

# Summary of the annual report of the Secretary-General to the GBM

**A**fter welcoming directors, advisers, and observers to the 52nd Governing Body Meeting (GBM), APO Secretary-General Shigeo Takenaka expressed gratitude to the Government of Malaysia for hosting the meeting in “rapidly developing yet green” Kuala Lumpur. He also thanked Director General Mohammad Razali Hussain, Malaysia Productivity Corporation, and his team for their hard work and meticulous preparations.

An important item on the GBM’s agenda was a decision on the total membership contributions for 2011 and 2012, and the Secretary-General stated that the Secretariat’s intention was to ensure that the 2011–2012 budget was substantially the same as for 2008 because most member governments wanted to maintain or expand APO activities. However, he acknowledged that member countries whose economies did well in the last three years and whose membership contributions would consequently increase might feel differently and called the 52nd GBM “a good opportunity to dwell on this issue and have a thorough discussion among member governments.”

To ameliorate the effects of the sharp rise in the value of the yen against the US dollar, he explained that the consequent gap between revenue and expenditure in 2011 and 2012 would be filled almost solely by reducing Secretariat personnel costs, with an average salary reduction of 18%, in an effort to avoid major increases in the amount of membership contributions for some countries. “Because we can start the reduction measures only from the beginning of July this year, the impact in 2010 will be only half of what we can expect in 2011/2012,” he stated, which is why the Secretariat proposed tapping the working capital fund to cover the shortfall in the 2010 budget. The Secretary-General hoped that member governments would understand the enormous impact of yen appreciation on administrative costs and the unprecedented sacrifice that Secretariat staff were prepared to make.

As the 2010 GBM was the final one of his term, Secretary-General Takenaka summarized achievements over the past six years from the administrative and organizational perspective. First, he called attention to the reorganization of the Secretariat



*Secretary-General Shigeo Takenaka*

from six departments to four approximately three years ago. The layout change of the Secretariat office in conjunction with the reorganization not only avoided a rent hike by reducing the space by 25% but also facilitated communication and cooperation between departments. In hindsight, the Secretary-General believed that the commitment to continue the functions of the abolished Environment Department and Information and Public Relations Department had been honored, since environment-related activities remained vigorous and information and public relations had improved. For example, the English and Japanese Web sites covered more news in a more timely fashion, with more photos, and the number of visitors to the English site had doubled in the past three years.

Second, the Secretary-General referred to the introduction of the performance-based staff appraisal system three years ago, stating that, “I believe that the new system has contributed to the improvement of the Secretariat’s overall work culture and staff motivation.” Appraisal of officers was assisted by the introduction of a new, more systematic project report system in late 2006. The format covers six points, of which the final one is suggestions and recommendations by the officer for future improvements and follow-up. “It has

become a very good medium for officers to propose new, innovative ideas within the Secretariat,” pointed out Secretary-General Takenaka, citing the introduction of Category B/C projects and expansion of e-learning projects as examples.

The third point raised was progress in financial discipline with greater clarity, efficiency, and accountability. This allowed mid-year calculations of budget available for the rest of that year to hold additional projects. In 2006 and 2007, eight additional projects were held; in 2008, four; and in 2009, two. Secretariat officers had also worked hard to avoid project postponements or cancellations, the Secretary-General noted, saying that, “The overall result has been to maximize the benefits to member governments.”

After reviewing previous personnel cost-cutting measures, Secretary-General Takenaka described the deep salary cuts currently proposed and his concern about their long-term impact. “In an organization like the APO, the quality of people working in the Secretariat plays a crucial role in determining the quality of activities,” he stated and called staff members “the most important assets to any organization.” He felt that recruiting the type of professionals needed would not be facilitated by the personnel cost reduction measures. Therefore, the Secretary-General emphasized that the proposed measures were emergency ones and sought the understanding of member countries after the situation had stabilized, when the salary cuts would be revised for long-term sustainability.

Turning to revenue other than membership contributions, the Japanese government had to discontinue the special cash grant for the APO’s African Program. Fortunately, the Government of the Republic of China had stepped in to fund it in 2010. Moreover, the Republic of Korea had resumed its special cash grant program for 2010. “We truly appreciate these generous gestures,” Secretary-General Takenaka said.

As significant developments after the last WSM, the Secretary-General cited the Eco-products International Fair held in Jakarta, Indonesia, in early March, which had more than 160 exhibitors and over 90,000 visitors. He thanked the Indonesian government for its wholehearted cooperation.

Another development was the publication of the third *APO Productivity Databook* in early April, in which total factor productivity was computed for seven member countries and labor productivity for 12. “This puts the APO firmly on the map as a depository of reliable labor productivity statistics on our region,” he declared. The last development was progress in research on knowledge management (KM). A trilogy of practical texts on KM, with the final two scheduled for publication later this year, would make the APO “a unique center disseminating the benefits of KM to SMEs around the world,” reported Secretary-General Takenaka.

In concluding, the APO had become a “leaner, functionally more efficient, and financially more disciplined organization,” stated the Secretary-General. “With the help of member governments, I can assure you that the Secretariat will continue to work hard to improve efficiency and increase benefits to our members,” he pledged and thanked member governments for their support during his Secretary-Generalship. 