



PROJECT NOTIFICATION

PN Issue Date	6 June 2019
Project Code	17-RP-15-GE-RES-B
Title	Research on Factors for Potential Total Factor Productivity Improvement for APO Economies
Timing and Duration	July 2019–June 2020 (one year)
Venue	APO Secretariat
Arrangement of Experts	Team of individual and institutional experts in a research collaboration platform

1. Objectives

- a. To explore new concepts of measuring productivity to capture the gains stemming from technological progress;
- b. To develop indicators showing a country's ability to sustain its productivity improvement gains in the future;
- c. To examine the possibility of extending the underlying concept of total factor productivity to reflect quality improvements resulting from digital technology applications; and
- d. To collaborate with renowned global institutions on developing new methods for the measurement of productivity.

2. Background

Measures of productivity improvement represent indicators of economic growth and sustainable development which policymakers can use to track and shape national-, industry-, and firm-level performance, all of which are dynamic targets. In recent years, economic productivity research has made significant strides, with new findings on index measurement methodologies as well as new data to capture capital stock and human capital. Methodologies to incorporate the contributions of changes in economic policies, including trade policies, into productivity measurement have also been formulated and broadly applied. Furthermore, a host of correlates of productivity change, including environmental conditions, labor standards, and other measures of well-being and their population distribution are increasingly seen as important to document economic and human development. These advances have also come at a time when there is increasing scrutiny of the adequacy of existing measures to reflect the complexities of economic growth and sustainable development. Recent attempts have tried to provide solutions to the global productivity paradox, in which measurement methodologies do not cover the benefits of digital technology applications.

The APO is attempting to improve its productivity measurement methodologies by focusing on two interrelated elements: the benefits of the growing digital economy (smartphone apps and Internet search engines like Google); and the complexity of measuring long-term changes in the economy (future-proof productivity improvement). Those two elements combined define the Sustainable Productivity Index (SPI). Economists are beginning to find ways to construct measures such as the SPI by exploring the statistical and conceptual issues related to measuring a dynamic economy. However, while recent research findings offer insights on the feasibility of constructing the SPI, more conceptual work is needed, along with the collection of national data on the digital economy. This present research project is planned to support the development of the new SPI.

3. Scope and Methodology

Scope

- a. Inclusion of benefits from digital technologies in productivity measurement;
- b. Indicators showing productivity growth in the long run;
- c. Development of the SPI; and
- d. Statistical database on the SPI.

Methodology

The APO will establish a collaborative platform comprising a team of APO-assigned experts and another team of institutional experts to undertake the research work. Qualified research partners will be appointed to conduct the project through a collaboration contract.

Using this methodology, there is no need to select a team of national experts from member countries.

Experts' tasks

- a. Formulating and, in collaboration with the APO experts, leading the development of the research agenda including supporting the formation of the research platform;
- b. Working with other experts within the collaborative platform to achieve the intended objectives;
- c. Managing the research team and agenda in line with the overall research agenda;

- d. Attending the research coordination meetings and contributing based on the agreed-upon arrangements;
- e. Maintaining regular communication with the APO regarding project implementation and updating the APO on its progress;
- f. Preparing the final report for publication; and
- g. Contributing to the dissemination phase of the research project.

4. Qualifications of Experts

The members of the research collaboration platform must have demonstrated the necessary experience, educational background, qualifications, and professional contributions to the topic of the research project. The experts should be an experienced specialist in productivity and economic activity measurement and data analysis, particularly on the relationship between the digital economy and productivity, preferably with experience in developing national and/or international economic indexes and/or statistical work on productivity.

5. Financial Arrangements

The APO will bear full honoraria and related travel costs for the experts to be paid upon completion of the final research report or upon the delivery of agreed project milestones.



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