

Methodology

Introduction

The publication series *Competitiveness in South East Europe: A Policy Outlook* (hereafter, the *Competitiveness Outlook*) provides a comprehensive assessment of competitiveness reforms in six economies of South East Europe (SEE): Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Kosovo,* Montenegro and Serbia. It provides policy makers with actionable policy recommendations, informed by international and OECD good practice, to define a sustainable economic reform agenda and to achieve greater economic competitiveness through productivity gains.

The *Competitiveness Outlook* is a key benchmarking tool for SEE governments, supporting the domestic policy cycle through its prioritisation, implementation and monitoring stages. The assessment process is a valuable means to foster government capacity in strategic planning and designing reforms, as well as change management. It uses a collaborative approach to integrate the perspective of non-government stakeholders into the process of identifying the main challenges in the economic environment and then addressing them through tailored policy reform.

The *Competitiveness Outlook 2018* is the second publication in the series. Since the 2016 edition, its methodology has been only marginally refined, thus making it possible to track progress in the advancement of policy design and implementation over time.

Scope

In order to boost an economy's competitiveness, policy reforms need to build on each other and be co-ordinated across different areas, rather than conducted in isolation. Acknowledging this holistic imperative and seeking to provide policy makers with a single window through which to assess and, if necessary, re-adjust policies favouring competitiveness, the *Competitiveness Outlook 2018* encompasses 17 policy dimensions, grouped into key pillars which are crucial for strengthening competitiveness.

Methodology

The *Competitiveness Outlook's* methodology was conceived to provide an evidence-based assessment of progress in the design and implementation of policies to foster an economy's competitiveness. It is based on a list of indicators which has been tailored to each of the 17 policy dimensions, and implemented through a highly participatory process involving more than 1 000 local stakeholders.

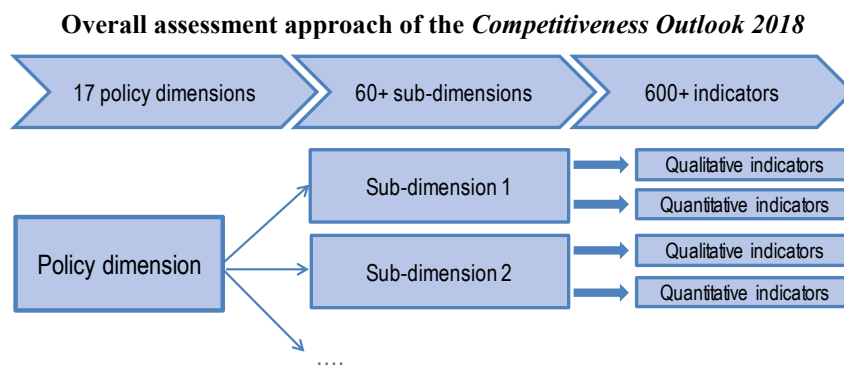
* This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of independence.

Policy dimensions assessed in the *Competitiveness Outlook 2018*

Pillar	Policy dimension
I. Business environment	1. Investment policy and promotion
	2. Trade policy and facilitation
	3. Access to finance
	4. Tax policy
	5. Competition policy
	6. State-owned enterprises
II. Skills and capacity	7. Education and competencies
	8. Employment policy
	9. Science, technology and innovation
	10. Digital society
III. Economic structure	11. Transport policy and performance
	12. Energy policy
	13. Environmental policy
	14. Agriculture
	15. Tourism
IV. Governance	16. Public services
	17. Anti-corruption policy

The overall assessment approach

Each policy dimension has two to five sub-dimensions that highlight the key elements of that policy area.¹ The sub-dimensions in turn are made up of a total of more than 600 indicators, both quantitative and qualitative (see figure below), which capture in detail the design, implementation and performance of policy settings, processes and institutions.



This publication has taken the indicators from the *Competitiveness Outlook's* 2016 edition and refined them further in order to increase the focus on critical areas and integrate additional OECD tools. The set of indicators used for each of the 17 policy dimensions can be found in the assessment framework included at the start of each chapter.

Refinements to the *Competitiveness Outlook*

Compared to the first edition of the *Competitiveness Outlook* series which was published in 2016, the *Competitiveness Outlook 2018* includes new features introduced to strengthen the analysis and increase its impact. These refinements include:

- the inclusion of additional policy dimensions
- refined indicators to increase the focus on certain critical areas
- more detailed questionnaires to capture more nuanced qualitative information
- closer co-operation with SEE governments through government co-ordinators to improve intra-government co-ordination and data collection
- policy roundtables held in each capital city to increase ownership within SEE economies
- closer co-operation with SEE statistical offices to refine quantitative data collection and analysis
- more extensive collaboration with OECD directorates and bodies, including an increased application of OECD tools to SEE economies.

Qualitative indicators

Qualitative indicators assess whether the economies have the relevant competitiveness-enhancing policy settings, strategies, processes or institutions, and if so, the extent to which they have been adopted, implemented, monitored and updated. The qualitative indicators are assigned a numerical score according to the level of policy development and implementation so that performance can be compared across economies (see figure below).

General level scale and descriptors of qualitative indicators

Level 5	<ul style="list-style-type: none"> • Level 4 plus independent impact evaluation. • Results of monitoring and impact evaluation inform policy framework design and implementation updates towards OECD good practice.
Level 4	<ul style="list-style-type: none"> • Level 3 plus evidence that the framework is being monitored and, if necessary, adjusted accordingly.
Level 3	<ul style="list-style-type: none"> • Level 2 plus some concrete indications that the policy framework is being implemented effectively.
Level 2	<ul style="list-style-type: none"> • Framework specifically addressing the policy area concerned is solidly in place, officially adopted by the government or parliament (where applicable). • The framework includes policy features which are necessary to make it effective.
Level 1	<ul style="list-style-type: none"> • A draft or pilot framework exists, with signs of government activity to address the policy area concerned.
Level 0	<ul style="list-style-type: none"> • No framework (e.g. law, institution, project, initiative) exists to address the policy topic concerned.

The table below shows an example of how the general structure of the scoring scale used to measure qualitative information has been translated into level descriptors for the digital society policy dimension's national broadband strategy indicator.

Simplified level descriptors for the national broadband strategy indicator

Level	Level descriptor
Level 5	Regular monitoring activities and impact assessment on the national broadband strategy are conducted. Clear accountability mechanisms for government bodies are in place. Results of monitoring and evaluation analysis inform policy framework design and implementation towards OECD good practice .
Level 4	Planned monitoring activities assess programme inputs (budget and assets) and outputs (results such as greater broadband capacity and coverage). Administrative activities and programmes are fully government-funded.
Level 3	Evidence of active policy implementation as measured by programme inputs and outputs. Good institutional co-ordination between national and sub-national level government bodies which design policy and implement programmes. Government bodies' human and financial resources (mostly government-funded) are adequate to execute their responsibilities.
Level 2	A national broadband strategy has been adopted by the central government. The strategy has 1) clear and measurable objectives; and 2) defined actions and measures with timelines and budgets to meet objectives. The strategy includes policy measures to: 1) increase broadband capacity and speed; 2) improve the resilience of existing broadband infrastructure; and 3) promote access on fair terms and at competitive prices to all communities, irrespective of location. Relevant legislation resulting from policy measures outlined in the strategy has been adopted by parliament.
Level 1	A national broadband strategy is under development . There is government activity in drafting and stakeholder consultations.
Level 0	A national broadband strategy does not exist or is obsolete .

As an example, an economy that meets the conditions of level 5 would receive a score of 5 for this indicator. Policy dimension and sub-dimension average scores are arrived at by calculating the simple average across the relevant qualitative indicator scores. Indicators are not weighted because the importance of each indicator will be different for different stakeholders. Average scores should therefore be interpreted with caution and taken only as a rough indicator of policy development.

Quantitative indicators

Quantitative indicators are the input, output and outcome factors which are pertinent to the assessment of policies, policy making, institutional conditions and policy results. Examples include public or private spending in the policy field in question, the percentage of actors engaging in a certain activity, or the volume of a certain output resulting from a policy or economic activity. They complement qualitative indicators by supplying quantifiable information on the performance of policy settings, processes and institutions.

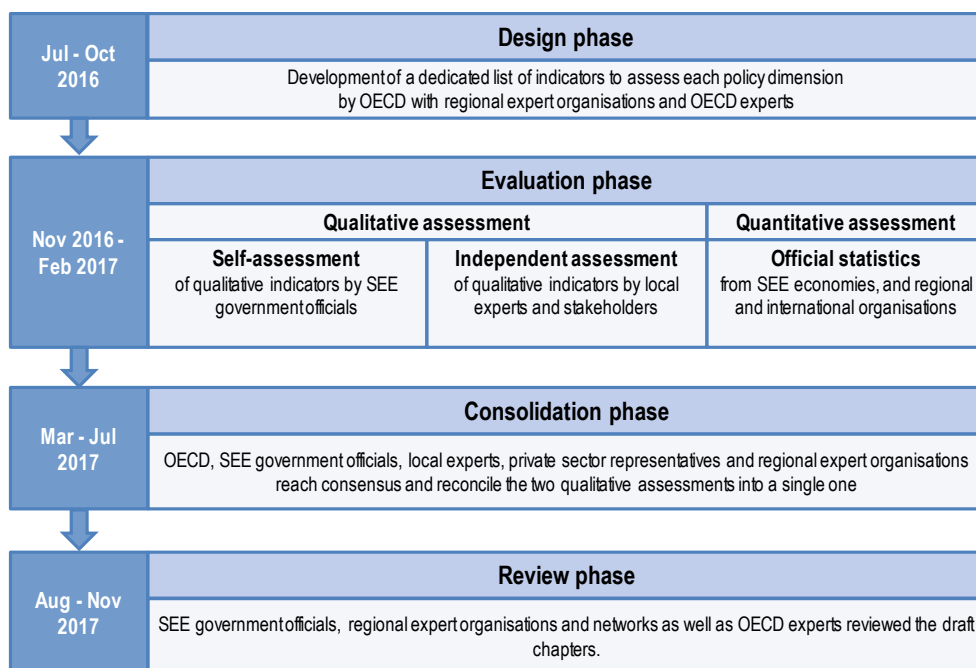
The assessment process

The *Competitiveness Outlook's* methodology is complemented by a participatory assessment process which has been designed to foster peer learning, to create consensus on reform priorities and to facilitate stakeholder co-ordination.

The assessment process phases

The *Competitiveness Outlook 2018's* assessment process consisted of four main phases which were conducted between July 2016 and November 2017: 1) the design phase; 2) the evaluation phase; 3) the consolidation phase; and 4) the review phase (see figure below).

Assessment process phases of the *Competitiveness Outlook 2018*



1. Design phase (July-October 2016)

The OECD, in close co-operation with regional expert organisations and networks, developed the list of indicators to assess each of the 17 policy dimensions.

2. Evaluation phase (November 2016 - February 2017)

This phase consisted of a questionnaire-based qualitative government self-assessment and a questionnaire-based independent qualitative OECD assessment, as well as the collection of quantitative statistical data. The government self-assessment was led by a designated government co-ordinator in each economy (see the acknowledgements for a list of names); the OECD assessment was supported by a team of local independent experts and researchers.

3. Consolidation phase (March-June 2017)

The results of the government self-assessments and the independent assessments were compared and consolidated into a single assessment at roundtables held in the six SEE capitals, which brought together all the stakeholders who contributed to the assessments. These included SEE government officials, local independent experts, representatives from the private sector, the academic community and international donor organisations. The consolidated assessment and first policy recommendations for each policy area were discussed with SEE government co-ordinators and formed the basis for completing the draft chapters of the *Competitiveness Outlook 2018*.

4. Review phase (July-December 2017)

Government officials, regional expert organisations and networks, and experts across the OECD reviewed the draft chapters.

The OECD then prepared the report for publication. The publication was launched at the OECD High-Level Conference in Paris on 24 April 2018.

A participatory assessment process

The participatory nature of the *Competitiveness Outlook*'s assessment process is reflected in the large number and diversity of the stakeholders who contributed to the assessment and attended *Competitiveness Outlook* meetings and roundtables (see table below).

Assessment stakeholders and meetings of the *Competitiveness Outlook 2018*

Stakeholders involved:	<ul style="list-style-type: none"> – 8 SEE government co-ordinators – 128 SEE policy dimension contact points – More than 1 000 SEE government officials – 8 SEE statistical offices – More than 300 representatives from the private sector, academia, civil society and international donor organisations – 13 regional organisations and networks – 6 local expert consultant agencies – 6 international expert consultants
Meetings and roundtables:	<ul style="list-style-type: none"> – More than 200 roundtables in each capital – 3 co-ordination meetings at the OECD

While the involvement of these stakeholders has benefitted the analysis in terms of data collection, the stakeholders also benefit from exchanging with one another and the OECD on concrete policy issues. In this regard, the participatory approach is a particular strength of the *Competitiveness Outlook* and enables the assessment process to:

- Act as a change-management tool, since the government self-assessment and roundtables ask stakeholders to judge the success of current policies and resource allocations, while identifying possible directions for improvement.
- Strengthen inter-ministerial consultation by asking SEE government officials across various ministries and agencies to exchange and co-ordinate while assessing the different policy dimensions. Bringing them together through roundtables allows them to reflect on the roles of their respective services in the policy dimension in question.
- Facilitate public-private consultation by convening both SEE government officials and representatives of the private sector, academia and civil society for roundtables to share their views on their respective assessments of the policy dimension.
- Encourage SEE statistics offices and government bodies to produce new or more frequent statistics by expressing demand for the indicators which are crucial to assess competitiveness.
- Support regional integration by including a regional perspective on policy issues through the consultation of regional expert organisations and networks during the design of the assessment, the roundtables and the review phase.

The strengths and limitations of the *Competitiveness Outlook 2018*

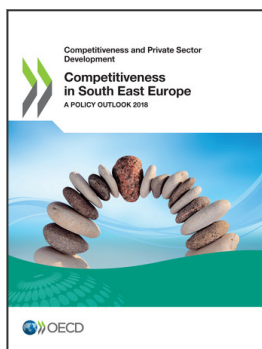
The *Competitiveness Outlook 2018* has a number of strengths which make it a uniquely valuable tool for SEE policy makers, citizens, researchers and international donor organisations. It also has a number of limitations which need to be borne in mind:

Strengths and limitations of the *Competitiveness Outlook 2018*

Strengths	Limitations
<ul style="list-style-type: none"> – Independent and rigorous assessment enables it to benchmark the performance of peer economies against OECD good practice. – Government self-evaluation acts as a change-management tool and creates a process that enhances the quality of pro-competitiveness policy development. – Good-practice examples and policy recommendations offer guidance to policy makers who are designing or redefining a sustainable economic reform agenda to foster competitiveness. – The analysis draws on both original data collected by the OECD and existing data collected by other organisations. – The participatory assessment process enables stakeholder dialogue on policy, joint learning and agreement over identified strengths and shortcomings to help build consensus for future reform. – Scoring levels by policy dimension helps public officials communicate more effectively on policy progress and areas where future reform is necessary. – The assessed economies' contexts and other wide-ranging factors that affect competitiveness and policy development underpin the analysis and supplement the scores. 	<ul style="list-style-type: none"> – Although qualitative indicators often specify the minimum design features a policy should possess, they do not necessarily reflect the quality of the individual policies themselves, but rather the extent to which they have been designed, implemented and monitored. – While the <i>Competitiveness Outlook 2018</i> focuses on areas crucial for strengthening competitiveness in SEE, it does not cover all areas of competitiveness exhaustively. – Statistical coverage of many issues is limited in the six economies, and the specific context of the quantitative data cannot always be acknowledged. – As the same set of indicators is applied to all six economies, the scoring may not fully reflect characteristics which are specific to an individual economy. – The benchmarking potential is limited since this edition is only the second in the series, and for three of the chapters it is only the first edition. Furthermore, some qualitative indicator levels were refined for this edition.

Note

1. Except for competition policy (Chapter 5), which has 12 sub-dimensions grouped into 4 policy areas.



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