



CONSELHO  
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NATIONAL PRODUCTIVITY BOARD



## *Experience from the Portuguese National Productivity Board*

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Euro area's productivity and competitiveness in the new challenging times

Joint Conference of France Stratégie, the OECD, the European Commission and the French National Productivity Council

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## Wrapping up 3 years of NPBs in the eurozone: key findings: *Experience from the Portuguese NPB*

### Creation

- March 20, 2018, by joint dispatch of Minister of Finance and Minister of Economy
- Jointly managed by research offices of both Ministries (GEE and GPEARl) without specific budget or staff
- Governance complemented by an Independent Consultant Body

### Mission

- To promote research and public awareness, in order to improve policy design and implementation, aimed at improving productivity and competitiveness of the Portuguese economy

### Objectives

- Monitoring developments in productivity & competitiveness
- Policy analyses and evaluations
- Promoting research
- Promoting public awareness: conferences, debates, involvement of different stakeholders

# Main activities

## Accountability

- 1<sup>st</sup> Report on the Productivity of the Portuguese Economy
- 2<sup>nd</sup> Report on main activities of the Portuguese NBP
- Website with relevant information on productivity and events of the NPB

## Monitoring

- A series of indicators of productivity and competitiveness, available on-line
- Development of a composite indicator of competitiveness (jointly with BdP, INE)

## Research

- Call for papers on productivity
- Series of working papers on productivity
- Research on priority areas identified on the Report on the Productivity of the Portuguese Economy:
  - The impact of R&D tax incentives (SIFIDE)
  - Investment dynamics
  - The impact of human skills on productivity

## Raising awareness

- 1<sup>st</sup> Conference on the Productivity of the Portuguese economy
- Workshop on productivity determinants (in cooperation with the OECD and the WPIA)
- Series of webinars on productivity
- Participation in several discussion fora on productivity at a national and international level

First report:

## Diagnosis

Analysis of several indicators of competitiveness

Allocation of resources in the economy

Main determinants of productivity (literature review)

## Main findings:

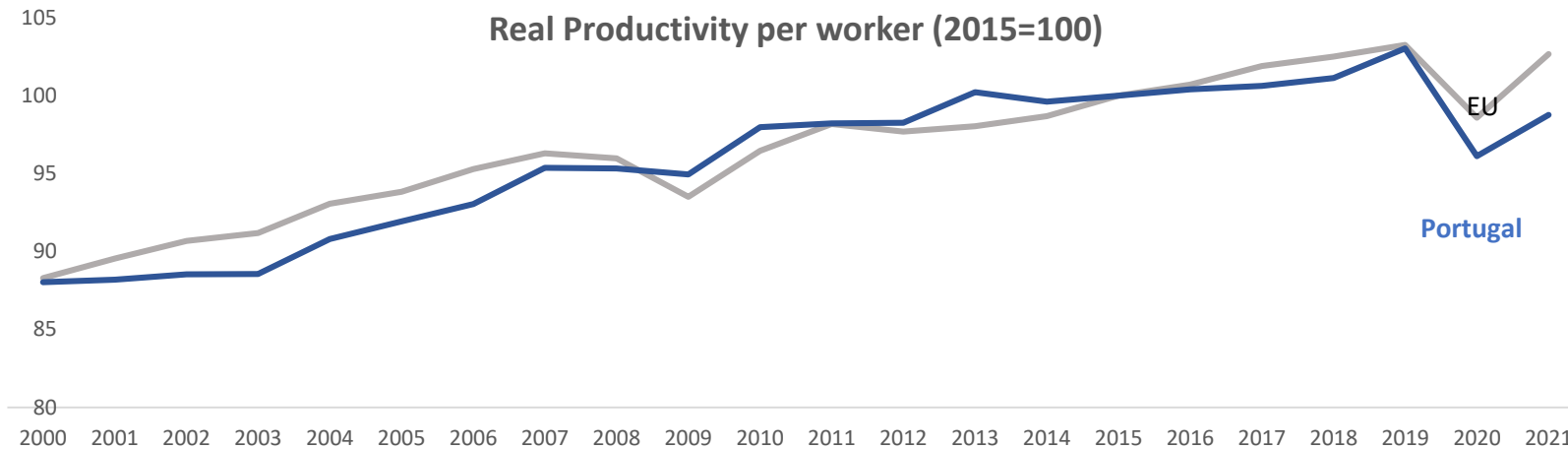
- **Human Capital:** relatively low labour qualifications (especially concerning older cohorts and managers)
- **Capital intensity:** low levels of capital per worker
- **Innovation and R&D:** concentrated in the public sector (universities) and not sufficiently targeted to businesses.
- **Framework costs & bureaucracy:** Firms still face significant obstacles in their interactions with Public Administration
- **Economic Regulation and Competition:** significant progress in removing barriers to competition. However, some services continue to face significant barriers to entry
- **Labour market:** segmentation, low mobility. Hinders resource allocation. Skills mismatches.
- **The size of Portuguese firms:** small size constraints access to financing, investment and R&D.

## Challenges & lessons learned:

- Policy evaluations often undermined by lack of data (insufficient collection or confidentiality issues) – monitoring & evaluation should be part of policy design
- Effectiveness of policy recommendations (non-binding: no ‘comply or explain’ mechanism) may be limited by informal structure of NPB

## Recent developments

- Some recovery post-Covid



- Still difficult to assess if this signals a structural change in the economy
- Evidence suggests that policies to support firms during Covid-19 were effective in preventing firm failures and in preserving jobs
- To promote the effectiveness of post crisis recovery efforts (supported by EU Funds):
  - ☐ Definition of policy monitoring and evaluation practices
  - ☐ Selectivity criteria in order to promote a good allocation of resources

## **Post Covid-19 context and implications**

- Teleworking and digitalization: long-term implications on labour mobility and allocation of resources
- Value-chain disruptions, geopolitical uncertainties, energy costs and inflation: assessment of strategic dependencies. Transition towards a greener economy?
- Increase in dispersion of productivity intra and inter industries – persistent structural change?
- RRM and MFF: massive public funds. Efficacy needs to be evaluated to prevent distortions in the allocation of resources.

## **Future research projects of the Portuguese Productivity Board:**

- Impact of teleworking on productivity (survey analysis)
- Mismatch between labour qualifications and job function: effects on the allocation of resources
- Dispersion of productivity: how far is the Portuguese frontier from international best performers and what is the disparity between frontier firms and laggards. What determines the catching-up?
- Resilience and Recovery Plan: impact of education policies on productivity (QUEST III Research and Development Model)