

The National Productivity Boards



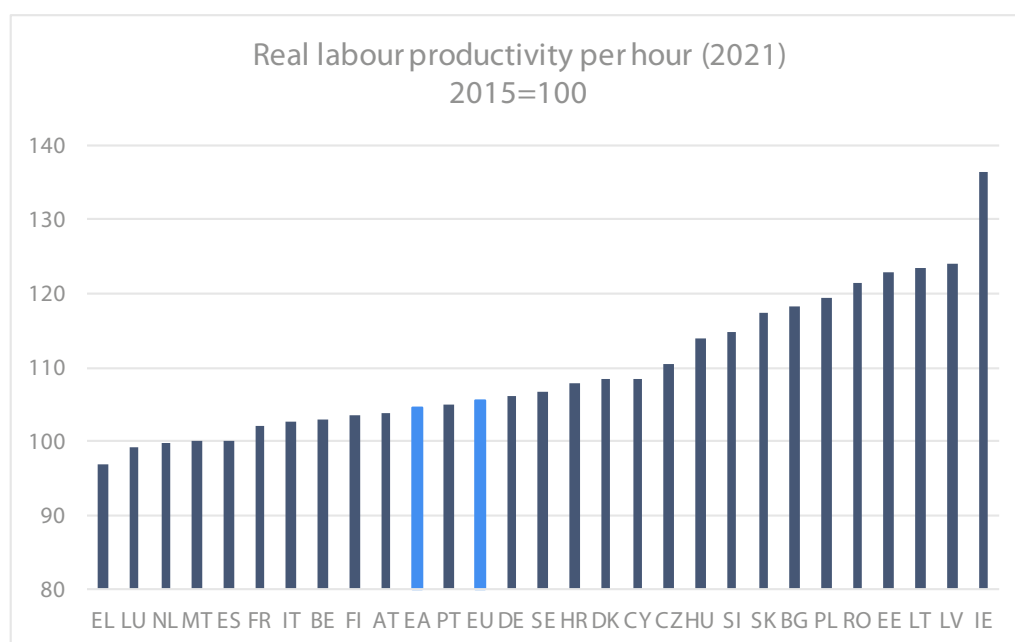
This document presents some features of the National Productivity Boards (originally proposed as Competitiveness Boards), introduced in the context of the deepening of the Economic and Monetary Union. It also provides some information on the status of implementation of National Productivity Boards in the Euro area Member States. This is an update of a [previous](#) version published in 2018.

In 2015, the Commission proposed that Euro Area Member States set up “[National Competitiveness Boards](#)”, as previously suggested in the Five Presidents Report on “[Completing the EMU](#)”: such bodies would help to reduce divergence among the economies of the Euro Area and increase ownership of economic reforms.

In 2016, the Council adopted the [Council Recommendation](#) “On the establishment of National Productivity Boards within the Euro Area” which specifies their objectives and tasks, their organisational and functional characteristics and their relationships with the European Commission, particularly in the context of the European Semester. The Commission presented its latest follow-up of the [progress report](#) in July 2021 and according to it 18 Member States had established National Productivity Boards (NPBs).

The scope of the policies and trends to be assessed by the NPBs cover various issues, such as the capacity to innovate and to attract investment, the role of businesses and human capital, as well as cost and non-cost factors. Productivity and competitiveness are complex phenomena.

Figure 1: Real labour productivity per hour



Source: [Eurostat](#), data retrieved on 05.01.2023



The graph above shows how labour productivity per hour varied among Euro Area Member States. Labour productivity is calculated as the real GDP divided by hours worked. This indicator (one among the many that may be used) gives an overall idea of the productivity of national economies. Next to official indicators the shadow economy also has the effect on the economic performance of a country, while it is difficult to pin down. [Attempts to measure](#) it show that the average shadow economy in European countries could amount to around 17% of GDP.

Box 1: Definitions of productivity

OECD

Productivity is commonly defined as a ratio between the volume of output and the volume of inputs. In other words, it measures how efficiently production inputs, such as labour and capital, are being used in an economy to produce a given level of output. Broadly, productivity measures can be classified as single factor productivity measures (relating a measure of output to a single measure of input, e.g. labour productivity) or multifactor productivity measures (relating a measure of output to a bundle of inputs, e.g. multifactor productivity). Productivity is considered a key source of economic growth and competitiveness.

Eurostat

Productivity is the output produced from each unit of input, for example, the number of cars assembled by one worker in a year. In statistical analysis, productivity may refer to capital productivity, labour productivity, resource productivity (of which energy productivity is a specific case), depending on the input considered.

Main functions, objectives and tasks

As regards their functions, the Recommendation proposes that the Member States will set up independent National Productivity Boards (NPBs), tasked *"to analyse developments and policies in productivity and competitiveness, thereby contributing to foster ownership and implementation of the necessary reforms at the national level, and hence foster sustained economic growth and convergence"*.

The analysis should take into account factors related to the euro area, as well as the EU policies implemented in this field. These Boards should review long-term drivers of productivity. Their analysis should address the role of innovation, as well as the capacity to attract investments, businesses and human capital, and other factors that can affect prices and the quality of goods and services, relative to those of the competitors. The Recommendation indicates that the analysis of competitiveness should be underpinned by transparent indicators and, as far as possible, susceptible to a certain homogeneity across countries. In this connection, it notes that competitiveness is a broad concept, encompassing both developments in price and cost competitiveness and drivers of productivity, together with other considerations relating to exchange rates and certain factors affecting the ability to sell products.

In contrast to the [Independent Fiscal Institutions](#), which have an explicit mandate and act with binding numerical references that are coordinated at national and supra-national level, the NPBs do not have a reference framework. Accordingly, specifying NPB objectives, subsequent assessment of progress towards them and coordination at euro area level is difficult.

Additionally, these Boards are required to conduct an independent analysis of economic policy challenges in the fields of productivity and competitiveness. In this case, the Recommendation provides a certain degree of country discretion in defining the final mandate for NPB in each corresponding national institutional environment. Thus, each country decides whether the competencies of the NPB include proposing economic policy alternatives and monitoring those approved, or only analysing indicators. Restricting the role of NPBs to the latter tasks could limit the role of these institutions as catalysts and evaluators of the national reform agenda, although the existence of multiple interactions among structural

policies makes it difficult to identify “best practices”.

Organisation and independence

The Council Recommendation on NPBs allows for different types of institutional design, provided certain minimum requirements are met, which guarantee functional independence, analytical rigour and transparency. These requirements aim to give credibility to these institutions. On this aspect, the Recommendation approved by the Council is highly flexible. Thus, NPBs may be newly created institutions, or be set up based on existing institutions, in order to harness accumulated knowledge and save in terms of administrative costs. In the latter case, the necessary measures should be taken to ensure their independence from national and European public authorities in designing and implementing competitiveness and productivity policies. Although the Recommendation requires that each Member State sets up only one NPB to fulfil the mandate, not all functions need to be directly addressed within the NPB; some can be developed in other bodies that would report directly to the Board, provided that their independence regarding performance and analytical rigour are guaranteed.

NPBs should also be underpinned by a national legal provision, although its rank has not been specified. In addition, the legal status should contribute to reinforcing the independence of the Board, endowing it with greater stability and guarantees of continuity.

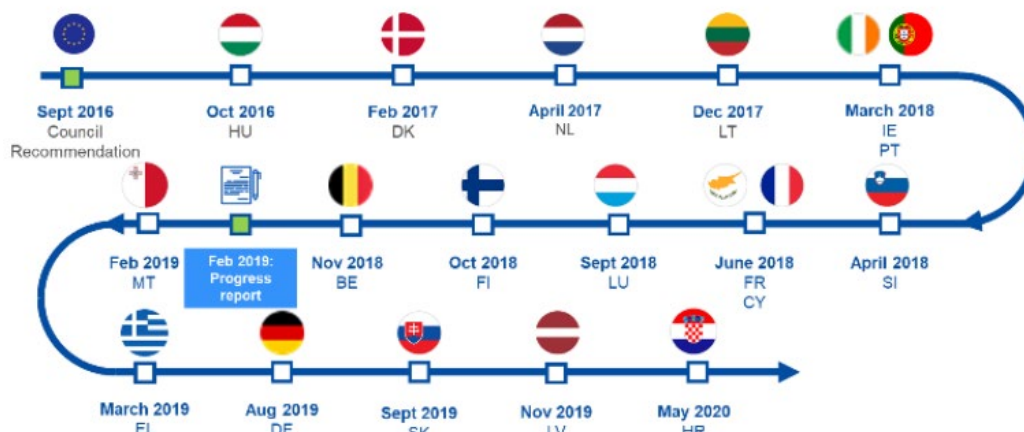
Under the Council Recommendation, NPB heads should be appointed on the basis of the candidates' experience and competence. The resources available to them to fulfil their functions should be appropriate, and NPBs should have access to any information sources required to fulfil the mandate. Analyses and recommendations should be disclosed regularly; specifically, it is suggested that an annual report be published or that analyses be included in an already existing report.

Links with EU Semester and role of the Commission

The [Council Recommendation on NPBs](#) highlights that the Commission's role in coordinating economic policy at European level is not altered, and that the NPBs' conclusions and independent expertise could be used in the context of the implementation of [Country Specific Recommendations](#) within the European Semester, notably the Macroeconomic Imbalance Procedure. Furthermore, the Commission could facilitate exchanges of views among NPBs, and a regular discussion should take place between NPBs and the [Economic Policy Committee](#).

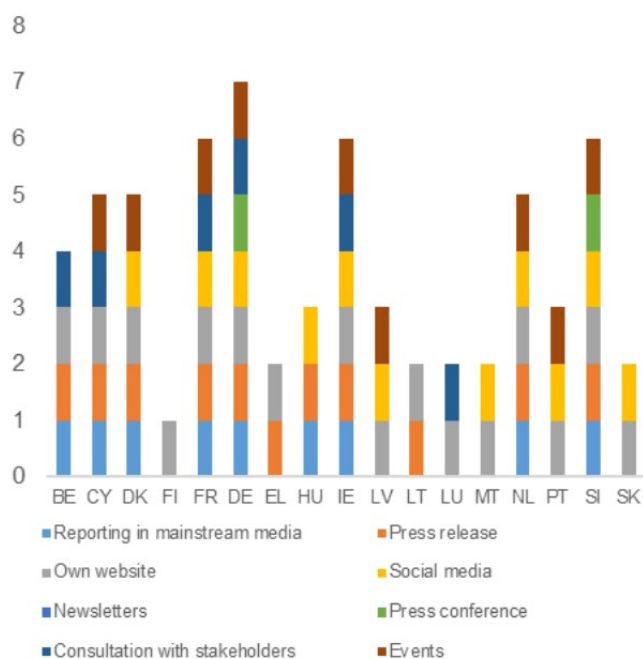
Progress in setting up NPBs or similar bodies

The latest [Commission reporting](#) on the progress of NPBs was published in July 2021 with a cut-off date of April 2021. The report is based on a survey sent directly to the boards as well as other sources. 18 NPBs were established at that time (see Figure 2), Romania wound down its board in 2020. Since the latest Commission progress report, Austria established a board in 2022 and Croatia wound down its board.

Figure 2: Date of incorporation of existing National Productivity Boards

[Commission's progress report \(23.7.2021\)](#)

The establishment of boards was conducted either by setting up a new board, which most Member States did, or by appointing already existing institutions for the role (either an independent economic institute or a ministerial department). For 60% of the boards it is the case that their regulation explicitly guarantees functional autonomy, all of them state that they are free to decide on their work programme. Only a small number of boards (DE, DK, IE, FR, NL, CY) appear also in mainstream media, hence the recommendation to improve the communication strategy. Figure 3 also pins down the communication tools used by the boards.

Figure 3: Overview of the communication tools used by the National Productivity Boards

[Commission's progress report \(23.7.2021\)](#)

Many boards organised different kinds of events, which were reduced due to the COVID-19 pandemic. Some boards on the other hand published specialised reports on the effect of the pandemic on productivity.

The annual reports of the respective NPBs cover mostly the topics which are set out in the Council Recommendation on NPBs. *"The reports discuss developments in productivity, while around 60% discuss cost and / or non-cost factors that affect competitiveness. Most reports also discuss the impact innovation and human capital on both variables"*. 14 annual reports also include policy recommendations or include them in an implicit manner. The euro area dimension, with the exception of France and Germany, is not covered by the reports. Competitiveness is in most reports directly defined, sometimes in the direction of external competitiveness, some pin it down to productivity itself.

The report concludes with naming some good practices, stressing the recommendation of exchanging such among national boards:

- Belgium, Luxemburg: List activities undertaken to raise awareness
- Belgium, France: seek view of stakeholders before publishing reports
- Ireland: Recommendation to specific government departments

In August 2022 the OECD published an [analysis of pro-productivity institutions](#) across various OECD countries. The article finishes up with some policy recommendations, focusing on the importance of the analytical independence of such institutions as well as their access to micro-level data to effectively support policy makers in coming up with productivity policies that are able to ensure higher income and living standards.

Some best practice cases

The [German Productivity Board](#) organises a yearly National Productivity Dialogue in addition to their annual report and further publications. The one held in [January 2023](#) involved discussions with experts from the board themselves, industries, unions and other political actors. Topics surrounded the role of Germany in the global economy, energy supply and industrial policy as well as the current energy crisis and how to secure skilled labour. Such a dialogue can help to increase visibility and accelerate the exchange with relevant actors. Germany's council benefits from being settled at the German Council of Economic Experts, a well-established institution.

The [Austrian Productivity Board](#), which was only established in May 2022, actively organises additional events that should foster exchange with experts as well as other productivity boards. In December 2022, they invited a member of the German Productivity Board for a discussion about their annual report focusing on competitiveness and the structural change of the economies. In February 2023, a talk was organised with a research fellow from The [Productivity Institute in Manchester](#) focusing on a [review of analysis and policy recommendations](#). Additionally, they regularly publish brief analyses, the newest one about the [energy cost subsidies for companies](#) being from January 2023.

A summary of news from the NPBs can also be found in the latest [productivity brief](#) of the 2nd half of 2022 published by the European Commission. They list an overview of publications as well as events that have taken place or are planned.

Table: Current status of National Productivity Boards in the Euro Area Member States

Euro Area Member State	Information on NBPs from their webpages or other official sources
Austria	<p><u>Produktivitätsrat - Austrian Productivity Board (established in 2022)</u></p> <p>The Productivity Board provides the framework for the systematic monitoring and analysis of developments with a material impact on domestic productivity growth and competitiveness. The objective of its activities is to identify and promote policies and reforms to strengthen the competitiveness of the Austrian economy.</p> <p>The Productivity Board's tasks are:</p> <ul style="list-style-type: none"> identifying and analyzing <ul style="list-style-type: none"> long-term drivers and prerequisites of productivity growth and competitiveness (including innovation) potential for attracting investment, firms and human capital factors that have an impact on the price and quality of goods and services drawing comparisons with global competitors analyzing policy challenges and assessing policy options (and identifying trade-offs between policy areas) reporting its analyses and findings to the Austrian parliament on an annual basis actively participating in national and international fora contributing to the public debate <p>The Productivity Board publishes a summary of its activities, including those of its Office, in its Annual Activity Report (available in German only).</p>
Belgium	<p><u>National Productivity Board (established in 2019)</u></p> <p>The National Productivity Board is tasked with:</p> <ul style="list-style-type: none"> diagnosis and analysis of productivity and competitiveness developments; analysis of policy challenges in the field of productivity and competitiveness; assessment of the effects of policy options in the above-mentioned areas. <p>To fulfill its tasks, the National Productivity Board may contact other Member States' Productivity Boards, communicate publicly in a timely manner, obtain appropriate access to information available from public administrations and consult stakeholders.</p> <p>The National Productivity Board carries out these tasks within the framework of the European Semester, in particular by assisting the European Commission in data collection and by assisting governments in preparing the drafting of the National Reform Programme.</p> <p>The National Productivity Board publishes an annual report.</p>
Cyprus	<p><u>Cyprus Economy and Competitiveness Council (established in 2018)</u></p> <p>The competencies assigned to the Council as per the <u>CoM decision</u> are the following:</p> <ul style="list-style-type: none"> Systematic monitoring of competitiveness and productivity indicators, through the examination of a wide range of internationally recognized qualitative and quantitative indicators and benchmarking against the world's best performing countries as well as with competing countries (especially within EU). This assessment and analysis of the economy's international competitiveness aims to identify the key factors affecting competitiveness and to propose targeted policy measures. Identify weaknesses and propose reforms in priority sectors, with special focus on policy measures targeted to address competitiveness and productivity challenges identified, with the aim to promote sustainable development. Preparation of a Competitiveness Report, every two years, which will be submitted to the Minister of Finance and published at the same time. The Competitiveness Report will serve as the key analysis tool for the Council's work and will include the following: <ul style="list-style-type: none"> benchmarking the competitiveness and productivity of the Cyprus economy

	<ul style="list-style-type: none"> internationally and against selected countries, <ul style="list-style-type: none"> conclusions on problematic areas and key factors affecting them, and identification of priority sectors where policy measures are needed to address the challenges identified. Preparation of additional reports, where appropriate, with regards to specific competitiveness and productivity aspects which may be identified as problematic by the Council, and for which specific recommendations for improvement, through concrete and practical measures, will be provided. Preparation of an Annual Report on the work of the Council. Conduct of dialogue with organized private sector stakeholders on key competitiveness and productivity issues. Cooperation with other EU member states' Councils and with the European Commission with the view to exchange views and best practices.
Finland	<p><u>Finnish Productivity Board (established in 2018)</u></p> <p>It is the Board's responsibility to monitor the development of productivity and competitiveness of the Finnish economy, and to regularly provide and publish independent evaluations of it. The Board prepares financial reports and estimates concerning the developments in income and expenditure. It also takes part in the discussion and exchange of information with the productivity boards of other EU Member States and the EU Economic Policy Committee.</p> <p>In carrying out its task, the Board can develop the means of financial assessment and measurement as well as commission studies and reports.</p>
France	<p><u>Conseil National de Productivité (established in 2018)</u></p> <p>« Le CNP élabore un rapport annuel et organise une consultation des organisations syndicales et des organisations d'employeurs avant son adoption définitive. Si ces organisations émettent un avis sur le rapport, il lui est annexé. Le rapport annuel fait également l'objet d'une phase de consultation du public et de la société civile. Le collège d'experts peut saisir les organismes et administrations compétents pour mener des travaux et avoir accès aux informations utiles. Il bénéficie de l'appui d'un rapporteur général, Vincent Aussilloux, directeur du département Économie de France Stratégie, et de rapporteurs issus des administrations compétentes. France Stratégie assure le secrétariat général du CNP.</p> <p>L'ensemble des CNP européens seront organisés en réseau afin de procéder à des échanges et éventuellement de confronter leurs analyses. »</p>
Germany	<p><u>German Council of Economic Experts (appointed in 2019)</u></p> <p>The German government has assigned the German Council of Economic Experts the task of acting as the national committee for productivity with effect from 1 August 2019. On recommendation of the Council of the European Union these committees are to be set up in all member states as independent expert bodies and shall examine how productivity and competitiveness can be improved. The Council of Economic Experts will publish a national productivity report each year and support the exchange of views at home and abroad in this function.</p>
Greece	<p><u>KEPE, Centre of Planning and Economic Research (appointed in 2019)</u></p> <p>The main research activity at KEPE as the National Productivity Board focuses on:</p> <ul style="list-style-type: none"> The measurement of productivity and competitiveness The identification of driving forces and impeding factors of productivity growth The formulation and evaluation of policies that can enhance productivity and competitiveness at national level <p>Related empirical research also includes:</p> <ul style="list-style-type: none"> Regional and sectoral analysis of productivity Assessment of reforms in the labour and product markets The impact of new technologies, R&D and investment programmes The relations between productivity with inclusive growth and regional convergence

Ireland	<p><u>National Competitiveness Council (appointed in 2018)</u></p> <p>In 1997, the Government established the National Competitiveness and Productivity Council (then known as the National Competitiveness Council) as part of the Partnership 2000 Agreement.</p> <p>The Council reports to the Taoiseach and the Government, through the Minister for Enterprise, Trade and Employment on key competitiveness issues facing the Irish economy and offers recommendations on policy actions required to enhance Ireland's competitive position.</p> <p>In 2018, in accordance with the European Council recommendation on the establishment of National Productivity Boards in euro area countries, the Government designated the National Competitiveness and Productivity Council as the body responsible for analysing developments and policies in the field of productivity and competitiveness in Ireland.</p>
Latvia	<p><u>Latvia's National Productivity Board – The University of Latvia think tank LV PEAK (established in 2019)</u></p> <p>The Productivity Board of Latvia is an advisory body of the Ministry of Economics, the aim of which is to promote research into the development of economic productivity, to stimulate discussions on the productivity issues in Latvia and the European Union and to promote independent, objective and scientifically sound recommendations to policy makers.</p> <p>In accordance with the public interest, the Board submits proposals to the Ministry of Economics on directions of activity in the field of competitiveness and productivity development policy based on co-operation with the Productivity Research Institute of the Faculty of Business, Management and Economics of the University of Latvia "UL Think tank LVPEAK".</p>
Lithuania	<p><u>Division of Productivity Analysis (established in 2019)</u></p> <p>In Lithuania, a group of analysts based in the Economic Policy Unit of the Economic Development Department of the Ministry of Economy performs the function of a National Productivity Board. The main tasks of the analytical unit are:</p> <ul style="list-style-type: none"> • to analyse developments and policies in the field of productivity and competitiveness, including their main factors and drivers as labour cost, investments, innovations and human capital • to make the analyses publicly available and publish an Annual Productivity Report • to perform other analytical tasks, such as regular assessment and publication of the Lithuanian Economic Review <p>There will be regular inter-institutional consultations and consultations with stakeholders, including, regular discussions with other government institutions, business and science representatives and other relevant parties; discussions of the draft productivity report within the network of National Industrial Competitiveness Commission Industry 4.0, which brings together high-level representatives of the government, associations, industry and science.</p>
Luxembourg	<p><u>Conseil national de la productivité (established in 2018)</u></p> <p>Le Conseil national de la productivité est chargé de suivre les évolutions dans le domaine de la productivité en tenant compte des particularités nationales et des aspects liés à l'UE. Il est appelé à réaliser un diagnostic et une analyse de la productivité au Luxembourg en s'appuyant sur des indicateurs transparents et comparables. La portée des travaux englobe la productivité au sens large, y compris les facteurs coûts et hors coûts, les déterminants à long terme de la productivité ainsi que les défis et enjeux économiques, sociaux et environnementaux afférents. Compte tenu des compétences de l'ODC, de l'implication du STATEC avec en particulier son unité de recherche et de la possibilité de mandater des organismes et experts publics et privés, le Conseil national de la productivité dispose des capacités nécessaires pour réaliser des analyses économiques et statistiques d'un degré de qualité élevé.</p>

Malta	<p><u>National Productivity Board (established in 2019)</u></p> <p>The National Productivity Board, set up in February 2019, diagnoses and analyses productivity and competitiveness in Malta. In Malta's case, the Board falls under the remit of MCESD.</p> <p>The analysis takes into account the euro area and EU aspects and addresses the long-term drivers and enablers of productivity and competitiveness, including innovation, and the capacity to attract investment, businesses and human capital.</p> <p>It also addresses cost and non-cost factors that can affect prices and quality content of goods and services including those relative to global competitors in the short term. Such an analysis is based on transparent and comparable indicators. The Board will engage in the independent analysis of policy challenges in the field of productivity and competitiveness and assess the effects of policy options, making trade-offs of policy explicit.</p>
Netherlands	<p><u>Bureau for Economic Policy Analysis (appointed in 2017)</u></p> <p>The CPB research will focus on the determinants of productivity development. The empirical research will vary from international comparative research, such as on how countries are affected by a financial crisis or trade agreements, to micro-economic studies on companies or persons. CPB's ultimate goal is to gain an understanding of both the driving forces and impeding factors of productivity growth in the Netherlands.</p>
Portugal	<p><u>Council for Productivity - Conselho para a produtividade (established in 2018)</u></p> <p>The new Council for Productivity is in charge of monitoring public policies in the field of productivity, developing ex-ante and ex-post analyses of the effects of public policies with an impact on productivity in Portugal, in order to contribute to an improvement of measures already implemented and for a more rigorous capacity to define new policies in areas such as innovation, investment capture, human capital adequacy or competitive capacity in international markets. In addition, with a view to fostering a broader public discussion on the subject and reinforcing the importance of increasing productivity for the country, the Council should also promote initiatives for debate among civil society, integrating different stakeholders.</p>
Slovakia	<p><u>National Council for Productivity (established in 2019)</u></p> <p>The National Council for Productivity was officially established on 01 September 2019. The National Council for Productivity is tasked with monitoring, analysing and assessing the productivity and competitiveness of the Slovak Republic. The assessment covers the areas of innovation, business environment, education, effectiveness of the public sector, as well as the attractiveness of the Slovak Republic for foreign investment. The mission of the National Council for Productivity is to formulate independent analyses and provide a basis for a strengthened political discussion at national level.</p>
Slovenia	<p><u>Institute of Macroeconomic Analysis and Development (appointed in 2018)</u></p> <p>IMAD took on the key tasks of a national productivity board, which include analysis of productivity and competitiveness developments in Slovenia and preparing annual productivity reports. Thereby Slovenia is fulfilling the Council's recommendation for euro area Member States to establish national productivity boards by the beginning of 2018. Productivity analyses have been part of IMAD's regular publications for many years, but in 2019 we also started to publish them separately in the form of an annual productivity report.</p>

Annex: Comparison between the [Commission proposal](#) and the [Council Recommendation](#)

Competitiveness and Productivity

The Council replaced the *Competitiveness Boards* with *Productivity Boards*.

Tasks of the Boards

In the Commission text, the Boards were tasked:

- to monitor performance and policies in the field of competitiveness in Member States;
- informing the wage setting process by providing relevant information; and
- assessing policy challenges and formulating policy advice in the field of competitiveness and on the implementation of Country Specific Recommendations.
- According to the text adopted by the Council, the Boards are tasked with:
- diagnosis and analysis of productivity and competitiveness developments;
- independent analysis of policy challenges in the field of productivity and competitiveness.

The role of the Commission

According to the Commission text, the Commission was tasked to coordinate the activities of the Boards and take into account inputs from the system of Boards in the context of the European Semester, including the Macroeconomic Imbalance Procedure and the Country Specific Recommendations.

The Council text reads: “*the Commission could facilitate the exchange of views among the national boards*”, and discussions should take place with the Economic Policy Committee. The annual reports could be used by Member States and the Commission in the context of the European Semester.

Composition and independence

According to the Commission, Competitiveness Boards should be structurally independent and underpinned by national legal provisions, including a statutory regime grounded in national laws and adequate resources.

According to the Council, Productivity Boards should be endowed with functional autonomy *vis-a-vis* any public authority. To fulfil their tasks, they should be underpinned by national provisions ensuring a “*high degree of functional autonomy and accountability*”, including:

- the capacity to communicate publicly in a timely manner;
- procedures for nominating members on the basis of their experience and competence;
- appropriate access to information to carry out their mandate (the reference to appropriate resources in the Commission text was dropped).

The analysis could be produced by existing and separate bodies provided that it is of the same high quality.

Transparency and accountability

Both the Commission and the Council text states that the Productivity Boards should make their analyses publicly available.

Timing of implementation and progress reports

The original deadlines proposed by the Commission for the implementation of the recommendation and for the Commission progress report were 6 months and 12 months respectively since the adoption of the decision. The Council changed these two deadlines into 18 months and 30 months respectively.

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