

## Developing an Effective National Competitiveness Council: Lessons and Best Practices

Armenia recently took a very important step in recognizing the importance of competitiveness by forming its first National Competitiveness Council (NCC). As such, this would be an appropriate time to share some of the best practices and lessons learned from other countries, both developed and developing, that have created NCCs. Drawing on examples from countries such as Ireland, Singapore, and the USA, this article will look at some of the approaches to council composition, as well as the functions that such councils tend to serve.

One important purpose of an NCC is to serve as a forum for dialogue among the private, public, and academic sectors. NCCs also develop policy recommendations to provide the government with a concrete set of actions that can be undertaken to enhance the country's competitiveness. Of all NCCs, the Irish Council provides the most recommendations for government action, which speaks to the Irish government's acceptance of the role of the council in enhancing the national competitiveness and productivity of Ireland. Often councils are responsible for overseeing the development of a national competitiveness report, such as the Armenia Competitiveness Report (ACR), which was released recently and analyzes the state of Armenia's competitiveness. Additionally, in Ireland, which has the oldest NCC, the council is a way for the government and the public to monitor the progress of its own strategic initiatives and programs.

Other frequent functions of NCCs include:

- 1) Policy advice and advice on policy implementation
- 2) Sound competitiveness and policy analysis
- 3) Monitoring the country's competitiveness performance
- 4) Benchmarking against worldwide best practices
- 5) Providing data and information to all constituents, including the media
- 6) Special analytical or advisory tasks

There does not appear to be any one "best" approach to council formation. However, successful councils appear to share a number of characteristics.

Councils should be of relatively small size (15-20 individuals at most) and include representatives from the public sector, the private sector, academia, and labor to guarantee multiple perspectives. It is especially critical that the council be private sector-led, or that at a minimum includes private sector representation, in recognition of the fact that businesses, not countries, are competitive.

Councils should have a bi-partisan, multi-partisan, or non-partisan composition. This helps build consensus in the country around the goal of competitiveness (rather than allowing it to be hijacked by one political party or another for political ends) while also allowing it to survive a change of government. In both the UK and Hungary councils were formed only to be subsequently disbanded with a change of government. Conversely, one of the reasons for the success of the Competitiveness Policy Council of the US was its bipartisan nature; at no time was the membership allowed to represent more than six members of the same political party.

Councils should be recognized by the government, enabling the council to exert real influence over government policy. This does not always necessitate that government officials formally sit on the council. In Ireland, for example, links between the council and the government come via direct meetings between the council Chair and the Prime Minister, while senior civil servants attend council meetings and participate in deliberations.

Councils should not duplicate existing structures, including either existing business associations or existing government bodies. This is because the agenda for the NCC will be different from the other bodies, and avoiding overlapping structures allows for agendas to be more easily kept separate.

The council's recommendations should not bow to pressure from either the government or from the private sector. Council's should

be able to develop policy recommendation free of pressure from outside parties.

NCCs can be an important way of calling a country's attention to the importance of competitiveness, as well as serving as an invaluable advisory body to the government. However, it is critical that the council be established in such a way as to have credibility with all of its relevant constituencies, including the private sector, and that it be given a sufficiently prominent role as to lend weight to its recommendations. An ineffective NCC can be worse than no NCC at all, as an inability to demonstrate its relevance or impartiality will likely result in the body's failure, and a council that has failed once will be difficult to resurrect.



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