APO NEWS
Information to Make a Difference in Productivity

New Year message from the APO Secretary-General

Happy New Year! Looking back, 2014 was a successful, exciting year. We must now build on that success by focusing on high-impact areas in 2015.

The Center of Excellence (COE) Program continues to be a success story. The impact of the COE on Business Excellence (BE) under SPRING Singapore was felt beyond the region. The COE on Green Productivity (GP) under the China Productivity Center dispatched 18 technical missions to five member countries, among other significant achievements. We plan to launch a third COE this year.

APO Secretary-General Mari Amano

Generous special cash grants from the Government of Japan benefited APO members and Myanmar in various areas of GP such as water management, future cities, and agriculture. I am confident that with more such grants, we can expand into other areas of interest addressing the needs of members.

In 2014, APO activities were covered more than 1,000 times in media across Asia and elsewhere, compared with 270 times in 2013. The APO website was revamped; this year an APO Portal will be created as a focal point for stakeholders. We will continue to increase organizational visibility and strengthen networks with productivity practitioners, governments, and other international organizations.

An example of outreach and cooperation was the signing of an MOU with Cornell University covering executive courses in agribusiness. We plan to maintain collaborations with the ADB, UN, and World Bank; explore cooperation with the OECD; renew relations with strategic African countries; and continue efforts to invite more Asian countries to become APO members. The APO is exploring acquiring videoconferencing facilities for more efficient e-learning and other IT-based projects.

The foundations of the draft APO Roadmap and GP 2020 will gradually be built upon this year to contribute to national policymaking and sustainable, inclusive growth in member economies. Both are being fine-tuned for discussion at the next Governing Body Meeting. This will enable the APO to develop projects that make tangible differences in productivity levels, which can in turn result in a better quality of life for all.

I wish all readers of the *APO News* a happy, prosperous, productive 2015.

New Year message from the *APO News*
The *APO News* wishes all readers a happy, healthy, productive 2015. We hope to deliver more informative, useful reports to assist productivity practitioners and stakeholders within and beyond the Asia-Pacific region in making a difference in the lives of all. Your suggestions and feedback are always welcome.

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Global organic market growth

The global organic market has grown from a niche (€10 billion in 1999) to a respected market sector (€50 billion in 2012), remaining robust during various European and global economic crises. It grew while keeping strict standards, regulations, and certification systems. As a consequence, retail chains integrated organic product lines into their portfolios and introduced their own brands.

The biggest single organic market

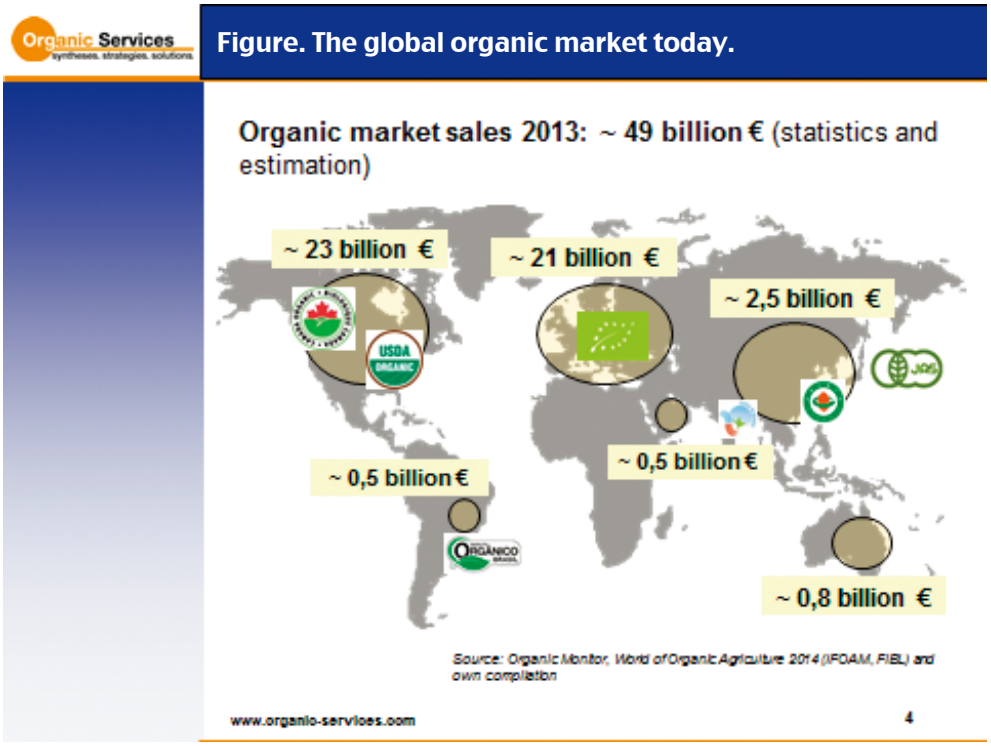
In 2012, the USA had the biggest national organic food market of around €23 billion (Figure). All market parameters point toward continued growth rates (above 10%) over the next decade. Consumer surveys reflect high confidence in organic products and show that descriptions like "non-GMO," "pesticide free," "regional," "good for the environment," and "healthy for you and your family" are drivers of market growth. The infusion of investments by large corporations and private equity is fueling this development. While the Canadian (€2.3 billion in 2013) and Mexican (€500 million in 2012) organic markets are much smaller, the North American Free Trade Zone is thriving. As consumption is much higher than domestic production, imports are supporting structures and supply around the globe, thus also developing domestic markets in source countries.

The biggest regional market

Data compiled by Organic Services based on long-term regular market surveillance, national statistics, sector publications, and other sources show that the European market reached about €22.8 billion in 2012 (EU €20.9 billion), with Germany having the biggest market volume of more than €7.5 billion (2013), France about €4.2 billion (2012 with strong growth rates), the UK €1.95 billion (2012), and Italy about €1.89 billion (2012). In Europe, the only market that shrank in the past years was the UK, for country-specific reasons like consumers' preference for regional provenance. Since 2013, the market in the UK has shown modest growth again. More important are per capita expenditures, with the highest in Denmark (€160) and Switzerland (€190), medium spending in Sweden (€95) and Germany (€85), and lower expenditures in Italy (€31). There is obviously huge growth potential. Despite high import rates of raw and half-processed materials, both the USA and EU have become exporters of organic products with increasing market development elsewhere.

Other emerging organic markets around the world

Organic food production is increasing in Central and Eastern Europe. As in southern Europe, most production is export oriented, although domestic markets are slowly developing.



Important markets for organic food are the Czech Republic, Poland, and Hungary. The Russian Federation and Ukraine are emerging organic markets. For example, domestic organic sales in Ukraine were worth €0.6 million in 2008, €1.2 million in 2009, and €5.1 million in 2011. The majority of certified organic products available (baby food, tea, coffee, sugar, spices, fruit, vegetables, pasta, chocolate, oils, cosmetics, wines, and beer) are imported, mainly from EU countries, but some are from Armenia, Georgia, and Moldova.

Exporting countries with large areas of organic land include India (0.5 million ha), PR China (1.9 million ha), and Brazil (0.7 million ha). Although these countries produce for export, their domestic organic markets are growing. Organic produce is increasingly demanded by the rapidly growing urban middle class in these countries. Similar developments are seen in many other countries in Latin America and Asia. In Brazil, the organic market accounted for about €550 million in 2012. A distinctive feature of the sector in Brazil is that besides third-party certification, participatory guarantee systems (PGS) are part of organic regulations.

India's organic sector, which was highly export oriented in the past, became nearly balanced between domestic retail sales (about €130 million) and exports (€160 million) in 2012. The National Programme for Organic Production regulates exports only, while there is no mandatory certification in the domestic market, which, like in Brazil, places emphasis on PGS. In PR China, organic retail sales amounted to about €1.8 billion in 2012 and €300 million in exports in 2011. PR China is one of the few emerging markets where domestic sales have surpassed export turnover.

Organic sales in Asia (including India and PR China) are growing steadily, reaching a current total of about €1.5 billion. The main importing countries that are not big organic producers themselves are Japan (€1 billion), the ROK (€0.3 billion, 2008), the ROC, and Singapore. Food scandals, especially those involving Chinese nonorganic products, alarmed consumers, and demand for organic food is increasing as they become more aware of food safety and environmental issues. An increasing number of conventional retailers are introducing organic products, some under their private labels.

Of all countries, Australia has the largest organic area, although its organic domestic market is small due to its low population. A lot of pastureland in Australia and New Zealand is organic. In Australia, domestic organic retail sales increased over 30% in three years, from €709 million in 2009 to €927 million in 2012. In 2009, 67% of all organic sales were in supermarkets. With the permanent positioning of organic products on the shelves of major chains, demand for organic products has accelerated.

The Gulf's domestic organic market is estimated at around €300 million, with the Kingdom of Saudi Arabia, the largest food consumer, representing almost 90%. There are over 3,000 outlets dedicated to organic and natural products across the Gulf. This figure is expected to increase as the regional prioritization of health and food safety boosts demand. In the UAE, the organic market is evolving as consumers become health-conscious. Items especially for children, as well as fruit, vegetables, breakfast cereals, and dairy products are the most popular items. Most organic food in the Gulf region is imported, leading to prices three to four times higher than for conventional products.

Turkey has long exported organic products, which were worth €19.8 million in 2009 (versus domestic retail sales of €3.6 million). The acreage of organic farmland (0.5 million ha plus 0.5 million ha of certified organic wild collection area) grew by 18.3% between 2010 and 2011, and domestic retail sales grew considerably too. Much of Egypt's organic produce is exported, although it has strong domestic demand for organic items. Specialized shops and supermarket chains in major cities feature organic sections.

Will market growth continue?

A comparison of past and current market development suggests that further growth of the organic market can be expected. The above examples of per capita spending are one justification. Another reason is that citizens' concerns about the negative global as well as local environmental situation will prevail, and environmental and other ethical concerns like inhumane labor conditions are likely to remain unchanged due to inaction by governments and the conventional farming sector.

***Gerald A. Herrmann**, an agricultural engineer, has pioneered research on the organic sector. He is a renowned specialist, organic industry expert, and speaker. Since the 1980s, he has been engaged in developing the organic sector. He spent about two decades shaping Naturland e.V., an international farmers' association and private organic certifier, as an organic farm consultant, president, and executive director. Herrmann has also served the global movement (IFOAM) voluntarily in different functions, including president. Today he is a partner and director of Organic Services in Munich, Germany, an international strategy and management consultancy.*

Value chain analyses as a base for successful agribusiness development

Urgent need to do things differently

The supply side of agrifood chains is confronted with challenging demands such as improving product varieties and productivity, reducing/eliminating postharvest and other losses, and ensuring soil fertility and water availability. On the other hand, consumers demand convenience, quality, safety, security, and affordability. Supply-demand dynamics are complicated by the current retail and distribution systems, leading to substantial inefficiencies and loss of value. The netchain improvement framework (NIMPF) is a tool to diagnose how chain actors can align their activities and create interventions to ensure market relevance and competitiveness for their chains/businesses. A summary of an SNV Netherlands Development Organisation project, funded by the International Fund for Agriculture Development under the overall responsibility of the Ministry of Agricultural Development and in partnership with the Agro-Enterprise Centre, in Nepal is presented to demonstrate the interventions carried out at different levels and the results achieved.

The NIMPF

The NIMPF has improved substantially based on experience over the last decade. It involves a multicycle approach based on the plan-do-check-act cycle for continuous improvement (Figure). Each cycle contains 11 steps in four phases. The process is initiated through a quick scan to identify within a short period (hours) the most important challenges and low-hanging fruit. The subsequent cycle is a more detailed investigation to lead to an action plan for improvement, and the third cycle leads to more complex innovations and can take one to three years.

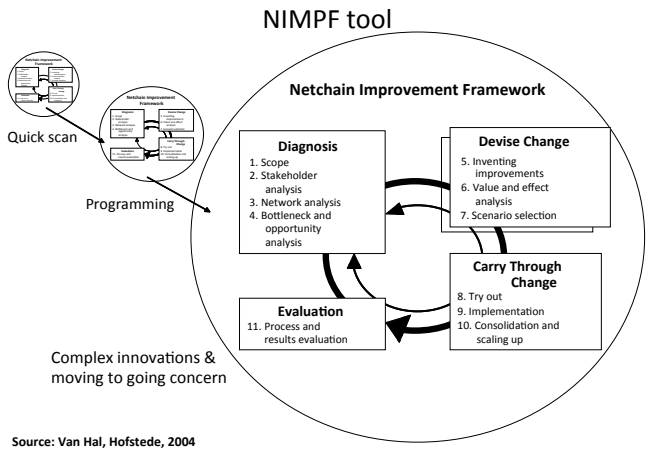


Figure. The Netchain Improvement Framework cycles. Reproduced, with permission, from Van Hal, P. and Hofstede, G.J., Netchain IMPRovement framework for chain and network diagnosis and change, 2004.

The approach is based on an iterative, interactive process gradually building trust among the chain stakeholders, allowing collective actions and chain improvement. Chain innovation moves from a project orientation toward the business-as-usual model as part of total quality management in the chain.

Four phases

Every cycle has four phases: 1) diagnosis; 2) device change; 3) carry through change; and 4) evaluation. Every phase has multiple steps. For every step, a different set of analytical tools can be used (for details, go to www.value basedmanagement.net). Depending on the context of the problem and experience of the moderator, a specific mixture of tools can be used. The added value of the NIMPF is the specific sequence of tool usage for analyzing the context.

Phase 1: diagnosis/step 1: scope

The step that defines the scope acts as a reference for all subsequent steps. It defines the value chain at macro sector/regional level or operational (micro) business-to-business (B2B) level. Scoping is directly linked to the objectives and strategy from a business perspective. In a netchain, while there is no unity of ownership, a clear delineation of crucial tasks and key stakeholders is made. In essence, this step focuses on aligning the objectives/goals of different stakeholders within the chain to work out relevant interventions.

Steps 2 and 3: stakeholder and network analyses

Chains and networks are open systems. Who are the stakeholders (Table 1)?

Step 4: bottleneck and opportunity analyses

This step finalizes the diagnosis and provides a perspective on possible solutions. It is the base for the creative part of step 5 during phase 2, which is to design the change(s) required. Here the key focus is to create a netchain that is more than sum of its parts. Experience

Table 1. Variety of stakeholders in agrifood business chains.

Agri food business chain/network revealed

Institutional enabling environment	**Policy development & execution, research, project funding, donor organization, educational institutes...**					
Service providers	Quality control Finance, banks, insurance ICT		R&D facilities Document processing Certification		Private training Consultancy Techn maintenance	
Chain actors	Fertilizer Crop protection Seeds Breeds Equipment	Crop Animals Fish Milk Silk Feed	Meat Dairy prod. Flour Juice Food prod. Semi processed	Commodity Fresh Processed Cold Dry Packed	Store Kiosk Market Hotel Restaurant	Local National Regional Global
	Input supplier	**Producer cooperative**	**Processor**	**Trader**	**Distributor/ retailer**	**Consumer**

suggests that project participants often skip a proper diagnosis phase and jump directly to step 5. However, without understanding the context, force field, etc., the success ratio during implementation is very low. During the second or third cycle, steps 1–4 can be updated quickly because in most cases the context does not change rapidly.

Phase 2: device change

In this phase, the idea is to move from the present to the desired situation and understanding the resources required to get there. Some examples of the objectives at the chain level are: optimizing transactions (speed, reliability); utilizing technology; introducing new information processing units; shifting transactions to other actors; eliminating linkages; or reorganizing actors like developing cooperatives, alliances, joint ventures, outsourcing, etc. Based on value and effect analyses (step 6) a scenario is selected (step 7).

Phase 3: carry through the change

This phase marks the start of the execution of the ideas developed during phase 2. Testing (step 8) and implementing (step 9) the ideas will lead to changing old habits and traditions or to eliminating certain activities. The major challenge is to introduce the actual change while normal business continues. This step increases the capacity of the netchain stakeholders to predict what effects the changes may have in terms of quantitative changes, changing roles, cultural differences, and effects on competencies of individuals, especially management. After implementation is completed, the next questions arise: How can the changes be consolidated? How can they be scaled up to other parts of the network (step 10)? In many cases, this will lead to a new project and a new cycle starting with step 1.

Phase 4: evaluate improvements

Before starting a new project, step 11, process and result evaluation, is important. To what extent (both qualitative and quantitative) did the previous steps contribute to the goals defined during step 1? Which effects were not anticipated and which were not included? What is the opinion of all stakeholders on the future? The output of this step is important to improve the next innovation cycle.

Moderator shift

During the multiple cycles, there may be a shift in moderators. During the quick scan, one person typically investigates the chain. This could be a chain leader or an outsider like a consultancy firm, regional innovation agency, NGO, or donor organization. During different cycles, the actors develop trust and experience win-win options. Chain innovation becomes more business as usual. The stakeholders involved change with every cycle. Generally, we see a shift toward more business involvement and fewer public actors. Operation should be "triple P (profit, people, planet)" driven so that an attractive, sustainable business model evolves and moderation shifts to the chain leader.

Please go to the APO website for the unabridged version.

Woody Maijers holds an MSc in Agricultural Engineering, Wageningen University. As a consultant, he worked in the field of chain and sector development (1990–1994) and as managing director of the foundation Agri Chain Competence Centre (1994–2007). Since 2003, he has been a professor of value chain management at the Inholland University of Applied Sciences in Delft, the Netherlands. In 2007, Maijers started his own company, The Value Chain Coach, focusing on training, strategic value chain development studies (B2B and sector level), and curriculum development for universities.

Innovative postharvest management for reducing food losses

Asian producers lose up to 40% of their fresh fruit and vegetables (FFV) due to inadequate postharvest management. This is a huge loss of food and waste of resources (land, water, energy, labor, and money) utilized in production, postharvest handling, storage, transportation, and marketing. Customers are increasingly concerned about FFV quality and safety, and international markets reject FFV containing unauthorized pesticides and chemical residues exceeding limits and/or with inadequate labeling and packaging. Innovative tools and technologies to reduce postharvest losses in quantity and quality while assuring food safety throughout the supply chain are needed. Postharvest management in most developing Asian countries, however, needs improvement.

The APO in collaboration with the Council of Agriculture (COA)-Executive Yuan, China Productivity Center, and National Chung Hsing University organized a workshop on Innovative Postharvest Management Tools and Technologies for Fruit and Vegetable Products, 3–7 November 2014, in Taichung. Twenty-two participants from 12 APO member countries and 36 local observers attended. Ten resource persons from the USA, Singapore, Malaysia, and the ROC shared their knowledge.

After presentations, participants observed efficient operations of FFV supply chains at Hankuan Fruit and Vegetable Production Cooperative and JIA-SIAN Fruit and Vegetable Marketing Cooperative. They then grouped in breakout sessions to devise action plans to promote the adoption of similar FFV tools and technologies in their countries.

Participants observing fruit packaging for the export market at Chiayi County Chiaxian fruit and vegetable distribution cooperative.

In his closing message, COA Deputy Minister Wen-deh Chen remarked, "I am pleased to learn the workshop has come up with many practical solutions, tangible outputs, and concrete action plans on innovative postharvest management tools and technologies for fruit and vegetable products."

Quality awards for the public sector

The APO Workshop on Quality Awards (QAs) for the Public Sector was hosted by SPRING Singapore, 27–30 October 2014. Seventeen participants from 13 member countries examined the framework, criteria, and application of QAs and their impact on the efficiency of public-sector organizations. Representatives of Inland Revenue of Singapore and the National Environment Agency explained how they achieved the highest commendations for public organizations by implementing good practices. Participants visited the Institute of Technical Education (ITE), winner of the 2011 Singapore Quality Award (SQA) with Special Commendation. Deputy CEO for Corporate Sabrina Loi outlined how the ITE had been transformed through organizational excellence. During her presentation, she stated that, "The destination is the journey," given the ITE's commitment to strengthening the Singaporean brand of vocational and technical education in the global community.

Participants also attended the 6th Business Excellence Global Conference on Productivity, Innovation and Growth that featured thought leaders in the areas of service, people, and innovation and master classes on Talent Management and Creativity in the Workplace. They were guests at the gala dinner for the annual Business Excellence Awards Presentation to honor winners of the SQA. Resource person for both the conference and workshop Dr. Stefania Senese from the UN Department of Economic and Social Affairs spoke on the United Nations Public Service Awards that promote innovations and excellence in public service worldwide. Dr. Robin Mann, founder and chair of the International Best Practice Competition and chairman of the Global Benchmarking Network from the Centre for Organizational Excellence Research, Massey University, New Zealand, facilitated the workshop. Participants devised individual action plans covering the next six months to enhance award programs based on their workshop experience.

Participants concentrating on group exercises.

NPO focus

Business excellence training in Mongolia

Established more than 20 years ago, the Mongolian Productivity Organization (MPO) has the primary objectives of disseminating productivity and quality concepts, accelerating rapid economic development, increasing organizations' competitiveness, and improving social well-being. A variety of external and internal training courses are regularly organized by the MPO. One of the latest was the APO Technical Expert Service course on Business Excellence (BE), 22–26 September 2014, conducted by Principal Consultant Sunil Sahadevan of Quality Solutions, Singapore. It was a step toward a national quality award framework after the first BE project in 2011 for one of Mongolia's largest telecommunications companies, Mobicom LLC, conducted by experts from SPRING Singapore and PSB Corporation.

The course addressed all major aspects to give a thorough understanding of BE frameworks, the Singapore Quality Award (SQA) framework, BE scoring system, requirements of each category of the SQA framework, and preparations needed for BE assessment to be made. One of the main advantages of the training course was its scope, since it covered most major developing fields in Mongolia, as the 24 participants were executives, supervisors, project managers, and lecturers from organizations in telecommunications, education, logistics, energy, mass media (TV), entertainment, finance, consultancy, and food trading.

With the support of the APO and Center of Excellence on BE, the MPO will make additional efforts to promote and contribute to the BE movement in Mongolia with the identification of role model companies to act as demonstration companies in which BE projects can be implemented.

Contributed by MPO.

Participants of the APO Technical Expert Service course on BE. Photo courtesy of MPO.

Announcement: pilot launch of APO Certified Productivity Practitioner Scheme from 2015

Stage 1
- The APO issues a PN at least 4 months before the face-to-face course starts.
- Qualified participants are selected.
- Participants take the self-learning e-course and pass it.

Stage 2
- Face-to-face course and exam are held.
- Specific project assignments are given to participants who pass the face-to-face exam.

Stage 3
- Project reports are submitted by participants.
- The APO reviews the project reports and decides which candidates to certify.
- The APO awards a registration-based certificate to successful candidates

World Conference on Green Productivity
Green Productivity for Green, Inclusive Development: A Commitment Today for a Greener Tomorrow

President Ma witnessing the handover of the GP Commitment Document by APO Director for the ROC Sheng-Hsiung Hsu (L) to APO Secretary-General Mari Amano (R).

We heads of delegations and representatives nominated by our governments gathered here at the APO World Conference on Green Productivity in Taipei, 4–6 November 2014, confirm our commitment to the promotion of Green Productivity for ensuring sustainable, inclusive economic growth of the Asia-Pacific region.

We commend the role of the APO in spearheading the Green Productivity movement in the Asia-Pacific since 1996 and acknowledge the contributions of the APO Center of Excellence on Green Productivity, Taipei, in promoting it.

We reaffirm that Green Productivity will accelerate development while enhancing our ability to utilize natural resources in a sustainable, climate-resilient manner and increasing overall resource efficiency.

We recognize the significance of green technologies, eco-products and eco-services, and green innovations for the promotion of green economic growth in the region while strengthening the eco-competitiveness of small and medium-scale enterprises.

We acknowledge the necessity of intraregional knowledge exchanges, technical collaborations, sharing of know-how, and capacity building for the promotion of Green Productivity. The best green practices of one country can be a vital source of information for others through such exchanges.

We call upon governments to prioritize the promotion and application of Green Productivity in the industry, service, and agriculture sectors by allocating appropriate resources. We recognize the crucial importance of increasing financial support and creating sound national and regional environmental policies.

We agree to initiate the intergovernmental mechanism "GP 2020" in the Asia-Pacific under the auspices of member governments of the APO, and with the help of the APO Secretariat, APO Center of Excellence on Green Productivity, and National Productivity Organizations, to develop and implement a region-wide Green Productivity strategy and national action plans in a time-bound manner by 2020.

We believe that such a regional strategy and national action plans will help all countries to meet the sustainable development goals of the UN.