

# Productivity Policy for Places

Workshop 3

## Public sector productivity

27-28 April 2021 | Virtual



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# Public sector productivity

## ■ Background

Productivity is the main determinant of living standards. Productivity growth, however, has been falling since the beginning of the century in many OECD countries, accompanied by the increasing interregional divergence in productivity performance within countries. A sole focus on national drivers of productivity at the level of industries and firms appears to be ill-equipped to offer solutions that would contribute to closing the gap across regions. An explicit focus on the spatial dimension of productivity is needed in order to better understand the recent productivity dynamics and to devise policy approaches able to boost the aggregate productivity growth and to decrease interregional inequalities.

Different levels of government play an important role in enhancing productivity. National-level regulation is crucial to create an environment that sets incentives for innovation and productivity upgrading and steers innovative activity towards labour augmenting, rather than labour saving, technologies. The provision of the basic building blocks for higher productivity, such as training and education at the individual level, access to capital for firms, and, more generally, access to knowledge fall to varying degrees into the mandate of all levels of government.

## ■ Productivity in the public sector

The public sector accounts for a sizeable share of economic activity in the OECD countries. For many years, however, productivity in the public sector was not a topic of academic and policy conversation partially due to the challenges involved in measuring public sector productivity. Yet, the variety of public services is expanding and the delivery increasingly relies on new technologies and management methods. The trend of decentralisation allows tailoring service provision, budgeting and other arrangements to local needs potentially offering better “value for money” to residents.

An effective public sector can enhance productivity in a city or a region. Co-ordinated planning across levels of government, as well as horizontally, plays an important role in facilitating access of workers to firms and vice versa. Especially in cities, co-ordinated solutions are important to combat agglomeration costs that limit the productivity-enhancing benefits from urban density. Delays due to cumbersome regulations, administrative procedures, or even lengthy court proceedings can adversely affect investment and entrepreneurial activity. Timely implementation of public works, monitoring and reporting requires more than the right framework but effective governance structures that ensure alignment of objectives and incentives across levels of government.

The role of government in defining regional growth trajectories is likely to increase after the COVID-19 pandemic. It is important to understand the links between governments and productivity in order to leverage this channel for productivity growth of regions and cities. The following guiding questions are offered for discussion:

- What practices, policies or policy approaches enhance public sector productivity in different types of regions? What are the trade-offs of various practices and policies?
- What are the roles of various actors in driving productivity in the public sector including issues of coordination, (levels and sources of) investments, etc. Is there scope for productivity-enhancing synergies?
- How are sub-national governments going to manage their service delivery and productivity in the post-COVID period given the combination of homeworking, demands on local services, subnational financing demands and climate change?

## ■ Venue

Virtual via Zoom.

# Agenda

[Central European Summer Time]

## 27 April 2021

### 16.00-16.20 Welcome & opening remarks

**Rudiger Ahrend**, Head of Economic Analysis, Data and Statistics Division, Centre for Entrepreneurship, SMEs, Regions and Cities, OECD

**Peter Berkowitz**, Head of Unit, Smart and Sustainable Growth, Directorate General for Regional and Urban Policy, European Commission

### 16.20-17.30 Productivity Effects of Governing at the Right Scale

MODERATOR **Dorothee Allain-Dupré**, Head of Unit, Centre for Entrepreneurship, SMEs, Regions and Cities, OECD

16.20-16.45 SCENE SETTER **Tamara Krawchenko**, Assistant Professor, School of Public Administration, University of Victoria, Canada

16.45-17.30 REACTIONS **Christof Delatter**, Interim Director, Department Environment, Spatial Planning, Economy, Climate Change and Housing, Association of Flemish Cities and Municipalities, Belgium

**Virpi Lehmusvaara**, Director of Education and Culture, City of Tuusula, Finland

**Diana Orlovskā**, Deputy Director, Territorial Development Evaluation Division, Ministry of Environmental Protection and Regional Development, Latvia

**Agnese Sacchi**, Associate Professor, University of Urbino Carlo Bo (Italy) and GEN (Spain)

**Paul Smoke**, Professor, Robert F. Wagner Graduate School of Public Service, New York University, USA

### 17.30-17.45 Break

### 17.45-18.45 Open discussion with all workshop participants

### 18.45-19.00 Summary and closing remarks

**Rudiger Ahrend and Peter Berkowitz**

## 28 April 2021

### 16.00-16.20 Welcome & opening remarks

**Rudiger Ahrend**, Head of Economic Analysis, Data and Statistics Division, Centre for Entrepreneurship, SMEs, Regions and Cities, OECD

**Peter Berkowitz**, Head of Unit, Smart and Sustainable Growth, Directorate General for Regional and Urban Policy, European Commission

### 16.20-17.30 Productivity of Public Services Provision

MODERATOR **Sean Dougherty**, Senior Economic Advisor and Secretariat Head, Network on Fiscal Relations, OECD

16.20-16.45 SCENE SETTER **Patrick Dunleavy**, Professor, Department of Government, LSE, UK

16.45-17.30 REACTIONS **Stephen Aldridge**, Director, Analysis and Data, Ministry of Housing, Communities and Local Government, UK

**Astrid Cullmann**, Senior Researcher, German Institute for Economic Research, Germany

**Juan Mora-Sanguinetti**, Senior Economist, Banco de España-Eurosystem, Spain

**Gatis Ozols**, Director of Information Society Development Department, Ministry of Environmental Protection and Regional Development, Latvia

### 17.30-17.45 Break

### 17.45-18.45 Open discussion with all workshop participants

### 18.45-19.00 Summary and closing remarks

**Rudiger Ahrend and Peter Berkowitz**

## ■ About the high-level expert workshops

This workshop is part of a series in the context of an EC-OECD project “Productivity Policy for Places”.

The workshops consider the topic from five angles: The productivity-innovation paradox; Productivity in the private sector; Productivity in the public sector; Productivity and inclusiveness; and Productivity and resilience.

The outcomes of the workshops will underpin an OECD report and form the basis for a broader discussion with stakeholders on the future direction of policy design for sustainable transitions for more productive regions and cities. As such, the work will be relevant for policy-makers at all levels of government interested in improving the long-term perspective of regional policies and their contribution to sustainable economic development.

The OECD Centre for Entrepreneurship, SMEs, Regions and Cities provides comparative statistics, analysis and capacity building for local and national actors to work together to unleash the potential of entrepreneurs and small and medium-sized enterprises, promote inclusive and sustainable regions and cities, boost local job creation, and support sound tourism policies.

[oecd.org/CFE](https://oecd.org/CFE)

### CONTACT

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