



ASIAN PRODUCTIVITY ORGANIZATION

WSM-14
Reference Paper 4

Proposed Roadmap to Achieve the APO Vision 2020
for discussion and endorsement by delegates at the 55th WSM

Contents

Part A: Introduction

I. OBJECTIVE

II. BACKGROUND

- Development of the Roadmap
- Vision, Mission, and Strategic Directions

Part B: Analysis of Present Status (Where We Are)

III. CURRENT STATUS AND GLOBAL TRENDS

- Labor Productivity Level
- Labor Productivity Growth
- International Benchmarking on the Competitiveness of APO Member Countries
- Emerging Global Trends That Impact Productivity

IV. KEY ISSUES

- National Economic Policies and NPO Directions
- Need to Strengthen NPOs' Capacity
- Priority Sectors

V. CRITICAL SUCCESS FACTORS

Part C: Recommendations (What to Do)

VI. PRIORITY ACTIONS

- Establish "The APO's Guiding Principles of Productivity Enhancement" with a Review Mechanism
- Set and Declare APO Targets
- Conduct Layered Capacity Building

VII. RESOURCES REQUIRED

VIII. NEXT STEPS

Part A: Introduction

I. OBJECTIVE

1. The objective of this paper is to seek the views on and endorsement of the APO Roadmap from the 55th Workshop Meeting of Heads of NPOs (WSM) to achieve the vision of the APO “to be the leading international organization on productivity enhancement, enabling APO economies to be more productive and competitive by 2020.”

II. BACKGROUND

Development of the Roadmap

APO Strategic Plan

2. The APO Strategic Plan was reviewed and approved at the 53rd GBM held in Kuala Lumpur in 2011. The discussion to review the APO thrust and subject areas first took place during the 52nd GBM also held in Kuala Lumpur. After incorporating suggestions from the 52nd GBM and the 51st WSM that followed in October of the same year, an expert advisory panel was convened. The panel identified new strategies and modified existing ones in line with the revised mission and vision to ensure that the new strategic plan remained relevant to the economic development needs of members.

Development of the Roadmap

3. At the 55th GBM held in Tokyo in 2013, APO Directors reiterated their strong support for expanding activities in the three strategic directions of the APO Strategic Plan. In addition, APO Directors requested that more emphasis be placed on follow-up action plans and sharing of key findings and outcomes to demonstrate the benefits of APO programs more clearly. In this connection, APO Directors suggested that a detailed roadmap with an action plan and measurable indicators be developed to help the APO achieve its collective vision for the economies of member countries to be more productive and competitive by 2020.
4. Since developing such a detailed roadmap must be an inclusive process involving all member countries, the 54th WSM held in Fiji in 2013 incorporated breakout sessions to discuss the development of the roadmap separately. The delegates at the WSM discussed key outcomes relevant for the APO in general as well as for the specific strategic directions. They highlighted new ideas and suggestions and requested that the results be analyzed and harmonized with other planned research projects that were aimed at assessing the needs of member countries in specific areas. They also recommended that the draft plan be presented at the next WSM for its endorsement and that a similar approach be used as when developing the APO Strategic Plan, i.e., forming an expert advisory panel to fine-tune the final roadmap before seeking the approval of the Governing Body.

56th GBM (2014)

5. At the 56th GBM held in Hanoi in 2014, APO Directors presented their views on the key drivers of their economies, highlighting important subsectors that APO programs should focus on, areas where APO programs could better contribute to policymaking,

and any downside risks to the economy. The key points made by each APO Director are summarized in Annex 1. In addition, the APO Chair also suggested forming a small group to review the blueprint of the roadmap for APO activities.

Liaison Officers' Strategic Planning Workshop (2014)

6. At the Strategic Planning Workshop for Liaison Officers held in Tokyo in August 2014, the Liaison Officers and Secretariat staff brainstormed key ideas and indicators that could be used as inputs for the roadmap. During the workshop, experts also presented the key findings on ongoing research: Research on Need Assessment of Member Countries and Strengthening of NPOs Assistance Program. The report on the workshop is attached as a separate reference paper for the consideration of this WSM.
7. After largely completing the preparatory work required to develop a roadmap, the Secretariat has consolidated inputs from the above sources as well as refined the recommendations summarized in this draft paper for further discussions at this WSM.

Vision, Mission, and Strategic Directions

8. The roadmap proposes a concrete path to achieving the APO vision with measurable indicators and supported by priority actions. The mission, vision, and strategic directions are restated below:

Mission statement

“Contribute to the sustainable socioeconomic development of Asia and the Pacific through enhancing productivity.”

Vision statement

“To be the leading international organization on productivity enhancement, enabling APO economies to be more productive and competitive by 2020.”

Strategic Directions

1. Strengthen NPOs and promote the development of SMEs and communities;
2. Catalyze innovation-led productivity growth; and
3. Promote Green Productivity.

Part B: Analysis of Present Status (Where We Are)

III. CURRENT STATUS AND GLOBAL TRENDS

9. This is an overview of the performance of APO member countries in terms of productivity and competitiveness as well as global trends that influence productivity performance.

Labor Productivity Level

10. Productivity performance is very important for future economic prospects. Since general factor inputs, including labor and capital (i.e., contributors to production), cannot increase indefinitely, productivity gains are the only way to ensure a nation's sustainable economic growth by allowing more to be produced with the same amount of inputs.

11. According to the latest data in the *APO Productivity Databook*, the APO20's labor productivity has hovered around 20% of US labor productivity for about the last 25 years. APO member countries should aim to reduce the large productivity gap compared to the US benchmark in the long term.

Per-worker Labor Productivity Levels, 1970, 1980, 1990, 2000, 2010, and 2012
 – GDP at constant basic prices per worker, using the 2011 PPP, reference year 2012

	1970		1980		1990		2000		2010		2012
APO20	9.1	APO20	11.7	APO20	14.2	APO20	16.6	APO20	20.7	APO20	21.4
ASEAN	6.7	ASEAN	8.3	ASEAN	10.3	ASEAN	13.1	ASEAN	17.6	ASEAN	18.9
CLMV	4.1	CLMV	2.5	CLMV	2.8	CLMV	4.1	CLMV	7.2	CLMV	7.8
(reference)		(reference)		(reference)		(reference)		(reference)		(reference)	
US	54.6	US	60.6	US	70.2	US	84.6	US	100.5	US	102.6
EU15	37.3	EU15	48.2	EU15	57.3	EU15	68.9	EU15	73.4	EU15	74.0
Australia	48.2	Australia	55.3	Australia	59.8	Australia	73.9	Australia	80.3	Australia	83.0

Unit: thousands of US dollars (as of 2012).

Labor Productivity Growth

12. When looking at labor productivity growth, it is evident that after 2005, the APO20 economies have shown higher labor productivity growth than the USA; in the 2000s in particular there was a spurt in labor productivity growth among less developed members. It is not easy to increase the labor productivity growth rate in developed economies in comparison to emerging ones, however. The APO is committed to assisting all members to achieve sustainable labor productivity growth, embracing innovation, technology, and knowledge solutions, while remaining conscious of the need for Green Productivity approaches.

Labor Productivity Growth, 1990-1995, 1995-2000, 2000-2005, and 2005-2012
 – Average annual growth rate of GDP at constant basic prices per worker, using the 2005 PPP

	1990-1995		1995-2000		2000-2005		2005-2012		1990-2000		2000-2012
APO20	2.1	APO20	0.9	APO20	1.2	APO20	2.8	APO20	1.5	APO20	2.1
ASEAN	4.6	ASEAN	0.3	ASEAN	3.1	ASEAN	3.0	ASEAN	2.5	ASEAN	3.0
CLMV	2.9	CLMV	4.8	CLMV	6.0	CLMV	4.7	CLMV	3.8	CLMV	5.3
GCC	0.6	GCC	1.9	GCC	-0.4	GCC	-1.0	GCC	1.3	GCC	-0.8
(reference)		(reference)		(reference)		(reference)		(reference)		(reference)	
US	1.5	US	2.3	US	2.1	US	1.3	US	1.9	US	1.6
EU15	2.3	EU15	1.4	EU15	0.9	EU15	0.4	EU15	1.8	EU15	0.6
Australia	2.2	Australia	2.0	Australia	1.3	Australia	0.8	Australia	2.1	Australia	1.0

Unit = %.

International Benchmarking on the Competitiveness of APO Member Countries

13. The World Economic Forum (WEF) defines competitiveness as “the set of institutions, policies and factors that make a nation remain productive.” It is proposed to use the Global Competitiveness Index (GCI) based on the competitiveness framework endorsed by the WEF. For details of the GCI including the 12 pillars of the index, see Annex 2.
14. The top 30 countries in the GCI rankings for 2014–2015 include APO members such as Singapore (2nd), Japan (6th), the ROC (14th), Malaysia (20th), and the ROK (26th), which are labeled as or in transition to becoming innovation-driven economies. They

share common strengths in many of the pillars, including efficiencies in the financial and goods markets, sound institutional networks and infrastructure, and high levels of education and training. While knowledge-based innovation continues to be a major contributor to development in these countries, the GCI stresses the need for improvement in the labor markets of Japan, the ROC, the ROK, and Malaysia, along with the inclusion of more women in the labor force.

15. Similar concerns were raised about a lack of flexibility and efficiency in the labor markets of efficiency-driven economies such as Indonesia (34th) and the Philippines (52nd). Some countries, such as Thailand (31st), Vietnam (68th), and India (71st), despite advances in more complex areas, need more fundamental improvements, such as in the quality and extent of primary as well as higher education and training and leveraging ICT tools and knowledge.
16. Finally, in addition to the concerns above, factor-driven economies such as Cambodia (95th), Mongolia (98th), Nepal (102nd), Bangladesh (109th), and Pakistan (129th) face challenges where the basic regulatory framework does not offer good support to develop businesses. For the current GCI rankings of APO member economies, see Annex 3.
17. A review of the three lowest-ranking pillars in individual APO member countries reveals a certain commonality in weaknesses in global competitiveness as a region. APO member countries tend to rank lower in the three areas of macroeconomic environment, labor market efficiency, and technological readiness. Furthermore, the business sophistication component is a pillar for which many APO member countries are ranked below 100th in comparison with the rest of the world.

Emerging Global Trends That Impact Productivity

Global Megatrends

18. Global forces will define the future world with far-reaching impacts on businesses, societies, economies, cultures, and personal lives. Some key global trends that will greatly impact productivity growth in the region and need to be factored into APO's planning framework are:

Globalization: Globalization has significant effects on labor productivity in various ways including trade liberalization, greater specialization based on comparative advantage, exposure to new technologies, better access to knowledge, FDI spillover effect, etc., which contribute to efficiencies in production and thus enhance productivity.

Demographic change: Demographic change will be one of the major challenges facing the region. The aging workforce, labor migration, and labor management pose numerous challenges to productivity and the overall development agendas of member countries. Strategic solutions to address the diverse demographic conditions in each member country will have significant effects on long-term economic growth and competitiveness.

The Environment: One of the greatest challenges facing humanity is environmental degradation including deforestation, desertification, pollution, climate change, etc.

They will have complex effects on economic growth. Nevertheless, innovative green technologies will be able to address these issues, which are linked with enhancing productivity in the long run.

Health: Improving the health and well-being of the population is at the core of continued social and economic progress. Advances in health-related technologies such as medicine, vaccines, diagnostics, medical services, assistive devices, etc. will have a positive impact on improving overall well-being, leading to improved labor productivity.

Technology: Changes in technology are sources of increased productivity. Further progress in this area will have economic growth effects. Enhancing the contribution of technology to productivity growth and ensuring fair distribution of productivity gains will allow APO economies to become more competitive in global markets.

IV. KEY ISSUES

19. Through the analysis of a series of need assessment projects as well as of the statements of delegates at recent GBMs and WSMs, the following were identified as key issues for member economies and NPOs with regard to achieving further productivity improvement and the collective APO vision.

National Economic Policies and NPO Directions

20. According to the results of the Research on Need Assessment of Member Countries, in some countries, there are only weak or sometimes no clear ties between the NPO priorities and national strategies. In others, the research could not confirm the existence of national-level productivity targets. On the other hand, in some countries like Singapore the NPO's priorities are clearly linked to national strategies, ensuring that the NPO receives adequate resources and support from the government. To lead a nationwide productivity movement, it is crucial to establish national productivity targets and clear links between those targets and the role of the NPO. There is a pressing need for this in many member countries.
21. The research results also revealed that monitoring national-level productivity policy and its implementation status and obtaining relevant productivity data are challenging in many member countries such as IR Iran, Mongolia, Nepal, Pakistan, Sri Lanka, and Thailand. For a summary of expected support from the APO found in the need assessment survey, see Annex 4.

Need to Strengthen NPOs' Capacity

22. The results of the need assessment survey also indicated broad demand for strengthening the capacity of NPOs, with emphasis on productivity-related techniques and Green Productivity consultancy, followed by knowledge management and institutional strengthening (Annex 5). The results also implied that the strengthening of capacity must use a two-fold approach: building NPOs' capacities as well as reaching out to a wide range of productivity practitioners who can lead field-level productivity initiatives.

23. The research results also confirmed a continuing need for sharing best practices and mutual learning among member countries by leveraging the strength of the APO network. Strong recommendations on this were received from Sri Lanka, Thailand, and Vietnam.

Priority Sectors

24. The NPOs' top priorities were on strategic sectoral approaches, which were also identified by APO Directors at the last GBM. The results of the need assessment research also confirmed the strong demand for sector-specific approaches, identifying the following potential priority sectors (Annexes 6 and 7):

- | | |
|----------------------|------------------------------|
| - Public sector | - Energy |
| - Tourism | - Farming |
| - Food and beverages | - Healthcare services |
| - Education | - IT and telecommunications |
| - Livestock | - Fishery and aquaculture |
| - Textiles | - Construction |
| - Water supply | - Transportation and storage |

As the research has not yet been completed (e.g., a few countries were not able to submit data, limited options were provided in the survey), further investigation will be required to specify the main priority subsectors among member countries.

25. Although SMEs are not specifically a sector, it is noteworthy that strengthening the competitiveness of SMEs was emphasized by 15 APO Directors at the last GBM. This is a critical challenge in most member economies as well as NPOs' central scope and needs to be continuously addressed. Therefore, addressing the needs of SMEs must be a strong focus of the APO as SMEs stand to benefit most from productivity improvement programs.

V. CRITICAL SUCCESS FACTORS

26. Factoring in all the key challenges analyzed above, the Secretariat identified the following critical success factors for achieving the APO 2020 Vision:

A. Establish fundamental principles for productivity enhancement and an effective mechanism to review its status

To achieve the collective APO vision, it is crucial for each member country to position productivity enhancement as an important part of national economic policies and to link those policies with the NPO's role in leading the nationwide productivity movement. For countries not in the mature stage, however, this is a major challenge. Establishment of common, fundamental principles for productivity enhancement and utilizing them as a means to persuade the government of the need for continuing productivity initiatives as well as reviewing the status of productivity enhancement will significantly help member countries to address critical issues. The fundamental principles could be established based on the more than 50-year experience of the APO in leading the productivity movement in the region.

B. Set and declare regional targets for the APO vision

The setting of regional-level targets will serve to catalyze the Asia-Pacific productivity movement, which is achievable only through the collective efforts of APO member countries. The declaration of regional targets will also significantly increase the visibility and legitimacy of the roles of the APO and NPOs.

C. Gain understanding of the significance of productivity improvement from key stakeholders such as government and business communities

To drive nationwide productivity movements effectively, gaining sufficient understanding from all stakeholders such as government and business communities is crucial. All successful histories of member countries confirm the importance of an integrated approach. Holistic approaches to enhancing the visibility of the critical roles of the APO and NPOs, persuading key stakeholders, showcasing results, etc. are needed.

D. Build both institutional and technical capacities as a driving force of the productivity movement

Since possessing the right skills and knowledge is central to all productivity enhancement activities, strengthening the capacities of human resources and NPOs is crucial for achieving the APO vision. This requires both vertical and horizontal coverage by nurturing highly skilled productivity professionals and reaching out to train a broad range of productivity practitioners in member countries.

Part C: Recommendations

27. Based on the analysis of the present status, the following three priority actions were identified to enhance the strategic plan and increase its effectiveness in assisting member economies to achieve the APO vision collectively:
 - A. Establish “The APO’s Guiding Principles of Productivity Enhancement” with a review mechanism.
 - B. Set and declare APO targets to drive the productivity movement.
 - C. Conduct layered capacity building of both human resources and institutions to ensure sufficient ability to lead the productivity movement.

VI. PRIORITY ACTIONS

A. Establish “The APO’s Guiding Principles of Productivity Enhancement” with a Review Mechanism

28. It is suggested that the APO establish and adopt “The APO Guiding Principles of Productivity Enhancement” based on time-tested experience in more than 50 years of

leading the productivity movement. The guiding principles will provide a common basis for national productivity movements and assist in establishing the APO's leading organizational position. The Secretariat has prepared a draft version of the guiding principles (Annex 7) by extracting key principles of national productivity movements in member countries for review and discussion among delegates to the 55th WSM.

29. To make the guiding principles actionable, it is suggested that the APO and NPOs utilize them as the basis for reviewing the status of regional and national productivity movements so that member countries and NPOs are able to receive objective assessments of and advice on productivity enhancement from the APO and/or other member countries. The review and assessment could be implemented through peer reviews along with facilitation by the APO Secretariat. This would address one of member countries' pressing needs, i.e., monitoring national-level productivity policies and their implementation, and allow them to receive advice on complying with the principles.

Major Actions	KPIs (operational level)	Relevant SDs	Time frame
<ul style="list-style-type: none"> • Discuss and finalize the APO guiding principles and review mechanisms for productivity enhancement <ul style="list-style-type: none"> ○ Discuss and draft the principles and mechanism ○ Form a working group to finalize the draft (if necessary) ○ Approve at the 57th GBM 	<ul style="list-style-type: none"> - Completion and approval of the plan 	<ul style="list-style-type: none"> All SDs, with strong focus on SD1: NPOs 	<ul style="list-style-type: none"> Present–2015
<ul style="list-style-type: none"> • Pilot test the review mechanism <ul style="list-style-type: none"> ○ Announce the APO guiding principles and review mechanism ○ Nominate a few MCs for the first round of assessment and peer review ○ Review pilot test results and plan expansion 	<ul style="list-style-type: none"> -Completion of the pilot test - Satisfaction rate of NPOs and governments involved 	<ul style="list-style-type: none"> All SDs, with strong focus on SD1: NPOs 	<ul style="list-style-type: none"> 2016
<ul style="list-style-type: none"> • Full-scale operation <ul style="list-style-type: none"> ○ Facilitate annual cycle of peer review among MCs ○ Organize a biannual forum to share lessons learned from peer review 	<ul style="list-style-type: none"> - # of MCs using the principles for review - Satisfaction rate of NPOs and governments involved 	<ul style="list-style-type: none"> All SDs, with strong focus on SD1: NPOs 	<ul style="list-style-type: none"> 2017 onward
<p>Major Impact Metrics:</p> <ul style="list-style-type: none"> • Degree to which regional and national level productivity and competitiveness targets are achieved • Increase in resources provided for productivity enhancement including grants to the APO and NPOs from governments of member countries 			

B. Set and declare APO targets to drive the productivity movement

30. It is suggested that the APO Roadmap 2020 set measurable targets at macro and regional levels to enhance the commitment of APO members to achieving the APO Vision 2020 collectively. Proposed macro-level measurable targets are labor productivity level, productivity growth rate, and global competitiveness, given that the APO is a unique international organization devoted to productivity enhancement for member economies and productivity enhancement is a crucial driver in determining global competitiveness. The declaration and dissemination of the targets will assist in obtaining greater understanding of the importance of productivity enhancement from key stakeholders in member countries by increasing recognition of the APO as the authority on productivity enhancement in the region.
31. The dynamics of growth in the APO region depend on mainly three factors: technical progress; capital accumulation; and labor force growth. The assumption is made that technological progress will be steady in the APO region until 2020, while moderate capital investment would continuously benefit the region. As technology is expected to contribute to the region's industries, it can be assumed that product and service lines will be upgraded and new ones introduced. In the global context, fewer workers are expected to enter the global labor force in coming years due to lower population growth rates, especially in advanced and emerging economies. In the APO20, there will be a trade-off between a declining labor force in the advanced and emerging members and a steadily growing labor force in the least developed members. Preliminary projections of the productivity growth and level for the APO20 were made utilizing the current APO Productivity Database¹ and other available data sources. The labor input projection was drawn from the UN World Population Prospects: 2012 Revision,² for which data were translated into labor force projection estimates.

Proposed Target 1: Labor Productivity Growth Rate

32. According to the most recently available APO data, the labor productivity growth rate of the APO20 between 2005 and 2012 was 3.0%, which was much better than that of the USA in the same period at 1.3%. The economy of the USA, like that of many developed countries, experienced a decline in the labor productivity growth rate.³ Meanwhile, a number of emerging and developing members' labor productivity growth rates were relatively high.⁴ Taking into account the relatively low productivity performance of developed members as opposed to the relatively higher performance of emerging and developing members, and assuming no major global financial crisis, the proposed targets of labor productivity growth rates of the APO20 by 2020 are **2012–2018 of 3.5% and 2012–2020 of 3.6%.**

¹APO Productivity Database 2014-01a, available on the APO website.

²File POP/15-2: Annual male population by five-year age-group, major area, region and country, 1950–2100, and File POP/15-3: Annual female population by five-year age-group, major area, region and country, 1950–2100, were used to translate the data into the employment data, while rationally expected labor quality improvement was also taken into consideration for projection. At the same time, rational improvement expected in the area of female workforce participation in the region was also taken into consideration, while total factor productivity improvement and capital stock accumulation were estimated in constructing the projection.

³Between 2005–2012, the labor productivity growth rates of developed APO members were: Japan (0.6%); Singapore (0.4%); ROC (2.4%); and ROK (2.4%).

⁴Between 2005–2012, the labor productivity growth rates of some emerging and developing APO members were: Mongolia (7.9%); India (6.9%); Sri Lanka (5.4%); Cambodia (5.0%); Lao PDR (4.9%); and Vietnam (3.6%).

Labor Productivity Growth Rate of the APO20

APO 20	Actual			Targets	
	1995-2000	2000-2005	2005-2012	2012-2018	2012-2020
Labor Productivity Growth Rate (%)	1.0	1.2	3.0	3.5	3.6
US Labor Productivity Growth Rate (%)	2.3	2.1	1.3	1.0	1.1

Note: Annual growth rate of GDP at constant basic price per worker using 2011 PPP; labor productivity growth rate (%).

Proposed Target 2: Labor Productivity

33. In line with the labor productivity growth targets provided in the previous section, the average labor productivity level of the APO20 could reach **US\$25,000 by 2018 and \$27,000 by 2020** using GDP as a proxy for value added.

Labor Productivity of the APO20

APO 20	Actual						Targets	
	1995	2000	2005	2010	2012	2015	2018	2020
GDP (US \$ billion)	10,669	12,375	15,259	19,172	20,544	23,914	27,880	30,900
Employment (Thousand)	723,496	798,662	925,274	976,372	1,011,752	1,062,585	1,111,723	1,144,310
Labour Productivity (US\$ Thousand)	14.7	15.5	16.5	19.6	20.3	22.5	25.0	27.0

(Source: APO Productivity Projection Estimates)

Note: GDP at constant basic price per worker using 2011 PPP; reference year 2012; per-worker labor productivity.

Proposed Target 3: Global Competitive Index

34. It is crucial to set benchmarks of competitiveness comparable with those used in the global community. Using the GCI of the WEF previously mentioned, the Secretariat suggests the following target, which is achievable only through the collective efforts of member economies: **Raise the average rank of APO member countries by 5 points by 2020 (currently 61.44).**
35. The economies currently highly ranked such as Singapore (2nd), Japan (6th), ROC (14th), Malaysia (20th), and the ROK (26th) are encouraged to contribute to achieving the targets by maintaining and strengthening their competitive edge as well as sharing their experience as front runners. At the same time, this target can be achieved only if those countries with relatively lower rankings surge upward. Detailed reviews of member countries' status using the 12 pillars as well as knowledge transfers among member countries will play a crucial role in achieving the collective target.

Major Actions	KPIs (operational level)	Relevant SDs	Time frame
<ul style="list-style-type: none"> • Set the APO targets <ul style="list-style-type: none"> ○ Discuss and finalize targets ○ Form a working group to finalize the draft (if necessary) ○ Approve targets at 57th GBM 	- Completion and approval of targets	All SDs	Present–2015
<ul style="list-style-type: none"> • Declare the APO targets <ul style="list-style-type: none"> ○ Organize high-level productivity forum to declare targets inviting policymakers of MCs ○ Organize national conferences in MCs 	<ul style="list-style-type: none"> - # of policymakers participated - Amount of media coverage - # of MCs holding events 	All SDs with strong focus on SD1: NPOs	2015 2016
<ul style="list-style-type: none"> • Review the status of achievement and reflect in biannual plan <ul style="list-style-type: none"> ○ Use the APO Databook Project as a means to provide the dataset and review status of achievement 	-Interim achievement of regional targets	All SDs	2017 onward
<p>Major Impact Metrics:</p> <ul style="list-style-type: none"> • Degree to which regional and national productivity and competitiveness targets are achieved • # of MC governments that have positioned productivity targets and enhancement actions as a part of national economic planning 			

C. Conduct layered capacity building of both human resources and institutions to ensure sufficient ability to lead the productivity movement

36. Expanding the capacity for productivity enhancement both vertically and horizontally, nurturing highly skilled productivity professionals, and reaching out to train a broad range of productivity practitioners have always been central to NPOs and member countries to achieve the APO’s vision. To accelerate the capacity building of NPOs and the SME sector, innovation-led growth, and Green Productivity, the Secretariat proposes a layered capacity approach with the following three pillars:

- a) Training 100,000 productivity practitioners through a broad scale of e-learning programs;
- b) Intensifying sector-focused programs to address strategic priorities of member economies; and
- c) Establishing a best-practice network to catalyze region-wide productivity knowledge exchange and learning.

Training 100,000 productivity practitioners through a broad scale of e-learning programs

37. This will significantly broaden the pool of productivity practitioners throughout the region who can lead hands-on activities in the field. The current APO e-learning program comprise three methodologies using different technologies, videoconference based, web based, and online-based self-learning, all of which have been proven

effective in delivering various courses on productivity tools, innovation, and Green Productivity techniques. Under this roadmap, expansion of the online-based self-learning on a broad scale is planned primarily through increasing the number of courses as well as translation into local languages to be managed by each NPO for national implementation.

Intensifying sector-focused programs to address strategic priorities of member economies

38. This action aims to assist in the institutional capacity building of NPOs as well as to address the need for nurturing productivity professionals in strategically important sectors that require specific tools and techniques. It will take programmatic approaches composed of multiple projects from need assessment to new or modified methodologies and intensive training courses. Member countries could even consider localization of the sector-focused projects by using individual-country programs if massive capacity-building activities in the sector are crucial. The incomplete list of the potential key sectors in paragraph 27 provides the basis for sector selection. The duration of each sectoral program would usually be two years and planned accordingly through the biannual planning cycle.

Establishing a best-practice network to catalyze region-wide productivity knowledge exchange and learning

39. Assisting each other in a spirit of mutual cooperation has been one of the most significant assets of the APO. This establishment of a best-practice network will enrich the bases for sharing knowledge and mutual assistance in capacity building, complementing the available approaches such as BCBN and I-OSMs. The best-practice network will involve virtual and real collaboration through both online platform and face-to-face activities. The former provides match-making mechanisms to connect an NPO seeking certain capabilities to an NPO able to assist, best-practice repository, and online discussion forum, whereas the latter provides a physical venue to meet and share cutting-edge practices and know-how.

40. It is proposed that the best-practice network be initiated at the SME-sector level due to strong demand from member countries, which also reflects the APO's strategic directions. Then, the topics/sectors of the best-practice network will be divided to meet more practical needs.

Major Actions	KPIs (operational level)	Relevant SDs	Time frame
a) Train additional 100,000 productivity practitioners through a broad scale of e-learning programs			
<ul style="list-style-type: none"> • Develop a master plan for e-learning expansion <ul style="list-style-type: none"> ○ Implement planned e-learning courses 	<ul style="list-style-type: none"> - # of courses offered - # of participants 	All SDs	Present–2016
<ul style="list-style-type: none"> • Expand course lineups and follow-up <ul style="list-style-type: none"> ○ Develop new course contents ○ Implement new courses on e-learning platform ○ Conduct face-to-face courses for top- 	<ul style="list-style-type: none"> - # of courses offered - # of participants - Completion rate of participants 	All SDs	2017 onward

Major Actions	KPIs (operational level)	Relevant SDs	Time frame
ranked participants			
<ul style="list-style-type: none"> • Transfer e-learning courses to NPOs for local implementation <ul style="list-style-type: none"> ○ Nominate NPOs and translate courses into local languages ○ Pilot test national implementation ○ Review and expand national implementation to other MCs 	<ul style="list-style-type: none"> - # of participants - # of MCs in local operation - # of successful cases triggered by courses 	All SDs	2017 onward
b) Develop and implement sector-focused programs to address strategic priorities of MCs			
<ul style="list-style-type: none"> • Discuss scheme and select sectors for first-round implementation <ul style="list-style-type: none"> ○ Discuss and draft sectoral program ○ Finalize selection ○ Approve plan at 57th GBM 	<ul style="list-style-type: none"> - Completion and approval of plan 	SD1: NPOs & SMEs	Present–2016
<ul style="list-style-type: none"> • Implement sector-focused programs <ul style="list-style-type: none"> ○ Implement a set of projects in selected sectors ○ Select next set of sectors 	<ul style="list-style-type: none"> - # of subsectors covered - # of courses and participants in each program - # of courses nationally localized 	SD1: NPOs & SMEs	2017 onward
c) Establish best-practice network to catalyze regional productivity knowledge exchange			
<ul style="list-style-type: none"> • Develop master plan for best-practice network <ul style="list-style-type: none"> ○ Discuss and draft best-practice network proposal ○ Approve plan at GBM 	<ul style="list-style-type: none"> - Completion and approval of plan 	All SDs	Present–2015
<ul style="list-style-type: none"> • Pilot test best-practice network <ul style="list-style-type: none"> ○ Develop online best-practice platform ○ Organize best-practice forum in SME sector ○ Launch online platform for knowledge exchange and community of practice (CoP) activities ○ Facilitate match-making among member economies 	<ul style="list-style-type: none"> - # of best practices shared - # of active users - # of successful matches made 	All SDs (especially SD1: NPOs & SMEs)	2016–
<ul style="list-style-type: none"> • Expand network <ul style="list-style-type: none"> ○ Establish best-practice networks on strategically selected topics/sectors ○ Organize best-practice forums with launch of online platform for best-practice topics/sectors ○ Continue to facilitate match-making 	<ul style="list-style-type: none"> - # of best-practice forums and participants - # of active users of CoPs - # of successful matches made 	All SDs (especially SD1: NPOs & SMEs)	2017 onward

Major Actions	KPIs (operational level)	Relevant SDs	Time frame
among member economies	- # of best practices shared		
Major Impact Metrics:			
<ul style="list-style-type: none"> Degree to which regional and national level productivity and competitiveness targets are achieved Regional and national numbers of productivity professionals Growth rates and productivity gains (when available) in strategically targeted sectors in member countries 			

VII. RESOURCES REQUIRED

41. To undertake the strategies proposed and achieve the APO vision, financial resources must be made available. The primary sources of revenue for the APO are membership contributions, project implementation grants and cash grants. Since the Governing Body sets the annual budget based on the Biennial Program Plan which is discussed and endorsed by the WSM, the resources required beyond 2015–2016 are not shown in the table below.

Resource	2014	2015–2016	2017–2018	2019–2020
Membership contributions	\$11,986,035	\$11,986,035	-	-
Project Implementation Grants	\$1,481,800	\$1,375,000	-	-
Special Cash Grants	\$129,480	-	-	-
Miscellaneous Incomes	\$25,000	\$40,000	-	-
Secretariat Staff Strength	36	40	-	-

VIII. NEXT STEPS

42. This paper is submitted for discussion and endorsement by the 55th WSM.
43. If endorsed, the roadmap may be further reviewed by a working group comprising mainly representatives from member countries and supported by expert(s). The formation of the working group will be subject to the approval of the Governing Body. Once finalized by the possible working group, the roadmap will be presented for approval at the 57th GBM in Bangkok, Thailand, in April 2015.

Policy Directives of APO Directors (2014 GBM)

Key points only, should be read in the context of the summary of policy directives in the GBM proceedings

Member country	Drivers of growth for key sectors	Key sectors and topics that the APO may target	How APO programs may contribute to policymaking	Risks to economy
Bangladesh	Agriculture, ready-made garments, ICT, remittances, energy, tourism	Leather manufacturing, ISO standards programs	SME and sectors related to the Millennium Development Goals; programs on different areas for performance management	
Cambodia	Agriculture, fishery, forestry, garments	SMEs, green growth, training for productivity practitioners, GAP, HACCP	Environment, energy, sustainable product innovation	
Republic of China	Green economy	SMEs and innovation	Demand side of productivity growth	
Fiji	Tourism, agriculture, fisheries, mining	Forestry, garment, SMEs	Human resources	Political instability, unfavorable fluctuations of currency
India	Manufacturing	SMEs, productivity database development, incubation	Strengthen research, e.g., subsector-specific productivity measurement focusing on micro enterprises and SMEs	
Indonesia	Agriculture, mining energy, industry, marine resources, tourism, telecoms	Food, agribusiness, agritourism, organic food, retail, textiles and fashion, transportation, F&B, hotels and restaurants, oil and gas, palm oil, animal husbandry	Productivity enhancement policy in private sector, productive work ethic, harmonizing labor relationships, productivity gain-sharing wage system	
IR Iran	Oil, energy	Environment, health, renewable energy	Productivity plan to increase resilience, productivity statistics	Inflation, currency fluctuation, overreliance on oil exports
Japan	Human capital, SMEs	GP, food industry, MCSP, NPO network, customer satisfaction index, training of management consultants	Economic policies	Deflation

Republic of Korea	Advanced manufacturing, service sector, knowledge	ICT, healthcare, education, consulting, public sector, SMEs	Productivity gap between big companies and SMEs	Fiscal and monetary policy of USA and Japan, slowdown of PR China, high-level household debts, public-sector weaknesses
Lao PDR	Resource sector, e.g., hydroelectric power, mining, manufacturing, tourism	F&B, transportation, telecoms, banking, food supply chain, food processing of coffee, tea, fruit, beer, organic agriculture, food safety, pesticides	SMEs	Financial systems, aggressive credit growth, weak banking supervision
Malaysia	Manufacturing, services, construction	12 significant subsectors under NKEA, kaizen, lean, productivity training and measurement	TFP, capital intensity	
Mongolia	Green development, sustainable mining	SMEs, education, health, consultant training	Productivity measurement for SMEs, human development through productivity growth	
Nepal	Natural resources	Tourism, agricultural products, healthcare, retail, banking, finance, e-learning, TES	Manufacturing policies	Financial problems of NPO
Pakistan	Agriculture, industry, energy, health, education, HR	Public sector, entrepreneurship, women and youth, GP, energy efficiency	Socioeconomics, entrepreneurship development, good governance, food security	Physical security risks
Philippines	Industry and service sectors, household consumption, fixed capital formation	Food manufacturing, chemical, furniture, radio, TV, communications, beverages, footwear, leather	Improve productivity and competitiveness of agriculture	Natural disasters, policies of USA, oil prices, politics, internal conflicts
Singapore	Manufacturing and services	High-value subsectors	APO source of information, knowledge, expertise, customer satisfaction index, training of consultants, ICT utilization, match NPOs	
Sri Lanka	Agriculture, food processing, petroleum refining, construction, textiles, apparel, manufacturing	Beauty care products, cosmetics, mineral sand, healthcare, chemical, DPP, TES, Demo	Poverty-free, new economic vision	Productivity

Thailand	Agriculture, tourism, SMEs, KM, labor productivity, modern management	SMEs, hospitality	HR, leadership, government investment	Business cost, energy scarcity, climate change, political protests
Vietnam	Modernize industry, agriculture, services	Processing industry, high tech, energy, mining, metallurgy, chemical, defense, IT, media, pharmaceuticals	HR development, lean management, productivity research, TFP	Inflation, economic restructuring, weak competitiveness, public debt, budget deficit

Global Competitiveness Index (GCI) based on the competitiveness framework endorsed by the World Economic Forum (WEF)

The Global Competitiveness Report 2014–2015 gives a comprehensive overview of the competitiveness performance of 144 economies around the world and includes assessments of APO member countries. Since 2005, the WEF has used the GCI to analyze an economy's international competitiveness. The GCI shows a clear connection between competitiveness, productivity, and economic growth, defining competitiveness as a set of institutions, policies, and factors that determine the level of national productivity, and productivity in turn helps to determine not only the level and speed but also the sustainability of and potential for high economic growth of a country. For details of the GCI composed of 12 different pillars of measurements, see Annex 6.

Assessments using these 12 pillars help not only to define a country's stage of development, i.e., whether an economy is factor driven, efficiency driven, innovation driven or in transition, but also highlights its unique strengths as well as challenges for further economic growth. Looking at differences as well as commonalities shared by APO member countries gives a clearer view of regional targets where the APO can assist in achieving greater competitiveness and productivity. Furthermore, the GCI shows the overall level of competitiveness vis-à-vis the rest of the world, giving APO member countries a blueprint of where they currently stand and where the targeted benchmarks are.

The GCI is composed of different facets of measurements, called the “12 pillars of competitiveness,”⁵ involving the following:

- **Institutions:** measurement of the quality of a country's institutional environment and its legal and administrative frameworks.
- **Infrastructure:** measurement of the quality, efficiency, and extensiveness of a country's infrastructure system, such as its transportation and communication networks.
- **Macroeconomic development:** measurement of the stability of a country's macroeconomic environment, defined by behavioral patterns, performance indicators, and other trends that affect the overall economy and businesses.
- **Health and primary education:** measurement of the basic capacity of a country's workforce, through the provision of adequate and quality health services and education.
- **Higher education and training:** measurement of the quality of higher education and training of a country's workers to determine available complex skills and adaptability to changing environments.
- **Goods market efficiency:** measurement of the efficiency and effectiveness of a country's market of goods and services.
- **Labor market efficiency:** measurement of the efficiency and flexibility of a country's labor force in the maximization of the performance and talent of its workers.
- **Financial market development:** measurement of the health and readiness of a country's financial sector to source business investments and entrepreneurship.
- **Technological readiness:** measurement of a country's accessibility to information and communication technologies as well as its ability to maximize the use of such tools in daily economic activities.

⁵*Global Competitiveness Report 2014–2015*, pages 4–9.

- Market size: measurement of the scope and capacity of a country's markets, both domestic and international.
- Business sophistication: measurement of the quality of a country's business network and practices.
- Innovation: measurement of a country's ability to create more value-added tools and concepts through new technological inventions and knowledge-based advances.

Ranking of APO member countries in the GCI

Country	Rank
Bangladesh	109
Cambodia	95
Republic of China	14
Fiji	NA
India	71
Indonesia	34
IR Iran	83
Japan	6
Republic of Korea	26
Lao PDR	93
Malaysia	20
Mongolia	98
Nepal	102
Pakistan	129
Philippines	52
Singapore	2
Sri Lanka	73
Thailand	31
Vietnam	68
Average ranking	61.44

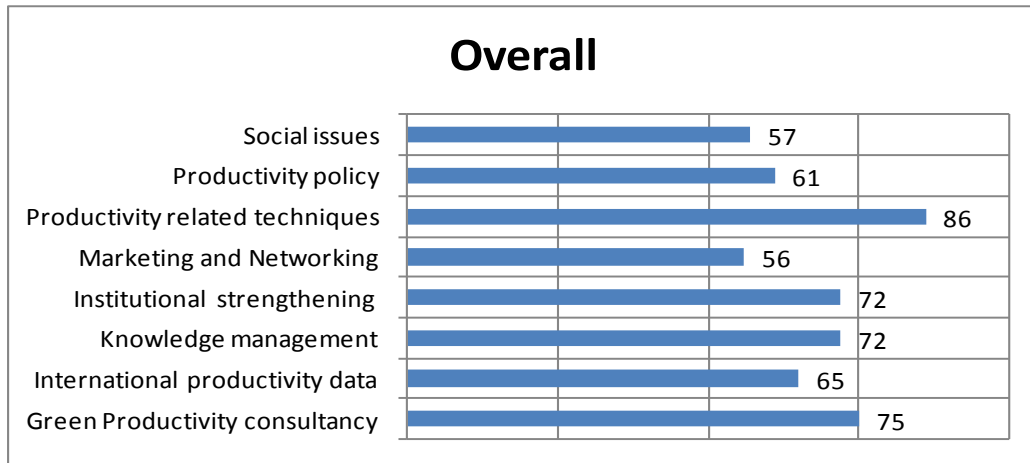
Source: Global Competitiveness Index of the World Economic Forum:
<http://reports.weforum.org/global-competitiveness-report-2014-2015/rankings/>.

Expected Support from the APO in General*Source: Research on Need Assessment of Member Countries*

Category	Country	Expected Support from the APO in General
National Productivity Policy	Iran	Monitoring national development plan implementation
	Nepal	Productivity policy and its implementation, and obtaining relevant productivity data
	Pakistan	Industrial research and strategic roadmap of the NPO
	Thailand	National policy or framework and system for productivity enhancement
Productivity Movement	Mongolia	National awareness program and best-practice sharing
	Sri Lanka	National productivity movement
Productivity Enhancement	Japan	Variety of topics for productivity enhancement
	Singapore	Cutting-edge productivity solution for private sector from advanced countries
Productivity Techniques	India	Variety of topics for production techniques
	Vietnam	Productivity techniques and tools
Research	Korea, ROK	Conducting professional research in some challenging areas
SMEs	India	Supporting SMEs
	Japan	Providing global training for SMEs
Service Sector	ROC	Service-sector training
Green Productivity	India	Promotion of GP
Innovation	ROC	Innovation and R&D with GP concept
Niche Market Products	Lao PDR	Demonstration project focused on niche market products
Mining Industry	Mongolia	Improving mining industry with GP concept and (learn from similar countries)
Training	Fiji	Improving training efficiency and effectiveness for productivity improvement
International Cooperation	Japan	Helping JPC's international cooperation

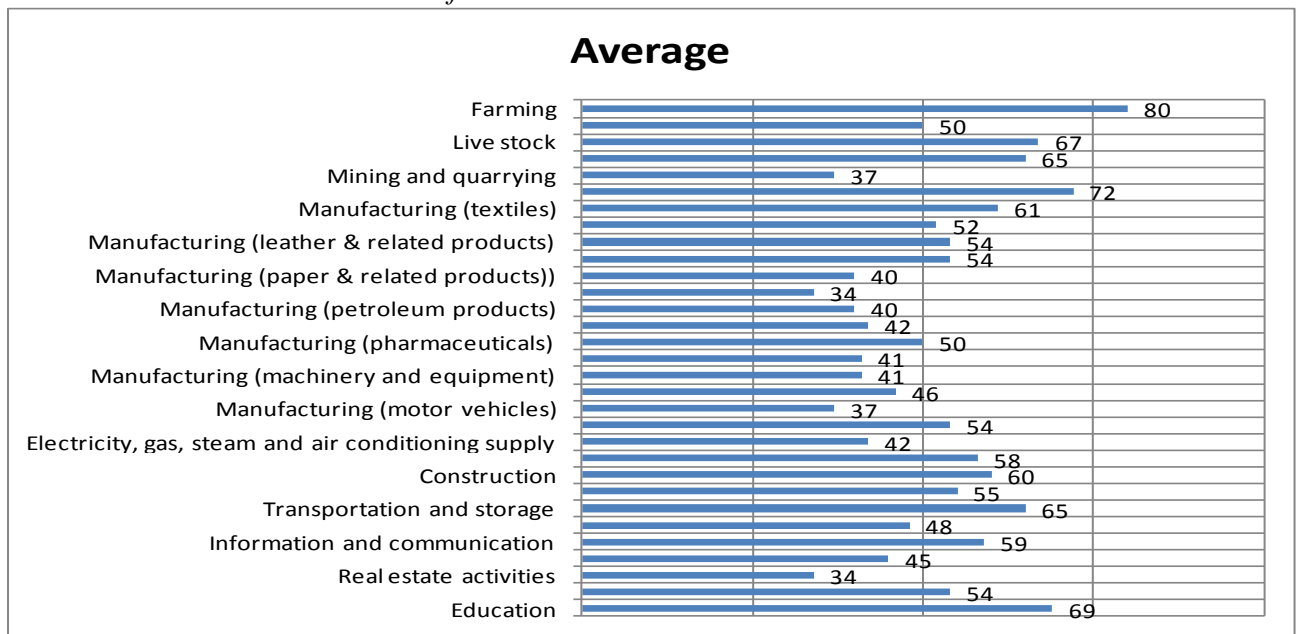
Important projects/topics for NPO strengthening (by all stakeholders)

Source: Need Assessment of Member Countries



Priority Subsectors

Source: Need Assessment of Member Countries



<p>Draft APO Guiding Principles for Productivity Enhancement</p>

1. Productivity enhancement in APO member countries should maintain and create employment, promote cooperation and collaboration between employers and employees, and ensure fair distribution of gains among stakeholders (shareholders, employers, employees, and consumers).
2. APO member governments should adopt numerical targets for productivity increases in their national economic plans and establish a review mechanism.
3. APO member governments should ensure regular implementation of economic surveys necessary for measuring national productivity, as a primary means of planning and reviewing national development policies.
4. APO member governments should establish NPOs as autonomous bodies with the responsibility and capacity to drive national productivity movements across all sectors of the economy. NPOs may be a central governmental organizations or bodies under public-private partnerships.
5. APO member governments should provide such NPOs with sound financial and other necessary support to facilitate nationwide productivity enhancement.
6. APO member governments along with NPOs, where appropriate, should establish or help establish networks to disseminate the productivity movement throughout the region.
7. APO member governments should specify priority industries and sectors with industry/sector-focused programs that will positively impact national productivity growth.
8. APO member governments should have national policies to invest in improving the quality of human capital and encourage proactive workforce participation by women and senior citizens to improve global competitiveness.
9. APO members should share their productivity enhancement journey with other members for mutual learning and regional knowledge dissemination, while NPOs are encouraged to develop interlinked productivity improvement policies and action plans in line with the APO mission and vision for enhancing the overall regional quality of life.
10. The APO and NPOs should continue to encourage all concerned, particularly policymakers in governments and decision makers in the public and private sectors, to strengthen their capacity to contribute to Green Productivity practices through all possible means to achieve eco-competitiveness and green growth.
11. The APO and NPOs should make maximum use of information technologies so that

as many productivity practitioners as possible can access the cutting-edge productivity tools and techniques they offer to disseminate the productivity movement.

12. The APO and NPOs should expand personnel exchange opportunities between the Secretariat and NPOs as well as among NPOs to mobilize human resources and expertise.
13. The APO and NPOs should identify and adopt emerging trends and techniques of productivity enhancement so that their productivity methodologies are always up to date.
14. The APO and NPOs should continuously take the leadership position in continuous productivity enhancement in the region.