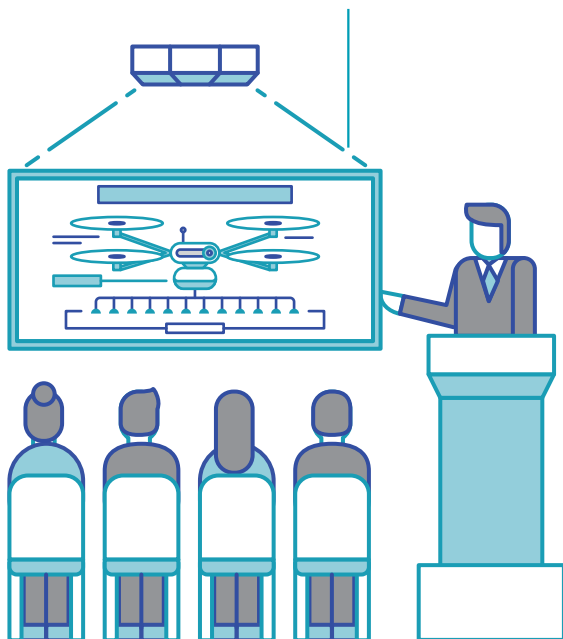
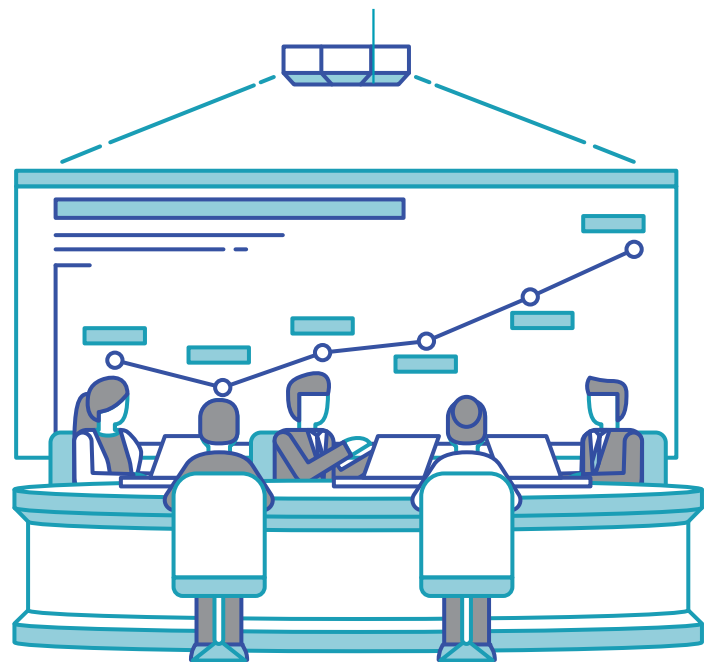


# SMART PUBLIC SECTOR

Introducing NPOs to new tools, techniques, and know-how to improve productivity



Strengthening policy frameworks in member countries



**T**echnological advances have disrupted virtually every business and industry, increasing the complexity of economic planning and efforts to enhance productivity. Governments recognize the need to adopt a forward-thinking approach to ensure that economic and productivity gains as a result of policy interventions will be sustainable.

With a strategic foresight approach, government can anticipate likely threats and identify opportunities when formulating development agendas. Productivity enhancement should now focus on doing “the right things right” to meet citizens’ evolving expectations. The APO targets the public sector in many of its programs and activities in recognition of its central role in socioeconomic development and improvement in the quality of life. Under the Smart Public-sector Program, APO projects are grouped under four subprograms:

Development of NPOs; Leadership and Strategy; Productivity Measurement; and Performance Management.

## Development of NPOs

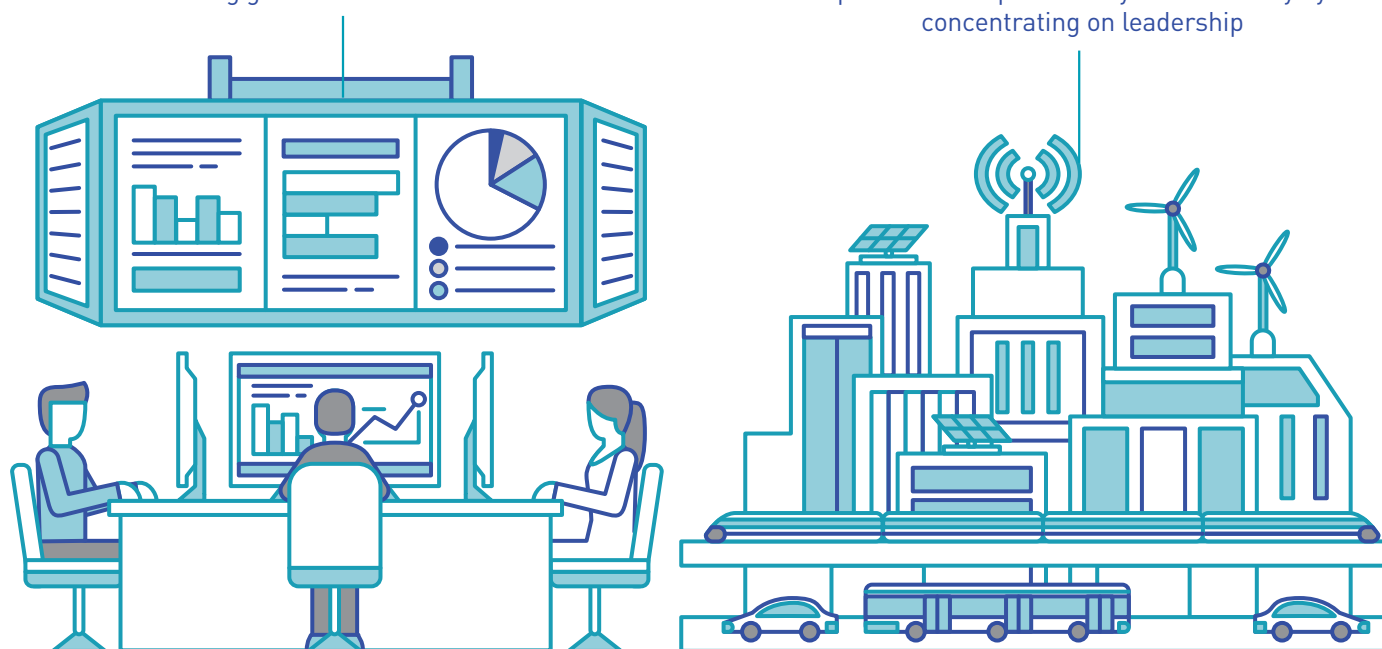
The APO consists of a network of NPOs, which serve as focal points in efforts to increase member countries’ productivity. Increasing the institutional capacity of NPOs to act as productivity frontrunners is a main objective of APO programs and projects. In addition, most NPOs are mandated by their governments to deliver public goods in the form of higher productivity and efficiency.

A key strategy during 2017 was introducing NPOs to new tools, techniques, and know-how to improve productivity, particularly through the adoption of advanced technology and new business models. The initiative included a conference on Industry 4.0 and the Future of Productivity to give updates on the emerging concept of mass customization through a mix



Constructing a new productivity index reflecting gains from the IT revolution

Providing a reference template for boosting public-sector productivity and efficiency by concentrating on leadership



of human and robotic inputs in a physical- and virtual-world environment.

Other efforts focused on strengthening policy frameworks in member countries. In early 2017, a productivity, quality, and innovation policy improvement project requested by Pakistan was started. The country is reinvigorating its productivity movement in alignment with the long-term national development agenda. The APO played an advisory role in the redesign of the policy framework in Pakistan, which resulted in the Pakistan Productivity, Quality, and Innovation Framework.

The Secretariat implemented 35 projects for the development of NPOs in 2017, the majority of which were multicountry and in-country projects along with two self-learning e-courses. Of the 32 multicountry projects, 60% were intended to achieve all the three targets of the APO Vision 2020, i.e., enhancing

labor productivity, competitiveness, and APO brand recognition; 24% aimed at improving labor productivity and competitiveness; and the remaining 16% were in line with at least one of the three targets.

### Leadership and Strategy

Motivated mainly by decreasing resources, rising demand for better public services from citizens, and evolving expectations of public entities, governments have adopted more cost-oriented perspectives to reduce inefficiencies and increase productivity. Innovation is one approach to dealing with challenges in the sector, which has important links with leadership. The APO conducted two leadership projects for the public sector in 2017, both of which were assessed as “more than expected” by 82% of participants.

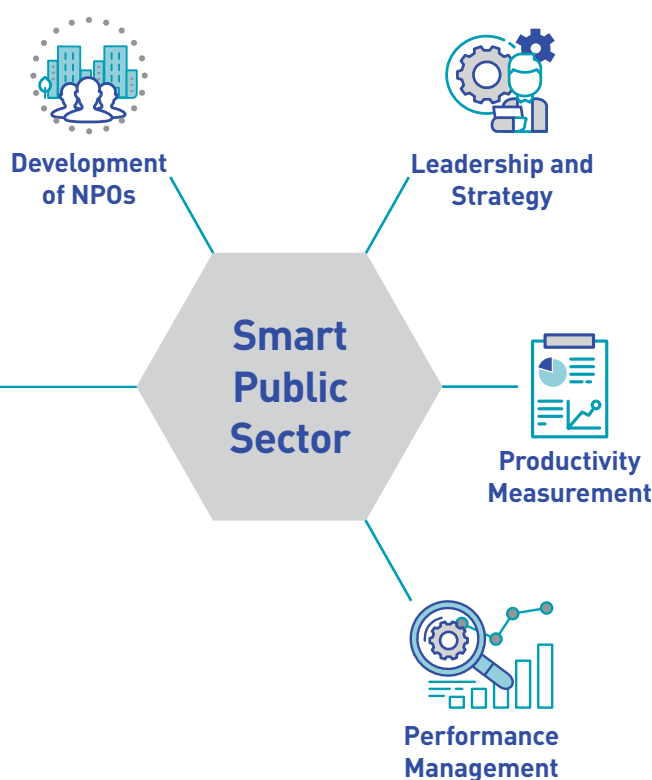
A leadership framework for productivity accommodating the diverse leadership styles and institutional designs in APO member

countries was under finalization during the year. It will provide a reference template for boosting public-sector productivity and efficiency by concentrating on leadership. Seven research activities were ongoing, focusing on human capital, innovation, and public-sector readiness for new challenges of the future.

### Productivity Measurement

Measuring and defining productivity and efficiency are becoming more difficult because conventional methods do not include gains from digital products and services. The contributions of technological advances and new business models are not fully reflected in productivity statistics, which may be one reason for the recent “productivity slump.”

The APO launched an initiative in 2017 to construct a new productivity index reflecting gains from the IT revolution and, more importantly, economies’ ability to sustain those gains over the long term. Other projects on measuring productivity in the public sector and higher education were completed during the year and the results disseminated through publications. A follow-up in-country project on raising productivity in higher education was underway in India.



During the year, the Secretariat also completed the research on Agricultural Productivity Measurement and Monitoring. The project, which was initiated in 2016, aimed to:

- A▶** Monitor and report on agricultural productivity trends and performance in member economies by conducting a survey based on an internationally harmonized methodology;
- B▶** Provide analysis of the most up-to-date agricultural performance and productivity trends in member countries; and
- C▶** Strengthen national agricultural policy analysis by developing a database for measuring agricultural productivity to serve as a reference source for policymakers, development planners, economic analysts, NPOs, and other stakeholders within and beyond the APO membership.

### Performance Management

Connections among performance management and higher productivity, efficiency, and customer satisfaction are obvious. Within the context of public-sector organizations, performance management is based on clear organizational objectives and established methods to measure the extent to which those objectives are achieved. However, more refined approaches for current public-sector organizations are needed as they face unprecedented changes in their external environments. Instilling a longer-term perspective, particularly at the planning and design stage, can increase the durability of strategies and reduce uncertainty in the future.

APO projects on performance management for the public sector now seek to instill forward-thinking attitudes. One 2017 project on performance management was implemented by the DAP in its role as the APO Center of Excellence on Public-sector Productivity. That project led to the formulation of 14 action plans to improve the performance of public-sector organizations in member countries.