



PROJECT NOTIFICATION

1 November 2018

1. **Project Code** 18-RP-50-SPP-RES-C
2. **Title** Policy Consultancy on Innovation-driven Productivity Improvement
3. **Timing** Six months commencing from 1 November 2018
4. **Duration** Up to 12 weeks
5. **Venue** Member countries
6. **Implementing Organizations** NPOs in member countries
7. **Participating Countries** Up to four member countries
8. **Objectives**

This is an institutional capacity-building consultancy project which aims to: 1) assist targeted APO member economies to meet the prerequisites for sustaining productivity improvement and ultimately to create well-functioning institutional settings for national productivity drives; and 2) support them in advancing national productivity agendas and in implementing key interventions to achieve national productivity goals aligned with the overarching APO Vision 2020 objectives.

9. Background

Initiatives to sustain productivity growth have been a central theme of the economic development policies of every country. The fact that all aggregate determinants of economic growth, particularly labor and total factor productivity growth, affect the standard of living underlines the significance of mainstreaming productivity improvement into development agendas. In addition, the ability to improve the quality of products or services or to find ways to create better ones is closely related to innovation capacity.

The interconnections among productivity improvement, economic development, innovation capacity, and better standards of living are obvious. For those interconnections to be functional, a set of preconditions must be met. The institutionalization of productivity enhancement within the overall development policy is one of the most important preconditions. Policies supporting the creation of a favorable environment for innovation, including those facilitating business-model innovations, are necessary. Policy approaches that strengthen competition, improve resource allocation through better firm dynamics, and encourage the market entry of disruptors must be developed and administered. Subsidies for education, establishing industry-academia linkages, and promoting innovation in public services can also be significant in improving productivity through innovation.

Asian Productivity Organization

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Several APO member economies are ranked low in the Global Competitiveness Index 2016–2017. Some have even shown downturn trends in recent years. Since the index reflects competitiveness combined with productivity, this global report gives a clear picture of national productivity challenges. Any endeavors to increase institutional capacity to become more productive must consider multiple requirements from a macro perspective with long-term dimensions. These are in line with the primary role of the APO, which is to contribute to the sustainable socioeconomic development of its member economies through enhancing productivity and competitiveness. The APO is also working to strengthen its role as a policy advisory body on productivity for its members through all possible avenues.

The ultimate objective is not simply improved productivity and national competitiveness but also greater inclusiveness and enhanced well-being of citizens. The latter has particular significance to prevent the widening income inequalities in economies ranked low in competitiveness reports, which is also the essence of the concept of sustainable productivity.

10. Scope

The project will support any in-country initiative to increase productivity and improve competitiveness which encompasses overarching issues related to productivity at the macro policy level. The following are the priority areas/activities to be covered:

- a. Development of national productivity roadmaps/master plans including related action plans, policy papers, etc.;
- b. Formulation of productivity, quality, and innovation (PQI) frameworks and action plans;
- c. Establishment of sectoral (agriculture, industry, service, public sector, etc.) and/or regional regulatory frameworks to increase productivity and competitiveness;
- d. Alignment of national productivity improvement plans with long-term development agendas;
- e. Mainstreaming PQI in national development plans;
- f. Strengthening policy and regulatory frameworks related to national R&D systems;
- g. Policy frameworks for public-sector productivity;
- h. Research to support productivity policy formulation; and
- i. National-level capacity development projects that are innovative or strategic, while also introducing new processes, knowledge, tools, etc.

11. Methodology

This is a policy consultancy project carried out through several stages of activities.

Step 1. Identification of key issues consists of: 1) situational analysis through desk research performed in the consultants' countries of residence, including analysis based on national documents and data to deliver a preliminary set of findings on the current situation of the country under study; and 2) in-country diagnostic research to identify key productivity levers among internal and external factors affecting productivity at national and industry levels.

Engagement with NPOs may be in the form of gaining access to relevant documents and data as well as arrangements for interactions with key stakeholders in the country.

Time frame: up to 35 working days (21 days outside the recipient country and 14 days in the

recipient country).

Step 2. Consolidating and synthesizing involve: 1) consolidating and synthesizing the findings from the situational analysis and diagnostic research to recommend actions; and 2) presenting findings and recommendations to the NPO and relevant stakeholders to obtain their views on developing the national productivity master plan/policy framework.

Engagement with NPOs may include confirmation of the findings and recommendations as well as arrangements for interactions with key stakeholders in the country.

Time frame: up to three days in the recipient country.

Step 3. Development of the productivity policy framework is done after confirmation of the proposed findings and recommendations as well as any other relevant inputs such as a review of the current situation, overall objectives and goals, key productivity levers, and strategies for the future. The master plan will then be presented to the NPO and stakeholders, who, after agreement, can adopt it as the official national productivity plan or use it as the first draft for the development of a national productivity plan.

Engagement with NPOs may take the form of ensuring stakeholders' availability to determine the course of action and time frame, approving and launching the productivity plan/policy framework, and necessary follow-up actions.

Time frame: up to 20 days (19 days outside the recipient country and one day in the recipient country).

12. Financial Arrangements

To be borne by the host country

All local implementation costs not covered by the APO.

To be borne by the APO

The APO will bear the costs for assigning international resource speakers and provide financial support (not more than USD5,000) in selected areas as follows:

- a. Expense related to coordination/consultation meetings with relevant stakeholders;
- b. Transportation costs as well as any other costs incurred for data/information collection during the preparation stage and/or during the in-country diagnostic stage of the project;
- c. Preparing and compiling materials related to the in-country diagnostic as well as synthesizing and consolidating activities; and
- d. Translation/interpretation fees related to resource speakers' activities, if any;

For reimbursement of the above costs, NPO should provide all necessary bills and receipts that have to be issued by third parties to the APO after completion of the project. The final applicable payment will be based on the actual expenditure.

13. Actions by Member Countries

- a. Submit proposals containing all necessary information required for approval including time frame and structure of the project management unit, if necessary, or an official letter of request for policy consultancy to the APO Secretary-General;
- b. Appoint one NPO staff member to act as the focal contact point with the APO and host NPO, who will be responsible for all necessary actions before and after the project as well as liaising with the partner organization(s);
- c. Provide budget not covered by the APO;
- d. Draft a detailed plan for all local arrangements for the project; and
- e. Ensure smooth implementation of the project in the country.

14. Actions by the APO Secretariat

- a. Design the approach/methodology of the project;
- b. Assign an international resource person(s) or a consultant(s);
- c. Coordinate and carry out consultations with both the resource person(s)/consultant(s) and the NPO;
- d. Monitor the overall project; and
- e. Provide administrative and financial support.

15. Final Project Output

The project is expected to deliver a productivity master plan/policy framework and improve existing productivity policy frameworks that can be adopted as the official national productivity plan/policy framework or be used to develop the official national productivity plan/policy framework.

Follow-up activities such as monitoring the development of the national productivity plan and/or overall monitoring and evaluation of the impact of the project will be determined later upon consultation and agreement between the NPOs involved and APO Secretariat.



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