## PROJECT NOTIFICATION

Ref. No.: 22-RC-07-GE-RES-A-PN2200039-001

<table>
<thead>
<tr>
<th>Date of Issue</th>
<th>11 April 2022</th>
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<tbody>
<tr>
<td>Project Code</td>
<td>22-RC-07-GE-RES-A</td>
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<tr>
<td>Title</td>
<td>Asian Productivity Outlook</td>
</tr>
<tr>
<td>Timing and Duration</td>
<td>April–December 2022 (nine months)</td>
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<tr>
<td>Hosting Country(ies)</td>
<td>Not Applicable</td>
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<td>Modality</td>
<td>Digital Multicountry</td>
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<tr>
<td>Implementing Organization(s)</td>
<td>APO Secretariat</td>
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<tr>
<td>Participating Country(ies)</td>
<td>All Member Countries</td>
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<tr>
<td>Qualifications of National Experts</td>
<td>Not Applicable</td>
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<tr>
<td>Qualifications of Chief Expert</td>
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<tr>
<td>Nomination of National Experts</td>
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<tr>
<td>Closing Date for Nominations of National Experts</td>
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1. Objectives

a. Analyze the status, determinants, and prospects of service-sector labor productivity.

b. Examine challenges brought about by the COVID-19 pandemic to the service sectors in APO members.

c. Provide evidence-based policy implications to enhance service-sector labor productivity.

2. Background

As a part of its think-tank and information dissemination functions, the APO produces productivity statistics and analyses to report productivity trends and progress in its members. At national level, the APO Productivity Databook series has been published annually since 2008. The Databook provides various productivity measurement data to assist policy planning by member governments. In 2021, a supplementary publication, the APO Productivity Outlook, was initiated to provide key insights into prospects of productivity through a sectoral lens. The combination of productivity analyses at national and sectoral levels is expected to complement each other and give a more comprehensive picture of regional productivity development to economists and policymakers in APO members.

One of the main sources of gaps in labor productivity among countries is the different composition of economic activities. The APO Productivity Outlook series, using a sectoral productivity decomposition approach, reveals not only the source of a country’s economic dynamics and characteristics but also its strengths and weaknesses. The first issue of the APO Productivity Outlook 2021 delved into the trends and linkages of manufacturing labor productivity. In 2022, the focus will be on the service sector.

The service sector has expanded and contributed substantially to the growth of many APO members. As estimated in the APO Productivity Databook 2021, 63% of the labor productivity growth in South Asian economies is attributable to improvements in service industries. This is similar to trends in high-income economies. The service sector accounts for the majority of GDP contributions and employment in the Republic of China (ROC), Japan, the Republic of Korea (ROK), and Singapore, accounting for 51% of growth in the ROC, 68% in Japan, 67% in the ROK, and 81% in Singapore for the period 2010–2019.

The leading service subsectors, their value addition, and implications of service-sector expansion differ vastly according to development stage, however. The APO Productivity Outlook 2022 will examine the status of the service sector in APO members with emphases on labor productivity and specific thematic issues such as emerging leading service subsectors and their underlying determinants. A set of policy implications to enhance service-sector contributions and synergy with other sectors to drive growth will be drawn from these analyses.

3. Scope and Methodology

Scope

a. Sectoral productivity and employment

b. Value-added methods

c. Changes and factors in sectoral labor productivity

d. Employment growth decomposition

e. Input-output analysis

f. Economic impacts of the service sector

g. Production and value-addition effects

h. Forward and backward linkage effects

i. Employment inducement effects
Methodology

a. Research preparation: The APO Secretariat will identify a partner research institution with a relevant research proposal and form a research team.

b. Cross-country desk research: The research team will collect, process, and analyze data for the report. Virtual meetings will be held periodically between the APO Secretariat and partner research institution to discuss the progress and direction of the research. A penultimate draft of the final report will be submitted to the APO Secretariat by November 2022.

c. Presentation of research findings: The findings will be presented to relevant stakeholders in APO members.

4. Tasks of the Research Institution

a. Assist and work with the APO Secretariat in developing the research framework.

b. Finalize the methodology and outline of the report structure with the APO Secretariat.

c. Collect data for the research (including communicating with the original data owners) and analyze them based on the agreed framework and methodology.

d. Prepare the final report and submit it to the APO Secretariat by the deadline.

e. Support the APO Secretariat during the process of confirming the research findings with APO members.

f. Provide support for dissemination of the research findings after report completion.

5. Qualifications of the Research Institution

The APO Secretariat will invite and select an appropriate research institution with the following qualifications:

a. Extensive, specialized knowledge in productivity measurement and analysis and sectoral labor productivity decomposition, with a track record of experience and publications in English on productivity statistics and sectoral and thematic issues of productivity analysis.

b. Experience in providing advisory services to governments.

c. Excellent English writing skills.

d. Strong commitment to undertaking and completing the research project within the given time frame.

6. Financial Arrangements

To be met by the APO

Honoraria for the research institution to be paid upon completion of the final report.

To be met by the research institution

All implementation costs incurred by the research institution when conducting the research.

7. Actions by APO Members
a. Support the research team assigned by the APO Secretariat including reviewing the findings as required.

b. Promote the publication and research findings through respective social media platforms and websites in APO members.

Dr. AKP Mochtan
Secretary-General