

The Secretary-General's Annual Report to the Governing Body

Each year, at the Governing Body Meeting, the APO Secretary-General presents his annual report highlighting the major achievements of the APO in the organized programs under its five thrust areas over the past year and sharing his thoughts on the changing socio-economic environment and needs of member countries and how the APO should respond in its policies, strategies, and programs. His presentation was accompanied by the full text of the official APO Annual Report 2002.

In his report, Secretary-General Takashi Tajima told the Governing Body that the APO was actively lending support to member countries in their efforts to institutionalize knowledge management (KM) as a strategy for enhancing the competitiveness of enterprises. This includes strengthening the capability of the national productivity organizations (NPOs) to promote and propagate KM. Moreover, KM was the major theme in a number of APO multi-country and country-specific programs. Among the countries he cited for their exemplary work in KM were the Republic of China (ROC), Singapore, and Vietnam.

In this knowledge-based economy, he stressed that SMEs should transform themselves by fostering an innovative culture and form networks or alliances with others to sharpen their competitive edge. Recognizing the need to create vibrant and resilient SMEs in member countries, the APO embarked on a series of projects on entrepreneurship, innovation, forming and leveraging industry networks, and global supply chains. As examples, he mentioned the annual Asian Venture Business Forum held in Japan and a series of SME-related projects hosted by the ROC.

Corporate governance, the Secretary-General pointed out, has emerged as one of the most crucial issues for business corporations as its underlying principles of fairness, transparency, accountability, and responsibility have an important bearing on productivity and competitiveness. He highlighted two key findings of APO Basic Research XI and the Kyoto Top Management Forum, both of which dealt with corporate governance: 1) there are no recognized global standards in corporate governance as it is socio-cultural as well as firm specific; and 2) state-owned enterprises in Asia should incorporate good governance for greater transparency and accountability.

"The year 2002 was epoch-making for the APO Green Productivity (GP) Program," said Mr. Tajima. Among the accomplishments he cited were

the APO's participation in the UN World Summit on Sustainable Development in Johannesburg, South Africa, that enabled the vision and achievements of the APO GP Program to be made known globally; the APO 2nd World Conference on Green Productivity, Manila, the Philippines; APO participation in the 3rd World Water Forum, Kyoto, Japan; and activities to commemorate the International Year of Eco-tourism.

The Secretary-General commented that there should be more intensive private-sector participation in the GP Program as companies have extensive environmental management experience. Toward this end, a GP Advisory Committee comprising representatives of Japanese private-sector corporations was established.

Referring next to the APO Agriculture Program, Secretary-General Tajima said that in response to globalization emphasis was placed on three major areas: improving the competitiveness of agriculture and agri-business; promoting the sustainable development of the sector and its resources; and addressing rural poverty through integrated community development (ICD).

Under its Development of NPOs (DON) Program, the APO was helping NPOs to refocus their vision, redefine their role, and develop their institutional capabilities in light of the increasingly competitive environment. Mr. Tajima reported that under the DON Program, experts were dispatched to Sri Lanka to formulate a national public-sector productivity policy; to Bangladesh to help its NPO develop a strategic action plan for national productivity improvement; to Mongolia to create performance measures for model companies for the National Productivity and Development Center;



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and to Vietnam to upgrade the Vietnam Productivity Center's IT and KM capabilities.

The Secretary-General reported on the meeting of APO Liaison Officers held in the APO Secretariat. "It was very rewarding as it reaffirmed the close bonds not only between liaison officers and the Secretariat staff members but also among liaison officers themselves." A number of issues were raised and agreed upon for implementation, he added.

The 2002 edition of the *APO Asia-Pacific Productivity Data and Analysis* was published with productivity parameters presented in a more comprehensive manner than the first, said the Secretary-General. Efforts will continue to be made to improve its usefulness to policymakers in government and business, for which the Secretariat will need the strong support of all member countries and NPOs to secure the cooperation of national experts.

On IT application in APO activities, the Secretary-General commented that the APO Web site and its extranet, the APOnet, have enabled the Secretariat to share knowledge and information with all NPOs. The Web site now has an e-book feature. He told the meeting that a pilot e-learning teleconferencing project involving four countries—Japan, Indonesia, Malaysia, and the Philippines—had been successfully implemented in February 2003. Called the JICA-Net Seminar on Total Quality Management, it had more than 60 partici-

pants. He expressed his appreciation to the Japan International Cooperation Agency for co-sponsoring the project and for the use of its facilities. The Secretary-General said that more e-learning projects would be organized as they are cost-effective and they can create a greater multiplier effect.

On his future perspective of APO programs, the Secretary-General made the following points:

- 1) The application of KM within organizations and corporations will be expedited through two possible strategies: the identification of model KM-oriented corporations in member countries from which others could learn important insights and the development of KM auditing to measure the effectiveness of KM implementation.
- 2) More resources will be devoted to fostering entrepreneurship, encouraging innovation, improving supply-chain management, and promoting cluster-based industrial development to cater to the specific needs of SMEs.
- 3) Good governance will be promoted among local governments and state-owned enterprises by propagating the concept and philosophy and designing an index of good corporate governance.
- 4) The scope of the APO GP Program will be expanded, incorporating activities on greening supply chains; green purchasing; waste, water, and energy management; sustainable investment; and GP-ICD activities for poverty alleviation.
- 5) To enable the agricultural sector to cope with the challenges of globalization, the competitiveness of the sector will be improved by greater value addition and better marketing; promoting more sustainable development of the sector; and reducing rural poverty through ICD.
- 6) NPOs will be strengthened to lead their respective countries' national productivity movements more effectively by forming strategic alliances among themselves for sharing resources.
- 7) Greater emphasis will be placed on country-specific activities by organizing more Category B projects that address themes of common interest to select groups of member countries and Category C projects that cater to the specific needs of the NPOs, as directed by the Governing Body in 1998.
- 8) To strengthen collaboration with organizations and agencies in other parts of the world, the scope of cooperation will be expanded to achieve greater excellence in APO programs.
- 9) APO Directors will intervene more directly to secure the necessary budget to encourage member countries to meet all local implementation costs when hosting APO projects.
- 10) Innovative and creative responses to challenges brought about by new development scenarios, rapid technological advancements, and new societal demands will be sought so that the APO can be the driver for change. 