

# Annual Report of the APO Secretary-General

**A**fter welcoming all to the 51st APO Governing Body Meeting (GBM), APO Secretary-General Shigeo Takenaka expressed gratitude to the Government of the Democratic Socialist Republic of Sri Lanka for hosting the meeting in Colombo. He noted the honor shown the APO by the presence of Prime Minister Ratnasiri Wickramanayaka, who gave the keynote address, Minister of Labour Relations and Manpower Athauda Seneviratne, and APO Director for Sri Lanka Mahinda Madihahewa, who both spoke warm words of welcome.

Because the Annual Report for 2008 had been circulated earlier, providing details of the APO's eventful year, the Secretary-General decided to focus his report on the impact of the global financial crisis on the APO, progress of activities initiated recently, and efforts to enrich projects and services. He acknowledged that the global financial crisis was unprecedented and had had numerous negative effects in the region. The turmoil had also affected the APO budget due to fluctuating exchange rates between the US dollar and the yen, with the yen appreciating nearly 14%. This year was the first under the newly introduced biennial budget system, under which total membership contributions, calculated and paid in US dollars, are fixed for 2009 and 2010. Most administrative expenses, however, are incurred in yen. "In a nutshell, the recent appreciation of the yen against the US dollar has created a major challenge to the Secretariat in maintaining an appropriate balance between project and administrative costs," he noted.

Although Secretariat staff had instituted a one-year voluntary salary return measure, Secretary-General Takenaka said that a proactive approach was needed to reduce administrative and staff expenses permanently and sustainably after a comprehensive review. He also said that it would be useful to examine the practices of other international organizations in dealing with currency fluctuations. He cautioned that a review of administrative expenses and of the practices of other organizations, then designing a new system for the APO, would take time.

The Secretary-General pointed out that endeavors for effective budget utilization and financial discipline he had introduced had markedly improved resource utilization and budget disbursement rates for projects. Consequently, the unappropriated surplus had significantly declined. While he thought that, "There is little chance that this declining trend will be reversed in the future," a declining surplus might make it difficult to hold many additional projects.



Secretary-General Shigeo Takenaka

Secretary-General Takenaka also touched on personnel reform through a performance-based staff appraisal system, the first full cycle of which had been completed in December. The new system had contributed to "improving the Secretariat work culture and staff motivation as well as to controlling personnel costs." At the same time, there was room for improvement and future modifications would result in greater organizational efficiency.

The Secretary-General then reported that, after a suggestion at the last GBM on establishing APO centers of excellence (COE), the idea had been discussed at the 2008 Workshop Meeting of Heads of NPOs (WSM) in Cambodia and at a small, informal, consultative meeting with selected NPOs in Tokyo in February. Therefore the Secretariat proposed a pilot project on business excellence with SPRING Singapore as the pioneer COE. A two-year tentative action plan had been developed, Secretary-General Takenaka added. The Secretariat Director of Research and Planning gave a full report under the next agenda item.

As suggested at both GBMs and WSMs, Secretary-General Takenaka said that a new evaluation method was being finalized, with greater objectivity, depth of coverage, and involvement of NPOs. Evaluations will be conducted by a third-party evaluator and Secretariat staff member, with respondents to include superiors of former participants. Evaluation teams will conduct face-to-face interviews. "NPO involvement and assistance are necessary. The Secretariat is hopeful that the next evaluation report can be submitted to the WSM in October 2009 and that it will present a clearer picture of our contributions and their impact on the ground," Secretary-General Takenaka concluded.

For the development of NPOs, in-country training programs for productivity and quality practitioners on a pilot basis commenced in Pakistan, IR Iran, and India. Encouraged by the positive results, in 2009 the Secretariat initiated a new project called

Institutional Strengthening of NPOs through the Development of Productivity Practitioners to build NPO capacity using the same modality. "I hope that other NPOs will also take advantage of this new project under DON Implementation," the Secretary-General remarked.

Among efforts to add value to projects, he singled out the 2008 publication of the first edition of the greatly enhanced *APO Productivity Databook* featuring expanded economic indicators and productivity estimates, including total factor productivity analysis for some countries. Developing the capabilities of member countries to compute total factor productivity was a new element in this project, the Secretary-General reported.

Turning to productivity and environmental concerns, Secretary-General Takenaka noted that Green Productivity (GP) programs had expanded and "...the Eco-products International Fair (EPIF), has grown from strength to strength." Despite the financial crisis, nearly 100 exhibitors took part in the EPIF 2000 in Manila. Similarly, the newest *Eco-products Directory* contained a record number of product and service listings.

The Secretary-General assured delegates that the APO would continue projects in innovation, knowledge management, food safety, export promotion, and market access, along with efforts for the capability building of partners and stakeholders and investigating best practices beyond the region. The Secretariat had continued transferring the Asian productivity experience to Africa under a special cash grant from the Government of Japan, he noted, citing APO attendance at the Summit Meeting of the Tokyo International Conference on African Development and the four-week Basic Training Course for Productivity Practitioners in Johannesburg, South Africa. "These outreach programs made our productivity footprint larger and made the APO better known in more parts of the world," the Secretary-General stated.

In concluding his report, the Secretary-General urged GBM delegates to remember that, "Many experts, including those in governments, have spoken forcefully on the need for higher productivity to be one result of the crisis. These tough times demand greater involvement of NPOs and a more prominent role for the productivity movement. I assure you that the APO remains vigilant and committed to assisting NPOs in developing their capabilities and in serving the needs of member countries, especially in these trying times." 