

The Recovery and Resilience Plan of Portugal

Objectives and Measurement

Lisbon, May 24th, 2022

João Cortes, IPP
Steffen Hoernig, IPP, Nova SBE
Paulo Trigo Pereira, IPP, ISEG



INSTITUTE OF
PUBLIC POLICY

L I S B O N

PromethEUs 

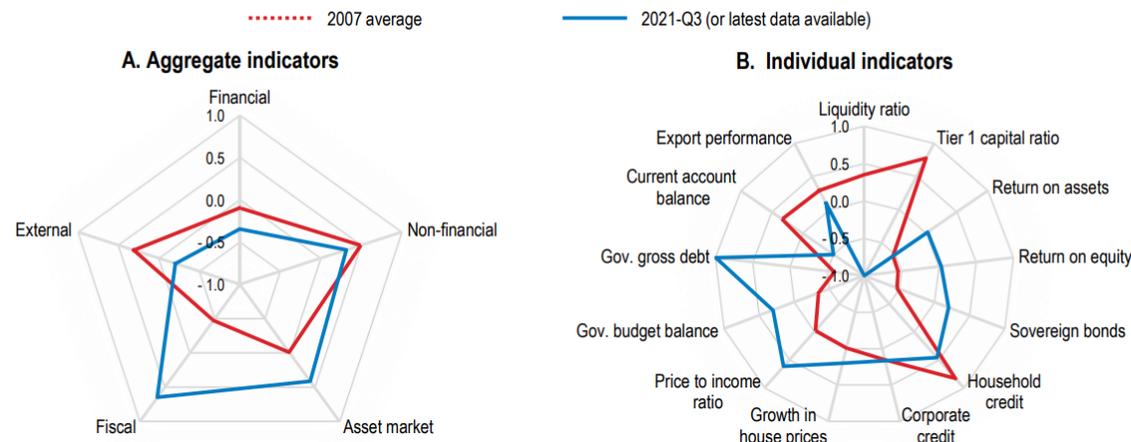
Main Weaknesses Addressed by the RRP

Main Obstacles to Growth in Portugal

- Portugal's weaknesses have been the same for many years:
- ❑ **Low qualifications** (of both workers and business owners)
 - ❑ Economy based on **low wages** and **low value-added**
 - ❑ **High public and private debt levels**
 - ❑ **Sluggish productivity growth**

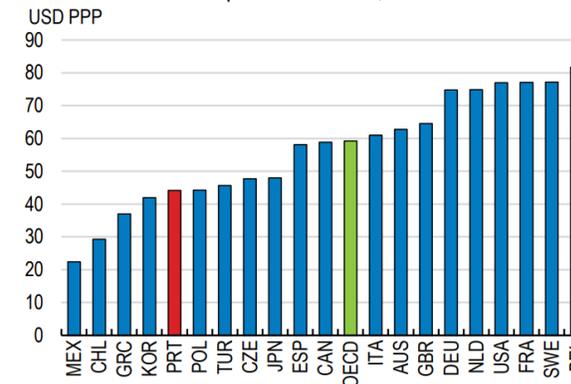
Compounded by: low levels of investment, low R&D intensity, low skills, a business environment hampered by inefficiencies in the justice system and red tape

Index scale of -1 to 1 from lowest to greatest potential vulnerability, where 0 refers to the long-term average ¹



Source: OECD 2021

A. Labour productivity
GDP per hour worked, 2019



Source: OECD (2021), Productivity Database.

The RRP Addresses Portugal's Weaknesses

Digital Transition Towards Economic Convergence

In this context, the digital transition has a relevant **supporting role** for catching up:

- Low levels of education hamper productivity: use of **digital tools to improve education, and education in digital skills themselves**
- Complicated legal rules and an inefficient public administration and justice system are drags on innovation and growth: **74% of the investment in the digital area is dedicated to public institutions** including administrations, courts, and schools.
- Portuguese firms tend to be small and concentrated in low-productivity sectors: **workforce training, digitisation of processes** (but only marginally to innovative business models)



Digital Transition in the Portuguese RRP

The Seven Reforms of the Digital Transition

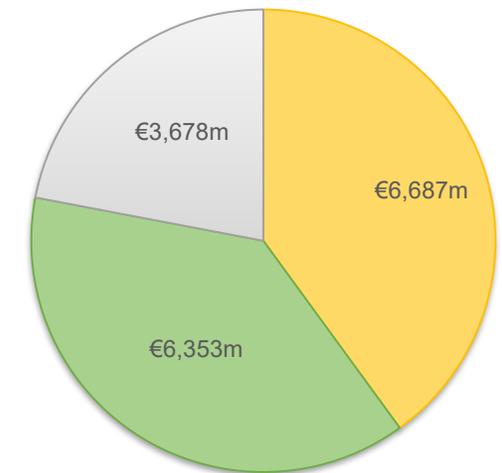
Portugal's RRP includes 37 reforms and 83 investments in a total endowment of €16,644m (€13.9bn subsidies, €2.7bn loans).

The following 7 reforms are foreseen within digital transition :

1. Digital transition of businesses
2. Modernization and Simplification of Public Financial Administration
3. Economic legal system and the business environment
4. Digital, simple, inclusive and safe Public Services for citizens and businesses
5. Functional and organic reform of Public Administration
6. Public Administration empowered to create public value
7. Reform for a digital education

However, each of these reforms is formulated in vague terms and unclear measures. While one component is directly related to businesses, 5 out of 7 reforms concern the public administration (6 out of 7 if one counts the public school system as being part of the public administration).

Distribution of Investments



- Economic and Social Resilience (40%)
- Climate Transition (38%)
- Digital Transition (22%)



Digital Transition in the Portuguese RRP

The Five Digital Components

C16: Enterprises 4.0. 1R, 3I. (€650m, 26.42% of digital funds)

Accelerate and strengthen digital skills of the workforce, integrating digital technologies

C17: Quality and Sustainability of Public Finances. 1R, 3I. (€406m, 16.5% of digital funds)

Improve the performance of public financial management, social security, and tax authorities

C18: Economic Justice System and Business Environment. 1R,1I. (€267m, 10.85% of digital funds)

Target inefficiencies in the justice system, simplify interaction between citizens and businesses with the State, reduce complexity and eliminate barriers

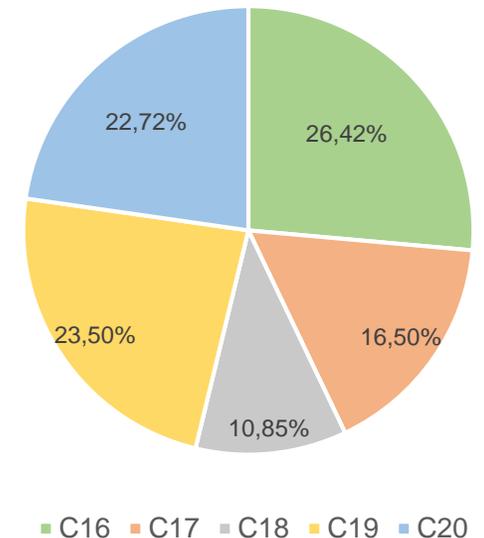
C19: Digital Public Administration. 1R, 7I. (€578.1m, 23.5% of digital funds)

Provide simpler and more efficient digital public services, enhancing proximity and technology to contribute to economic growth and social development through public administration

C20: Digital School. 1R, 3I. (€559m, 22.72% of digital funds)

Create educational and managerial sustainable conditions for innovation, integrating technology

Investment per Component



Portuguese Operational Arrangements

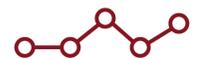
- 39 qualitative milestones
- 47 quantitative targets
- Not clear how these targets were chosen, as opposed to others

Taskforce “*Recuperar Portugal*”

- Coordinates and monitors implementation
- Informs the EC of any significant “risks to the timeline for the completion of any milestone or targets”

CNA (Comissão Nacional de Acompanhamento)

- Comments on work of Taskforce



Measurement of Implementation

KPIs & Verification Criteria

Verification of Key Performance Indicators (KPIs)

- ❑ Lists: 37 %
- ❑ Proof of implementation, operability, completeness, or availability: 36%
- ❑ Only 9% of all KPIs identified as “specific”

Verification Mechanism	Number of Measures	Verification Mechanism	Number of Measures
16 - Enterprises 4.0	15	19 - Digital Public Administration	24
Certifications	1	List	5
List	9	Numeric	2
List and complement	3	Official Journal	3
Official Journal	1	Proof of availability	1
Specific	1	Proof of completion	1
17 - Quality and Sustainability of Public Finances	20	Proof of completion and Operability	4
Certificate	1	Proof of completion operability and availability	1
Decision from MoF	1	Proof of completion, list	2
List	3	Proof of Operability	3
Official Journal	2	Proof of Operability and availability	1
Proof of Completeness Implementation	1	Specific	1
Proof of completion	1	20 - Digital School	18
Proof of Implementation	3	List	9
Proof of Operability	3	Numeric	2
Proof of Operability and availability	1	Numeric, list	1
Specific	4	Proof of completion and Operability	2
18 - Economic Justice System and Business Environment	9	Proof of completion, list	1
Official Journal	3	proof of purchase	1
Proof of Operability	6	specific numeric	1
		Specific proof of completion	1

Verification Mechanism	Number of Measures
Certification(s)	2
Decision from MoF	1
List	26
List and complement	3
Numeric	4
Numeric, list	1
Official Journal	9
Proof of availability	1
Proof of completeness implementation	1
Proof of completion	2
Proof of completion and operability	6
Proof of completion operability and availability	1
Proof of completion, list	3
Proof of implementation	3
Proof of operability	12
Proof of operability and availability	2
proof of purchase	1
Specific	6
specific numeric	1
Specific proof of completion	1
Grand Total	86

Measurement of Implementation

Quality of Key Performance Indicators

Entity	Concrete	Method	Efficiency	Vision
Ministry of Economy and Digital Transition in collaboration with the Minister of Labour, Solidarity and Social Security	2,00	3,00	1,00	2,00
EMPD - Portugal Digital Mission Structure	2,07	1,07	1,07	2,73
IEFP - Institute of Employment and Training	2,33	1,33	1,33	3,00
IAPMEI - Agency for Competitiveness and Innovation	2,07	1,07	1,07	2,79
DGAE - Directorate-General for Economic Activities	2,00	1,00	1,00	2,80
AICEP - Agency for Investment and Foreign Trade of Portugal	2,00	1,00	1,00	2,00
Startup Portugal	2,00	1,00	1,00	2,50
DIH Working Group	2,00	1,00	1,00	3,00
ANI - National Innovation Agency	2,00	1,00	1,00	3,00
INCM - National Mint Press	2,00	1,00	1,00	3,00
CNCS - National Cybersecurity Center	2,00	1,00	1,25	3,00
AMA - Agency for Administrative Modernization	1,33	1,00	1,00	2,83
CNPD - National Data Protection Commission	2,00	1,00	1,00	3,00
ESPAP - Public Administration Shared Services Entity	1,82	1,91	1,91	2,36
Ministry of Finance	1,69	1,77	1,69	2,31
UniLEO - Implementation Unit of the Budget Framework Law	1,86	2,00	2,00	2,14
DGO - Directorate-General for Budget	1,86	2,00	2,00	2,14
DGTF - Directorate-General for Treasury and Finance	2,00	2,00	2,00	3,00
UTAM - Technical Unit for Follow-up and Monitoring of the Public Business Sector	2,00	2,00	1,00	3,00
AT - Tributary and Customs Authority	1,00	1,00	1,00	2,33
IL, IP, ISS, IP	1,33	1,00	1,00	3,00
IGFS, IP - Social Security Financial Management Institute	1,00	1,00	1,00	3,00
IGFEJ - Institute of Financial Management and Justice Equipment	1,50	1,00	1,25	2,75
Ministry of Justice	2,00	1,00	1,00	3,00
DGPJ - Directorate-General for Justice Policy	2,00	1,00	1,00	3,00
MMEAP - Ministry of Modernization of the State and Public Administration	2,00	1,00	1,00	1,67
PJ - Judiciary Police	1,00	1,00	1,00	3,00
IRN - Institute of Registries and Notaries	1,00	1,00	1,00	2,00
DGACCP/SG (DGA/DSCI)	2,00	2,00	2,00	3,00
INE - National Institute of Statistics	2,00	1,00	2,00	3,00
GNS - National Security Office	2,00	1,00	1,00	2,67
CEGER - Government IT Network Management Center	1,50	1,50	2,00	2,00
Ministry of Internal Administration, General Secretariat of the MAI	2,00	1,00	3,00	3,00
SEF / Ministry of Home Affairs: General Secretariat of the MAI	1,00	1,00	2,00	3,00
VP_DRI	1,00	1,00	1,50	2,50
Regional Secretariat for Finance, Planning and Public Administration	2,00	1,00	1,00	2,00
DGAEP - Directorate-General for Administration and Public Employment	1,50	1,00	1,50	1,50
INA - National Institute of Administration	1,00	1,00	1,00	2,00
SGEC - General Secretary of Education and Science	2,22	1,00	1,44	1,44
Regional Secretariat for Education	2,11	1,44	1,11	1,89

We measured KPI quality in four dimensions (1 lowest, 3 highest)

1. How **concrete (C)** are the terms used in the verification criteria?
2. How clear is the **methodology (M)**?
3. How **effective (E)** are targets to ensure that structural objectives are achieved?
4. How clearly are targets aligned with policy **vision (V)**?

	C	M	E	V	Average
C16: Enterprises 4.0	2.1	1.2	1.1	2.7	1.8
C17: Public Finances	1.7	1.7	1.6	2.5	1.9
C18: Just. & Bus. Env.	1.6	1.0	1.1	2.7	1.6
C19: Public Adm.	1.5	1.1	1.5	2.5	1.6
C20: Digital School	2.2	1.2	1.3	1.7	1.6
Average	1.8	1.3	1.3	2.4	

Completion of Tasks, and Transparency

Milestones and Targets for 2021

- Portugal already **completed a first set of targets and milestones**

Code	Description	Date	Recuperar Portugal	Achievement Status				Public information at Responsible Entity
				EC Implementing Decision	EC Recovery and Resilience Scoreboard	Portugal Digital Dashboard	Mais Transparência	
C17-r32	<i>(Milestone): New model of management contract with a system of incentives and penalties for the management of public enterprises</i>	2021Q4	Fulfilled	Fulfilled	No information	100% complete	Fulfilled targets for 2021	Ministry of Finance: clear
C19-r34	<i>(Milestone): Judicial framework for the digital transition of the public administration</i>	2021Q3	Fulfilled	Fulfilled	No information	Unclear information	Fulfilled targets for 2021	AMA: Unclear, contracts available in DRE
C19-r36	<i>(Milestone): Creation of the “National Institute of Public Administration”</i>	2021Q2	Fulfilled	Fulfilled	No information	Unclear information	Fulfilled targets for 2021	INA: Website
C16-i03	<i>(Target): Selection of 17 Digital Innovation Hubs [goal: 16]</i>	2021Q4	Fulfilled	Fulfilled	No information	85 % completed	0% fulfilled	IAPMEI: clear reference of developments
C20-i01	<i>(Milestone): Contracts for acquisition of 600,000 computers for high school teachers and pupils</i>	2021Q4	Fulfilled	Fulfilled	No information	90 % completed	Fulfilled targets for 2021	SGEC: action taken unclear

- Published information **at times incoherent** between different sources
- Some entities are **less explicit than others** in presenting the actions and investments;
- “Mais Transparência” (main information portal) **only covers 70% of the digital transition budget**
- Nothing has yet been disbursed to the final recipients – **contests for funds just started**

Final Remarks and Recommendations

Enhancing effectiveness measurement and methodological transparency

- ❑ Portugal's RRP is **well-aligned with the country's most relevant structural issues**
- ❑ But: Milestones / Targets **focused on *execution*, not on effectiveness**
- ❑ Operational Arrangements **lack** information and criteria to ensure
 - ❑ Chosen actions **maximize return on investment**;
 - ❑ Effective **achievement of objectives** in Digital Transition Action Plan;
- ❑ Important questions regarding budget allocation and impact measurement remain unclear

- ❑ With these challenges in mind, we provide the following **recommendations**:
 - ❑ Present more information about **choices made and alternatives**
 - ❑ Relate actions to achievement of specific digital transition target
 - ❑ Return on Investment metrics
 - ❑ Introduce metrics that measure **effectiveness**
 - ❑ **Clearer and consistent communication** by Responsible Entities how and why RRP budget is allocated to specific items