictors of potential bankruptcy for enterprises.

67. Other institutions, such as the PPIs of Denmark and the Netherlands have substantial in-house economic modelling capabilities. For example, the most widely-used model by the Danish pro-productivity institution is the Simulation Model of the Economic Council, a macroeconomic model used for forecasting the Danish Economy and assessing the impacts of economic policy interventions in the short and medium terms (Danish NPB, 2020^[15]). The pro-productivity institution of the Netherlands developed a state space model to account for the effects of banking crises on the potential or underlying growth rate of productivity (CPB, 2017^[16]).

3.2.2. Expertise on policy research, analysis, and recommendations

68. PPIs' ability to perform high-quality analysis and develop appropriate recommendations, based on an understanding of the inner workings of government, are core features of effective PPIs. At the design stage, it is important to consider the need for a balance of expertise, to ensure that the functions of the institution can be delivered, with inputs from a wide range of experts and stakeholders. For example, a pro-productivity institution can collaborate with experts in the field of innovation, public administration, or education to access the expertise for the different policy areas involved in productivity-enhancing reforms.

69. PPIs can be involved in all elements of the policy cycle, from providing initial recommendations for policy measure design to conducting analysis of the effectiveness of existing measures. There are interesting examples of different approaches PPIs are taking to develop policy recommendations based on their knowledge of the inner functioning of their government. Similar to other countries, the Belgian pro-productivity institution provides recommendations in policy areas that are adjacent to productivity but are still influencing productivity outcomes, either directly or indirectly. Policy recommendations are produced as part of the joint effort of the Secretariat and the Board to produce the annual report. The case of the French pro-productivity institution is also noteworthy, as the institution is embedded in a network of government advisory bodies covering a wide spectrum of economic policies, which enables the pro-productivity institution to gain access to a broad expertise of policy areas.

70. The Australian Productivity Commission is an interesting example of an institution that provides policy advice through a broad set of outputs beyond annual reports, including public inquiries, diversifying outputs to address different stages of the policy cycle. It has four key output streams: public inquiries and research studies requested by the government; performance monitoring and benchmarking and other services to government bodies; self-initiated research and annual reporting on productivity, industry assistance and regulation; and competitive neutrality complaints (Australian Productivity Commission,

2020^[17]). These output streams contribute to varying extents to the policy cycle, with public inquiries and self-initiated research often leading to specific recommendations to government for policy design.

71. More broadly, many institutions go beyond the annual reporting requirement. Some institutions produce semi-regular working papers and bulletins, which provide more detailed insights into particular economic research areas. For example, the Portuguese pro-productivity institution releases a series of working papers throughout the year on various research topics, which complement the productivity report. Elsewhere, the Netherlands' Bureau for Economic Policy Analysis publishes a series of scientific discussion papers, analysing determinants of productivity growth, as well as releasing policy briefs throughout the year.

3.3. Stakeholder engagement, dissemination and policy-making

72. This section looks at country practices informing the engagement, dissemination, and policy-making element of the analytical framework. It looks first at PPIs' approaches to engaging with stakeholders, how they disseminate their work, and how they contribute to policy making.

3.3.1. Stakeholder engagement

73. A key element for building an effective national productivity institution is continuous engagement with a range of government bodies, academia, industry, and international institutions (including pro-productivity institution counterparts), as well as social partners and trade unions. Ongoing dialogue with these actors ensures that PPIs are attuned with the experiences of these institutions, gathering access to data and stakeholder views, and facilitating lessons learned. These activities shape the level and breadth of expertise which PPIs can draw upon, and facilitate information gathering and knowledge sharing.

74. PPIs can sustain long-term connections with industry and business associations in order to gain access to specific members through them, depending on the sector of interest. In addition, continuous dialogue with academic experts and research institutions allows PPIs to learn from their expertise on institutional, policy and economic theory and to keep updated on the latest advances in these areas.

75. International organisations can encourage the exchange of good practices and lessons learned and can collaborate with PPIs in an advisory or supportive capacity, as was the case recently for the OECD/EC project in support of the Slovak pro-productivity institution (OECD, 2022^[7]). International peer-learning exchanges among institutions from different countries can also be mutually beneficial. For example, participation in international platforms for mutual learning such as the OECD Global Forum on Productivity, enables a discussion on the latest analyses and best practices for responding to the productivity slowdown and engage in knowledge-sharing on institutional set-up and policy analysis with international counterparts and other actors interested in productivity policies.

76. Similarly to other national and international public bodies, openness, transparency and engagement with key stakeholders are also increasingly important for PPIs across OECD countries. In the course of PPIs' activities, the engagement of different stakeholders, and notably social partners and trade unions, is an important tool for accountability and enables on-target and well-balanced policy analysis and recommendations. This is often achieved by collecting feedback on a draft report and organising discussions with trade unions and employers associations to ensure they have a chance to comment on annual reports – however, modalities can vary substantially across different institutions.

77. While the reach and set-up of the institution defines the best way to interact and communicate with its stakeholders, the need for such interaction has emerged through OECD research as a fundamental feature of effective pro-productivity bodies. Accordingly, the 2016 European Council Recommendation establishes that EU National Productivity Boards may consult relevant stakeholders in order to ensure a

balanced representation of different views. However, they should always remain impartial and should not convey only, or mainly, the opinions and the interests of a particular group of stakeholders.

78. Examples of PPIs' arrangements that can strengthen the level of interaction with stakeholders include the introduction of minimum consultation requirements; the commitment or duty to address submissions with a reasoned statement of acceptance or rejection; the organisation of workshops or online platforms related to selected policy challenges and the use of blogs to stimulate comments and interaction.

79. Overall, while some institutions consult and meet with stakeholders throughout the course of their activities, others involve social partners as members, and as such resort less often to public stakeholder consultation. In general, three kinds of pro-productivity institution's engagement strategies can be distinguished: stakeholders' membership in the Board, formal consultation, and ad-hoc consultations:

1. **Stakeholders' membership.** In a number of OECD countries, trade unions and business associations are directly represented on the productivity boards. These NPBs are multi-stakeholder "by design", since they feature decision-making bodies that include relevant stakeholders. Countries that allocate membership to relevant stakeholders include Mexico, Norway, Hungary (Chamber of commerce), Ireland (employer and employee bodies), Slovakia, Belgium (Central Economic Council); and to a lesser extent Denmark and Chile. For example, in Ireland, the board includes 16 members that take part in the meetings of the National Competitiveness Council in an advisory capacity, coming from business, business associations and unions alongside representatives from Government Departments.
2. **Formal consultation.** In a second category of NPBs, stakeholders and other relevant economic actors are not permanent members of the productivity board but are consulted on a formal basis. EU NPBs that submit their annual report to public consultation before publication include: Cyprus⁸; Romania; France (trade unions and employer's organisations); Lithuania (National Industry Digitalisation Platform); Luxembourg (Economic and Social Council). This is also common beyond the EU, as a number of institutions involve stakeholders extensively during performance of their activities (Australia, New Zealand).
3. **Ad-hoc consultation.** The third category of engagement strategies involves no formal consultation, but rather interaction in the form of informal discussions with relevant stakeholders (Denmark, Finland, the Netherlands, Portugal, and Slovenia). These informal dialogues may happen in the early phases of their yearly NPB work (United States) or when the need to set working groups composed of stakeholders to discuss specific topics in the preparation of the annual report arises. Countries that engage stakeholders in such ad hoc working groups are manifold and include Greece, Lithuania, Malta, and Romania.

⁸ Note by the Republic of Türkiye

The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union

The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

80. The three models each have their own advantages and reflect the broader institutional set-ups in which PPIs operate. At the same time, lessons can be drawn from all engagement methods that have been adopted by PPIs around the world.

81. In particular, the standing inquiry bodies of Australia and New Zealand adopt a best practice approach to stakeholder consultation in the context of the development of reports, which is largely linked to their mandate to conduct comprehensive inquiries which account for the views of a range of stakeholder views. It is important that institutions account for this feedback in their final reports, as there is clear evidence that sectoral experts can offer unique insights which complement the expertise of PPIs. In addition, it ensures that PPIs can maintain transparency, through communicating their findings at each stage of the process and allowing stakeholders to feed their views into the conclusions.

82. The Belgian pro-productivity institution also offers an interesting example on how stakeholders' consultations on annual reports can take place through an existing external and centralised delegated body (Central Economic Council) and how the outcomes of such consultations are annexed to the annual report. Another interesting lesson from the Belgian institution relates to how the Chair stimulates Board members' engagement in the discussion. Board members are invited to provide their opinions as subject-matter experts where everyone is invited to explain their opinion and convince others of the validity of their own arguments, thus attempting to delink people from the institutions they represent. This approach is applied in all consultations that the CCE holds with social partners, including those regarding the content of PPIs' annual reports.

83. The French pro-productivity institution has been institutionalising stakeholders' consultations in the production cycle of annual reports. Every year, the first completed draft of their annual report is sent to social partners for feedback, which can be integrated in the report where appropriate. Additionally, the French pro-productivity institution opens a one-month consultation process with the public.

84. The Chilean pro-productivity institution goes a step further with respect to open consultations. Stakeholder engagement is at the heart of the National Productivity Commission of Chile, where transparency and participation form one of the three core principles of the pro-productivity institution, together with autonomy from government and technical analytical capacity. As such, citizen consultations constitute a fundamental part of the process of formulating productivity policy recommendations. These are a mechanism through which citizens are invited to participate in an informed, pluralistic, and representative manner, in the development of policies and proposals formulated by the National Productivity Commission, with respect to studied subjects that promote the productivity of Chile. The objective of this tool is to collect the opinions of citizens and generate an organised response to the consultation process. An example of Chile's engagement with stakeholders is the 2019-2020 study on productivity in the construction sector, which relied on 400 interviews with experts, consultants, and representatives of construction businesses.

85. Alongside these national strategies, engagement initiatives exist at the international level. For example, in the EU, the European Commission co-organises the so-called "Productivity dialogues". This is a platform for broad debates that allows the EU PPIs to publicise their analyses and/or recommendations, emulate reactions and contributions from a variety of stakeholders and hence reinforce the momentum in public discussion on productivity. Through stakeholders' involvement in an interactive and open debate, the Productivity Dialogue can help to further improve the quality of the work and build broad-based support for the reform agenda.

3.3.2. Dissemination

86. Most PPIs conduct a range of outreach and press activities (e.g. website, press releases, thematic workshops, annual presentations to social partners), to raise public awareness on national productivity

challenges. The purpose of such result dissemination activities is to enhance the impact of publications on public opinion, while also ensuring that pro-productivity institutions are held accountable for their work to the public and that the government has the opportunity to respond to recommendations emanating from specific studies, inquiries and reports. When effective in mobilising public opinion, dissemination and media outreach activities can boost the impact of policy recommendations and help the pro-productivity institution gaining attention from policymakers and the wider public.

87. PPIs that engage more in dissemination activities are usually those who can leverage on the strategy of an existing institution that had managed to build up a good reputation among policymakers and the public at large. This is the case, for example, of the Belgian and French institutions who have been able to disseminate the results of the annual reports to share expert knowledge, engage with civil society and other interest groups. Notably, the French pro-productivity institution pays particular attention to its media outreach and tracks the frequency with which its annual reports are referenced on regular media.

88. Many PPIs, such as Portugal's CNP and Australia's Productivity Commission, release bulletins and working papers, to communicate their research findings to the wider public. For example, the Irish NPB develops reports, bulletins and statements to be submitted to the government, which draw upon reputable data sources and stakeholder consultation with businesses (and other key bodies) to provide the latest updates on competitiveness in Ireland and benchmark the competitiveness of Ireland's businesses against other countries. The new Bulletins have proved effective in eliciting responses from Ministry and in catching media's attention. The pro-productivity institution made a conscious effort of making Bulletins attractive to the media. The bulletins are usually placed in the pro-productivity institution website and shared through a mailing list that includes contact with the press.

89. In addition, some institutions develop upon this further, to hold focus groups, conferences, sectoral and regional workshops, to disseminate their report findings, or engage in outreach activities, such as building a dedicated website, drafting press releases, interviewing with the press, preparing presentations for social partners, academia as well as preparing meetings at the national and the international level. This ensures that industry stakeholders and communities are kept abreast of updates to policy, as was the case in Chile for the study on regulatory processes in strategic sectors, whereby CNP staff organised three regional workshops in order to engage stakeholders in Chile's more peripheral regions. Similarly, the Portuguese pro-productivity institution has also been very active in organising several dissemination activities such as conference and webinars, call for papers, working paper series, while also collaborating with the Central Bank and the National Statistical Office to conduct joint dissemination activities and raise public awareness.

90. Moreover, disseminating reports to the relevant government bodies allows for the discussion and adoption of policy recommendations in upcoming policy documents. For example, Slovenia's IMAD held an online conference in 2020 to gather the views of key European Commission, national government and industry stakeholders on its productivity report findings, whereas the German Council of Economic Experts (GCEE) is tasked with organising a National Productivity Dialogue which provides a platform for regular exchange at both the national and international level on productivity. This allows relevant stakeholders to offer their views on the latest National Productivity Report, and to discuss how to respond to its findings.

3.3.3. *Policymaking*

91. In order to effectively contribute to policymaking, PPIs should provide applicable and evidence-based recommendations to support the work of policymakers in enhancing productivity and improve the overall quality of the political debate over economic, social and environmental reforms.

92. It is essential that PPIs remain accountable for fulfilling their mandated tasks, to ensure that the wider public can benefit from the activities of the institution, through the opportunity to engage in public

inquiries, and through benefiting from the implementation of policy recommendations. At the government level, reporting on a regular basis helps to facilitate a relationship of trust as well as feedback loops whereby policy recommendations are informed by insights from policy makers. As argued by Banks (2015^[3]), PPIs can be more effective when they are “plugged in” to policy-making processes bearing on productivity or in a position to influence decision making in the area.

93. Engagement with government is important for ensuring ongoing political commitment and gaining the ability to influence policies and reforms. Government can display its commitment to PPIs through its consideration of policy recommendations, and through commissioning them to carry out research on specific policy issues that require expert, in-depth assessment. This is particularly evident in the case of Australia and New Zealand, which are relied upon to provide research and analysis on a broad range of policy areas, which expand beyond productivity and competitiveness. There is potential for PPIs to adopt the ‘comply-or-explain’ principle used by Spain’s fiscal council, Autoridad Independiente de Responsabilidad Fiscal (AIReF), which obliges the government to either comply with its report recommendations, or explain the reasons for not acting upon recommendations

94. As mentioned in section 3.1.1, PPIs face some trade-offs between being able to influence policymaking and maintaining analytical independence. Most PPIs across OECD countries walk along a continuum of options in this regard. The US Council of Economic Advisers is an example of an institution that regularly co-operates in ex-ante economic analysis of the impacts of new federal regulations and is therefore very close to decision-making power and so is the Chilean pro-productivity institution where all new major legislative proposals are subject to a specific productivity impact assessment. (Renda and Dougherty, 2017^[4]). Similarly, the 2020 annual report of the Danish productivity institution includes sections that assess the effects on productivity of policies adopted in the wake of the Covid-19 crisis and make recommendations to increase their impact on productivity (European Commission, 2021^[6]).

95. The extent to which productivity boards are plugged into policymaking bears also an influence on the type of recommendations that are likely to be more effective. For example, the Belgian approach has been that of providing recommendations that are broad in scope letting the government decide the most appropriate policy actions. Conversely, in France, while the government is not formally mandated to provide a response to the pro-productivity institution policy recommendations, it has already implemented some policy measures based on the recommendations put forward by the CNP, for example, by implementing accelerated and simplified procedures for struggling businesses during the COVID-19 crisis.

96. While more targeted recommendations are likely to have more impact, they also risk encountering more political resistance. Ultimately, the choice of the most appropriate type hinges on the relationship the productivity institution cultivates with policymakers. Similarly, relevance comes from more timely analysis as in the case of Covid-19, but such analysis should be grounded on sound data and knowledge not to undermine the institution’s credibility. The value of PPIs lies also in providing long-term strategic reflections on productivity and competitiveness that have to reach policy makers with no immediate impact. Both short-term oriented and long-term oriented policy recommendations are necessary to fulfil PPIs’ mandates.

97. The connection with policymaking can be more or less formal and grounded in the pro-productivity institution mandate. In the case of Ireland, the 2020 Competitiveness Challenge report identified 20 recommendations that address both immediate competitiveness issues, and more medium-term challenges aimed at enhancing Ireland’s competitiveness and productivity performance. The government provided detailed responses to each policy recommendation. The detailed and informed policy recommendations put forward by the pro-productivity institution provided the government with the opportunity to easily identify its position on each policy recommendation and to determine the necessary next steps, to allow the recommendation to be implemented.

98. The capacity to provide these informed policy recommendations is linked to the close relationship of the institution with a host of advisors from the relevant government department bodies. This is essential for enabling the institution to gather input for specific policy recommendations, and to allow for an understanding of the ease of implementing the proposed policy recommendations. These characteristics may prompt government responsiveness to policy recommendations even in absence of a specific provision in the mandate of the productivity institution, as in the case of France described earlier.

4. Conclusions

99. PPIs can adopt a variety of institutional set-ups, have different responsibilities and functions, and adopt various strategies to engage with stakeholders, disseminate the findings of their work and contribute to policy making. The analytical framework presented in the paper provides the first systematic stocktaking of PPIs' practices. In doing so, it also identifies lessons that can be of relevance for PPIs to continuously strengthen their capabilities and contribute to policies that improve incomes and living standards through greater productivity growth. We summarise the lessons below.

4.1. Institutional set-up

- **While a variety of different set-ups exist, PPIs are intended to function as analytically independent expert bodies**, providing evidence-based expert advice on productivity trends and bottlenecks. They can act as important coordination devices, helping identify linkages between the policy levers that can boost productivity and help develop a co-ordinated policy response.
- **Several PPIs benefit from safeguards in their mandate and legal status that guarantee their analytical independence.** These safeguards could for instance explicitly assign to the institution autonomy and decision making on work programme, areas of inquiry, timing of the release of analytical reports and findings. Securing adequate and stable funding can also secure the resources and capabilities that strengthen the credibility of these institutions.
- **In line with the analytical nature of pro-productivity institutions, expertise and recognition are perceived not only by PPIs but also by the audience of their analysis as essential.** Members of these institutions typically include recognised experts in the field, either inside or outside the government. When they are inside the government, they often participate as experts rather than representatives of their respective institutions.
- **It is not uncommon for some of these institutions to include international experts.** They can be part of advisory boards or full members of the PPIs. They can bring a different perspective to the analysis and challenge established country views.
- **Bridging research and policy making, PPIs rely on and attract expertise from academia and the research community.** To attract this type of expertise, PPIs have tended to publish calls for interest or active searches of suitable candidates who meet eligibility criteria. Practices suggest that it is important to clarify upfront expectations to ensure that time and commitment are devoted to the institution.
- **A number of PPIs have made efforts to ensure an unbiased and balanced membership,** including different dimensions of diversity (e.g. gender, race, linguistic differences, regions).
- **Incompatibility criteria can help avoid conflicts of interest.** For instance, several PPIs forbid members to hold political and/or certain positions during their terms of office.

- Several PPIs established **clear rules and procedures for the appointment of the institution's chair**, such as qualification and experience requirements. This approach could enhance the credibility and analytical independence of the institution.
- **Resources mobilised to support the analytical work of PPIs can vary significantly depending on the mandate and responsibilities. Regardless, of the scope of their role, PPIs need to be backed by strong analytical support.** For this reason, PPIs have tried to have access to the expertise of economists, data scientists, and policy analysts. Some also occasionally rely on the expertise and capabilities of partnering institutions to perform productivity analyses in case where internal resources are not sufficient.

4.2. Responsibilities and functions

- **Access to micro-data at the firm and individual level from the various institutions that collects them (e.g. Statistical Offices, Central Banks, and Ministries) is clearly key and yet not always feasible.** Some institutions have been granted this access through an explicit obligation in their mandate and enabling legislation.
- **Some institutions have built partnerships with business associations to collect regional and sector-specific data and address sector-specific issues.** This approach can enhance the granularity of the analysis and even facilitate agreement around a shared diagnostic of the productivity challenges faced by an economy.
- **Some PPIs have played some role in evaluating the potential impact on productivity of measures associated with recovery plans or major structural reforms, sometimes at the request of governments.** This can help institutions to better understand the nuances, characteristics and limits of policy measures and develop a common language with policy makers.
- **A few PPIs have expanded the array of outputs informing policy making beyond annual reports.** These may include working papers that complement the analysis made in annual reports, short notes and occasional papers, and comparative studies. This diversification can help cater for the multiple demands of policy making and ensure that productivity concerns are addressed across the policy cycle.

4.3. Stakeholder engagement, dissemination and policymaking

- **A number of PPIs have benefitted from an open and formal consultation process with trade unions and social partners**, requesting feedback on the annual reports prior to their finalisation. Stakeholders' opinions have sometimes been annexed to the report.
- **There is value in consulting with relevant stakeholders on a regular basis** when developing sector specific studies to share data and knowledge and reach a common understanding on advice that can be effectively implemented. This can be achieved by organising thematic workshops to ensure the consultations are relevant and targeted to specific topics of interest.
- **Regular consultations with the public can ensure the engagement strategy is inclusive** and accounts for the inputs of those who may benefit from the implementation of productivity-enhancing reforms. Inclusion should be achieved by considering how to involve under-represented stakeholders and groups. Efforts should be made to preserve integrity and prevent corruption by ensuring that diverse voices are engaged in roundtable discussions and specific groups.
- **PPIs have tended to engage with international stakeholders by making use of the numerous opportunities to exchange knowledge and experiences** with other National Productivity Boards through the European Commission's network of productivity boards and the OECD Global Forum

on Productivity, for example. International exchange with peers can be helpful to discuss common challenges and way to address them. There are also opportunities for PPIs to work more closely together on common topics and developing joint and/or common instruments to make the best use of resources and facilitate comparative analysis and look together over the medium- to long-term to identify and anticipate themes and issues of relevance for the future of productivity.

- **Some PPIs have set up communication strategies and organise a range of outreach activities** including thematic workshops, annual presentations to social partners, surveys and roundtable discussions, to raise public awareness on national productivity challenges, including dissemination events with the government and the parliament.
- **Communication around research and policy recommendations has the greatest impact when formulated in a non-technical nature.** Specific policy recommendations underpinned by solid economic analysis yet communicated in a non-technical manner can be easily understood by media and the wider public and attract more attention.
- **Timely advice on short-term issues can be an opportunity to enhance the institutions' impact.** The Covid-19 crisis prompted the issuance of numerous studies of its impact on productivity and other economic outcomes. PPIs have in some instances provided their analysis and policy recommendations on the impact of Covid-19 to both policy makers and the general public to provide timely policy advice.
- **Media can be powerful allies in influencing policymaking and have been relied upon by some institutions.** Media can have a strong influence on policymaking insofar as politicians are interested in maintaining consensus. Conveying policy recommendations through media can improve their likelihood to be adopted. Recommendations that are not in line with the current government thinking may have a greater echo, but they risk to undermine credibility if not yet sufficiently supported by data and analysis.
- **While maintaining their analytical independence, some institutions have been nurturing relationships with the government at the technical and political level to effectively contributing to policymaking.** Engaging with the government at the technical and political level is essential, insofar as it is done without undermining the productivity institution's independence. Maintaining independence against specific political interests can strengthen the institution's credibility in the long run.
- **Focusing on long-term challenges can enhance the institutions' influence and credibility.** PPIs can create a reputation of being institutions that provide a shared diagnostic and a long-term strategy for productivity in the country. By framing short-term issues from a long-term perspective, capturing economy-wide ramifications and incorporating future social, economic and technological transitions, they can express their opinions on short-term issues without undermining long-term credibility.

100. In conclusion, the research presented in this paper highlights the importance of understanding in greater depth how pro-productivity policies are designed and implemented. It also shows the importance of undertaking this type of research in the framework of applied advice to institutions and policymakers as it allows for first-hand qualitative evidence that would be difficult to collect otherwise.

101. The focus on PPIs is a first step in this line of research of the political economy of pro-productivity policies, showing how PPIs can be effective in bringing the evidence and data that can help policy makers in designing pro-productivity policies. More applied research, ideally carried out in conjunction with policy advice work, can shed new lights on, among others, co-ordinating a concerted policy response to boosting productivity, engaging with key stakeholders, communicating the challenges and opportunities of pro-productivity policies and how pro-productivity policies can be adjusted over time.

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