



## PROJECT NOTIFICATION

Ref. No.: 21-RC-16-GE-RES-A-PN2100043-001

<b>Date of Issue</b>	26 May 2021
<b>Project Code</b>	21-RC-16-GE-RES-A
<b>Title</b>	Labor Productivity Index
<b>Timing and Duration</b>	June–December 2021 (seven months)
<b>Hosting Country(ies)</b>	Not Applicable
<b>Modality</b>	Digital Multicountry
<b>Implementing Organization(s)</b>	APO Secretariat
<b>Participating Country(ies)</b>	Not Applicable
<b>Qualifications of National Experts</b>	Not Applicable
<b>Qualifications of Experts</b>	Extensive knowledge of labor productivity and its measurement including the development of labor productivity indexes as well as related policy initiatives at national level, with a track record of experience and publications in English on those topics
<b>Nomination of National Experts</b>	Not Applicable
<b>Closing Date for Nominations of National Experts</b>	Not Applicable

## 1. Objectives

- a. Examine current labor productivity and analyze factors affecting its growth.
- b. Recommend policies to sustain labor productivity growth in the future.
- c. Develop a regional Labor Productivity Index in a joint research project by the APO Secretariat and ASEAN.

## 2. Background

Goal 8 of the UN Sustainable Development Goals is to “Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.” The goal advocates sustained economic growth by achieving higher levels of productivity. Despite the productivity push stemming from innovation and the use of technology, the quality of human capital remains an important factor in determining labor productivity. In addition, continuous improvement in living standards can only occur if the level of labor productivity keeps increasing. These are all the preconditions for steady economic growth.

A preliminary study on labor productivity in the ASEAN region was conducted in 2020 by the APO to develop a Labor Productivity Index. Globalization, the digitalization of economies, and aging populations will affect APO and ASEAN economies’ labor productivity substantially in coming years. For this reason, an in-depth analysis of labor productivity in APO and ASEAN was conducted. It showed that most labor productivity growth in the region has resulted from capital deepening, which indicates greater growth potential by improving human capital. A holistic management framework consisting of three components, i.e., institutions, strategy, and culture, should be adopted to promote human capital development.

The joint study will be continued in 2021 to develop the Labor Productivity Index to evaluate the effectiveness of policy measures, comprising the four pillars of labor quality, productivity gainsharing, productivity culture, and labor market policies. Through the development of the index, individual input variables will be identified, measured, and suggested for better policymaking and implementation to boost labor productivity. The Labor Productivity Index aims to support the strategies of policymakers through a holistic approach, establish synergies among different variables, and determine which variables should be improved for better labor productivity. This study will also assist APO and ASEAN members in evaluating their labor productivity performance and making informed policy choices.

This joint research with ASEAN, with the findings to be published in a report format, is an effort to identify and adopt the key strategies supporting Strategic Thrust 5 of the APO Vision 2025 directed toward stepping up think tank and advisory services, reinforcing the APO’s status as a trusted reference on all productivity matters and statistics in the Asia-Pacific, and promoting evidence-based policy advisory services. The initiative also aims to contribute to achieving sustained productivity growth through placing productivity at the center stage in the development agenda.

## 3. Scope and Methodology

### Scope

- a. Trends in labor productivity growth in the APO-ASEAN region.
- b. Factors contributing to labor productivity growth.
- c. Labor Productivity Index development.
- d. Policy recommendations for sustainable labor productivity growth in APO-ASEAN members.

### Methodology

Desk research, data and information collection and analysis, policy response formulation, and drafting a report for publication.

## 4. Tasks of Experts

### **Chief Expert**

- a. Assume management, advisory, and supervisory roles in the research.
- b. Take responsibility for producing a research report on the Labor Productivity Index.
- c. Organize the overall structure of the research based on the proposal and allocate tasks between him/herself and the expert(s).
- d. Lead the writing of the inception report and final report. In terms of research, the chief expert will focus on statistical data analysis and deriving policy implications.

### **Expert(s)**

- a. Conduct research assigned by the chief expert and participate in writing the inception and final reports.
- b. Focus on the development of policy recommendations for ASEAN members as a whole.

### **5. Financial Arrangements**

#### **To be borne by the APO**

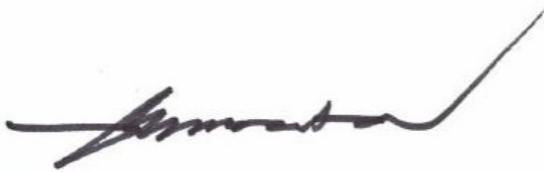
- a. Honoraria for the experts.
- b. All assignment and relevant research costs, including data collection and purchases, if necessary.

#### **To be met by ASEAN**

- a. Activities related to the review of the findings by the supporting regional expert(s).
- b. All travel costs for the chief expert and other expert(s) and arrangements for virtual workshops for dissemination, if any.

### **6. Actions by the APO Secretariat**

- a. Identify and invite experts to manage the research until its completion.
- b. Coordinate all arrangements related to the research activities.



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