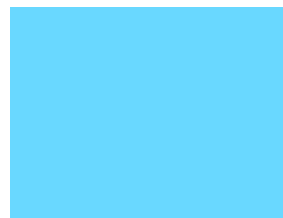


ANNUAL REPORT 2020-21



Smart Service

Smart Industry





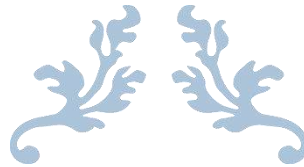
National Productivity Organization (NPO)
(A company set up under section 42 of the Companies Ordinance, 1984)
Under the Ministry of Industries and Production
Islamabad, Pakistan
Tel: 92-51-9244254-5

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FOREWORD

CHAIRMAN, NPO BOARD OF DIRECTORS



NATIONAL PRODUCTIVITY ORGANIZATION

FOREWORD

It gives me immense pleasure to present the Annual Report 2020-21 of National Productivity Organization (NPO). This latest report is evident of an upward trajectory in NPO's contribution in productivity sector and highlights its significant achievements during this year. The expansion and growth of productivity related activities, digitalization, international trainings, technical evaluation services, energy audits, agricultural and industrial productivity enhancement programs, sustainable national productivity project and support to small and medium enterprises (SMEs) are hallmark of NPO's credible services to enhance productivity in Pakistan. NPO has not only achieved all the targets of its annual plan for 2020-21 but also carried out multiple additional programmatic activities that reflect more focused efforts by NPO.

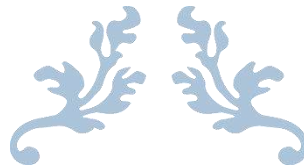


NPO Pakistan has also extended optimum support to the stakeholders in Covid pandemic situation to minimize impact of economic crunch that hit almost all the major groups/sectors of economy. Its contribution to incorporate ICTs and digital solutions in its programmatic activities in post Covid-19 cannot be overemphasized. NPO Pakistan has used digital platforms and contributed to the productivity awareness and knowledge using technology. Insofar as, NPO remained instrumental in actualizing the vision of Ministry of Industries and Production (MoI&P) to achieve efficient, sustainable and inclusive industrial development. In the field of Productivity and Quality much is desired to be achieved and it is expected that lot of ground will be covered with the current focused efforts by NPO. These efforts shall result in strengthening the Mission of MoI&P by formulating and implementing a comprehensive strategy for sustainable industrialization of Pakistan which aims at poverty alleviation, job creation and enhancing Pakistan's international competitiveness.

NPO Board of Directors is keen in helping the organization to set broad goals, supporting executive duties, and ensuring the company to have adequate and well-managed resources at its disposal to deliver its mandate of enhancing competitiveness, Productivity and Quality.

Dated: _____

Dr. Muhammad Usman Chachar
Chairman
NPO Board of Director / APO
Alternate Director for Pakistan



PREFACE

CHIEF EXECUTIVE OFFICER, NPO



PREFACE

The impact of Covid-19 pandemic situation has caused everyone to revisit the global norms that have been the backdrop for business for the last century. Coupled with emerging technologies, socio-demographic shifts, and political and economic uncertainties, the pandemic has influenced entire economic and geopolitical systems across world. In addition, the nature of trade is undergoing a profound shift in an increasingly digital, interconnected cyber world. Resilience and connectivity are the new watchwords as organizations seek to adjust to this unpredictable future.



According to the Asian Development Outlook (ADO) 2021, ADB's annual flagship economic publication, Pakistan's economy will grow by 2% in 2021 as COVID-19 restrictions ease. Assuming the COVID-19 vaccine rollout is successful and economic stabilization measures are implemented, growth is expected to accelerate to 4% in 2022 with improved consumption and investor confidence.

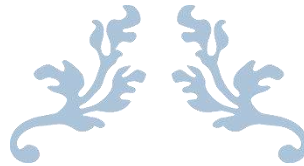
From a broader perspective, increased productivity enhances the power of an economy through driving economic growth and satisfying more human needs with the same resources. Increased gross domestic product (GDP) and overall economic outputs will drive economic growth, improving the economy and the participants within the economy. As a result, economies will benefit from a deeper pool of tax revenue to draw on in generating necessary social services such as health care, education, welfare, public transportation and funding for critical research. The benefits of increasing productivity are extremely far-reaching, benefiting participants within the system alongside the system itself.

NPO Pakistan with this approach has enabled to work via a variety of digital channels, creating amazing connectivity to targets and customers. The organizational productivity has significantly increased, we have put some real efforts to achieve the maximum with more focused approach. We believe that digitalization would be our resort in a post coronavirus pandemic world to rebuild and flourish businesses, industrial and agricultural production and trade in upcoming years.

APO Japan has supported in a variety of ways by providing extensive support during this covid pandemic phase. Thanks to our readiness for digital operations, NPO has successfully achieved the targets and made some major accomplishments while addressing the need and requirement of the country with the support of APO. Our umbrella organization has played its role as a Catalyst by promoting bilateral and multilateral alliances among members and others outside the APO region for collaboration in productivity-related activities for mutual benefit.

Dated: _____

Muhammad Alamgir Chaudhry
Chief Executive Officer



EXECUTIVE SUMMARY



1. EXECUTIVE SUMMARY

This report highlights various initiatives, programs and activities of NPO in several domains of key economic sectors in Pakistan that were carried out in year 2020-21 with all the stakeholders including public and private sector institutions, chamber of commerce and industries, small and medium enterprises, Asian Productivity Organization, as well as federal ministries and provincial departments.

NPO strengthened its capacities to incorporate technological solution using the digital platform for different program and initiatives. APO Multi-country training programs benefitted participants from Pakistan. NPO hosted international training programs sponsored by APO, technical services were offered to the institutions/industries, study missions and bilateral cooperation between NPOs extended partnerships between regional countries. NPO helped national experts to secure funding for research in Smart Manufacturing and Smart Agriculture Transformation from APO. NPO participated in 63rd Session of the APO Governing Body, Program/Project Planning Workshop (PPP), 61st Workshop Meeting of Heads of NPOs and in at least 6 meetings of APO Liaison Office during this year. NPO facilitated APO in developing Databook and database for various research projects. The tabulated details of APO sponsored international programs which benefitted Pakistan are as follows:

APO International Programs & Services	
Title	No. of Programs
APO Multi-Country Trainings	50
APO International Trainings hosted by Pakistan	4
Technical Expert Services (TES)	7
Individual-Country Observational Study Missions (IOSM)	1
Bilateral Cooperation Between NPOs (BCBN)	1
APO Liaison Officers meeting	6
Research on a National Smart Manufacturing Implementation Framework under the APO COE-SM	1
Research on Smart Agriculture transformation for APO Member Countries by APO Secretariat Japan	1
APO Productivity Databook and Database (research project)	1
Regional & National Awards 2021	1

NPO organized a wide range of specialized trainings which are being replicated through various types of activities like General Awareness Training (GAT), Corporate Training (CT), Professional Development (PD), In-house Training Activities (ITA), Distance Learning, e-Learning, Trainings under Special Projects in the management and technical disciplines i.e., Productivity and Quality Management, Green Productivity, International standards/compliance, Agricultural Productivity, Soft Skills, Development of Productivity Practitioner and Special Programs as per emerging trends and requirement for the development of rural areas and people with special needs. The tabulated details of NPO programs/services are as follows:

NPO Capacity Building Program	
Title	No. of Programs
Productivity Training	85
Energy Audit/Green Productivity Assessments (Includes energy efficiency audit of 138 tube well sites of Irrigation Department, Govt. of Punjab out of its 800 sites)	153

The program beneficiaries under these schemes were 2873. NPO also provided training and consultancy services to national and multinational companies on productivity and quality. It includes 5S, Kaizen Management, Benchmarking, Industrial Engineering Tools, Total Productive Maintenance, Six Sigma, Human Resource Management and Factory Improvement studies.

To enhance outreach and cope with the dynamics of globalization in the industry, NPO developed national database for trainers and consultants. NPO has capacity to assist companies in standards Implementation such as ISO 9001:2015, ISO 14000, OHSAS 18001, SA 8000, ISO 17025. These services help identify the gap and such gap analysis studies are helpful in ascertaining the current level of competitiveness of the Pakistani industry in comparison with other global industries. Benchmarking initiatives encourage industries to adopt best practices. Capacity building for monitoring after adopting best practices at intervals of six months can ensure quality consistency.

NPO completed all necessary corporate compliance requirements and actively worked on improving its internal systems. In addition to that, NPO also pursued implementation of APO assisted strategic initiative in collaboration with local stakeholders. Following is a detail of implementation of APO assisted strategic initiatives and NPO's institutional enhancement initiatives undertaken during the F.Y. 2020-21.

Implementation of APO Assisted Strategic Initiatives	Implementation of NPO's Institutional Enhancement Initiatives
<ul style="list-style-type: none"> • Strengthening of NPO Digital Capability with assistance of APO-Japan • NPO to Become Certification Body Under the Umbrella of APO • Institutional Capability Development Plan for NPO Pakistan • APO Special Account for Business Recovery and Resilience for member countries • National Productivity Master Plan • Participation in the APO Top Talks and Productivity Talks 	<ul style="list-style-type: none"> • Establishment of NPO's Regional office Quetta, Baluchistan • Performance appraisal system developed for NPO Employees. • Successful implementation of NPO annual plans 2020-21 • Organizational structure redefined as per current requirements. • NPO Employees salary Rationalization. • Teamwork is promoted and regular meetings are organized. • Hiring on vacant positions of NPO

In addition to implementation of various on-going initiatives and programmatic activities, NPO is also developing new key initiative through which the organization and its stakeholders will continue to reap benefits in years to come and its impact on socio-economic development, well-being of human lives as well as enhancement of industrial growth will be phenomenal.

Key New Initiatives
Launching Productivity Movement in Pakistan through PSDP approved project "Improving Competitiveness through Sustainable National Productivity (SNP)"
Support to government in developing detailed specification of the selected agricultural implements to enhance agricultural productivity under Agriculture Transformation Plan
PSDP project on "Promoting and Developing Cottage Industry of Gilgit Baltistan (GB) under "GB Development Package"
NPO's efforts to secure APO funding in order to establish a Centre of Excellence on Digital Learning to Enhance Productivity in Higher Education in collaboration with NAHE, HEC and Virtual University

HIGHLIGHTS OF THE YEAR 2020-21

Rs. 77 million PSDP Project for the “Launching Productivity Movement in Pakistan through “Improving Competitiveness through Sustainable National Productivity (SNP)”

Approval of the PSDP project on “Promoting and Developing Cottage Industry of Gilgit Baltistan (GB) under “GB Development Package”

Launching of SME Fund under APO Special Account for Business Recovery and Resilience Grant for SMEs

Establishment of NPO’s Regional office Quetta, Baluchistan

NPO Assistance on the MoI&P in the Directives of the Prime Minister Office in Agriculture Transformation Plan

Pakistan won APO Regional Award for Dr. Kamran Moosa

Resource speakers from Pakistan participated in APO Top Talks & Productivity Talks

Organized 85 Training programs - 2813 participants trained

**Conducted 153 Energy Efficiency Audits
(Including 138 tube well sites of Irrigation Department, Govt. of the Punjab)**

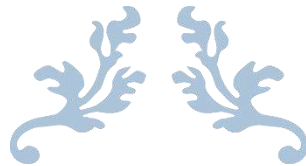
Pakistani National Experts Executed 02 APO funded Research Projects

NPO-HEC collaboration to establish a Centre of Excellence on Digital Learning to Enhance Productivity at Higher Education Institution

Strengthening of NPO Digital Capability with assistance of APO-Japan

Organized Bilateral Cooperation Between NPOs (BCBN) Program

Organized Individual-Country Observational Study Missions (IOSM) Program



NPO INTRODUCTION



NATIONAL PRODUCTIVITY ORGANIZATION

2. NPO INTRODUCTION

National Productivity Organization (NPO) is a public sector company of Ministry of Industries and Production, registered with SECP and working as a Liaison Office of the Asian Productivity Organization (APO), Tokyo, Japan. APO has 21 member Countries (MCs) with recent accession of Turkey. Pakistan is among the eight founder member countries of the APO.

- | | | |
|------------|------------------|---|
| 2.1 | Vision | Economically Productive and Globally Competitive Pakistan |
| 2.2 | Mission | To enhance total factor productivity (TFP) through human resource development (HRD), technology demonstration and improved practices, processes and procedures by 2030 |
| 2.3 | Objective | The encompassing objective of the organization is to promote productivity culture in the country so as to support the cause of competing effectively in the local and global markets. |

2.4 CREATION OF APO

APO's Mission

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



Asian Round Table Productivity Conference, 1959, Tokyo

08 Asian nations as original members i.e., Japan, Republic of China, India, Korea, Nepal, Pakistan, Philippines and Thailand.

- Asian Productivity Organization (APO), Tokyo, Japan was established in 11th May, 1961, under a regional intergovernmental convention and committed to improve productivity in the Asia-Pacific region.

A nonpolitical, nonprofit and non-discriminatory body. The APO contributes to the sustainable socioeconomic development of the region through policy advisory services, acting as a think tank, and undertaking smart initiatives in the industry, agriculture, service, and public sectors.

- The APO is shaping the future of the region by assisting member economies in formulating national strategies for enhanced productivity and through a range of institutional capacity-building efforts, including research and centers of excellence in member countries.

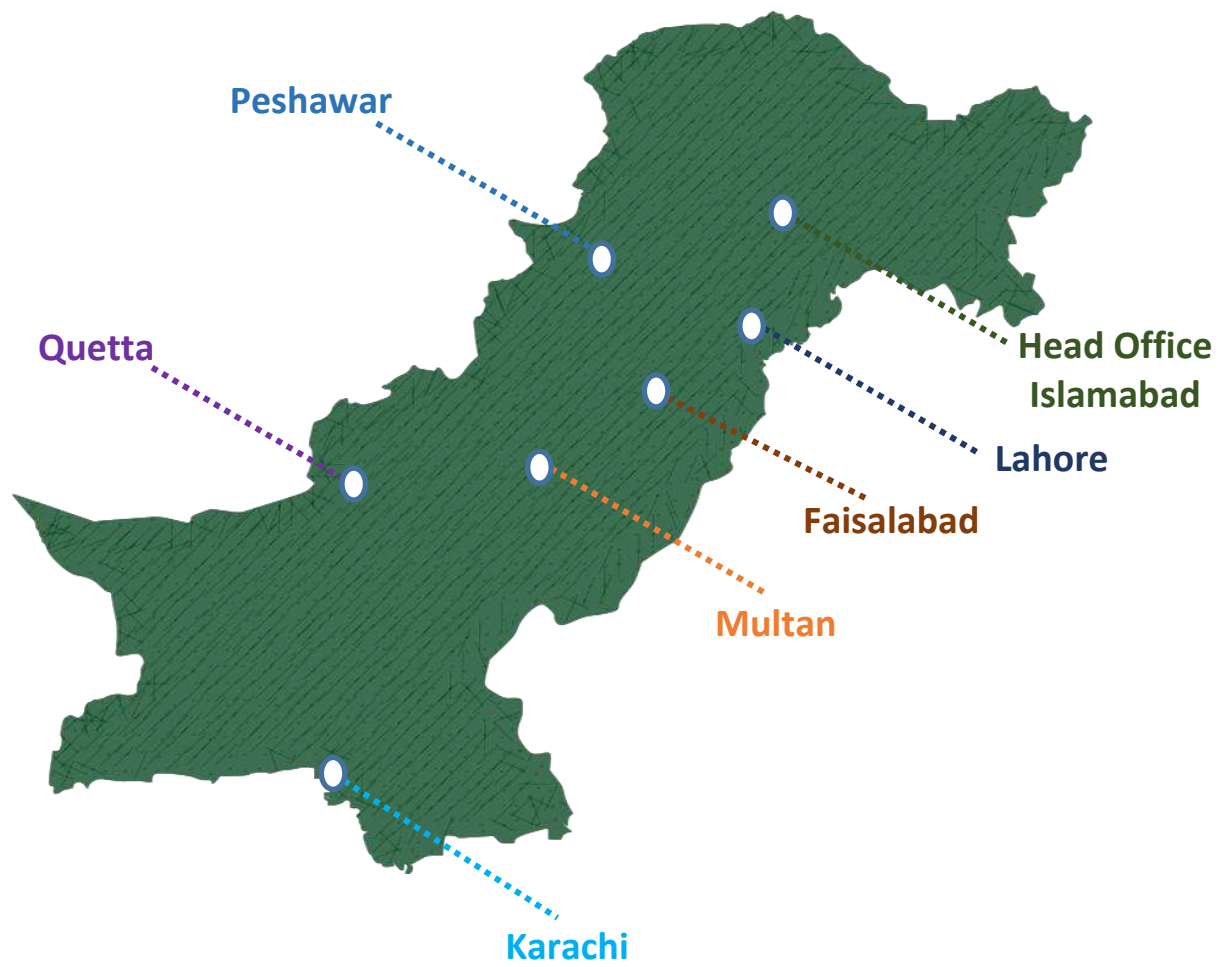
NPO's Local Services

Productivity & Quality Related Training Programs	✓ Customized and specialized training programs
Resource Efficiency	✓ Energy Audit ✓ Industrial Water ✓ Material Assessment
Consultancy & Advisory Services	
Development Projects	✓ Execution and implementation of development projects

NPO's International Services (*APO Sponsored*)

Technical Expert Services (TES)	Provision of International Experts.
Development of Demonstration Companies (DMP)	Establish DEMO models in MCs.
Bilateral Cooperation Between NPOs (BCBN)	Provision of sending delegates to APO MCs for benchmarking of best practices.
Specific National Programs (SNP)	Provide customized assistance to MCs such as; Institutional Capability Development National Productivity Master Plan and Certification Body Development etc.
Multi-Country Programs	Offers Training courses, workshops, conferences and forums etc.
Center of Excellence (CoE)	Establishing CoE in MCs for productivity growth & Competitiveness.
APO National and Regional Awards	For individuals who have made outstanding contributions with a significant impact in the Asia-Pacific region

NPO PRESENCE IN PAKISTAN



HEADOFFICE TEAM



NEW INDUCTIONS



Wajih Ahmed Abbasi
General Manager



Syed Musa Hassan
Deputy General Manager



Abdul Bari
Deputy Manager



Awais Ahmad
Assistant Manager



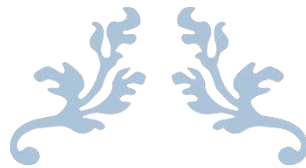
M. Hamza Latif
Management Associate



Sajjad Aslam
Management Associate



Nusrat Ali
Management Associate



NPO ACTIVITIES



NATIONAL PRODUCTIVITY ORGANIZATION

3. STRATEGIC INITIATIVES IMPLEMENTATION STATUS

NPO has devised organizational goals to guide employee's efforts, rationalizing company's activities, and defined performance standards. NPO Board of Directors has played an important role in providing governance to the organization and strategic support to set up the targets.

Under the visionary leadership, NPO was able to accomplish the established targets for the year 2020-21. NPO has reemerged as an organization with strategic depth with quite significant achievements in the financial year 2020-21.

3.1. Institutional Capability Development Plan for The NPO Pakistan

NPO under the auspices of APO National Program (SNP) developed a long-term productivity policy framework with the objective of institutional capability development plan to enhance NPO's role as one of the primary institutions in the country's productivity ecosystem.

Dr. Robin Mann from New Zealand assisted and developed the plan for NPO Pakistan.

The Expert exclusively conducted meeting with the NPO senior management, middle management, junior employees and the stakeholders including BOD members, Additional Secretary MoI&P, Ex-CEO NPO and other relevant officials. The expert submitted its first draft report to NPO and the same is forwarded to MoI&P for consideration.

3.3. NPO to Become a Certification Body (CB) Under the Umbrella of APO Accreditation Body

Certification body development project is under way under the umbrella of APO Accreditation Body. As a CB, NPO will contribute in the development of productivity experts for a sustainable productivity drive in the country in a more systematic way, which will eventually help in improving competitiveness of Pakistan over the years. NPO Pakistan will become an APO Certification Body.

APO has engaged a Malaysian expert Mr. Nik Rosdi to assist NPO Pakistan to comply with the requirements and procedures of the scheme.

3.2. National Productivity Master Plan

NPO acquired support of the APO in developing a National Productivity Master Plan. APO allocated 125,000USD for the execution of the program.

NPO's National Productivity Master Plan for Pakistan is being developed by the diverse experienced APO experts. For identifying sectors and arranging consultative meetings of APO experts with the relevant stakeholders of the sectors are planned.

It is pertinent to mention that NPO Pakistan has already initiated the revival of the defunct NPC, like other sister concerns in other some of the APO member countries.

3.4. Development and implementation of NPO Annual Plan 2020-21

To meet organizational objectives annual plan were developed with quantifiable targets, objectives and KPI's at individual, departmental and organizational level. The purpose of developing annual plan was to set the strategic direction of the organization and to ensure the contribution of each employee of the organization in order to achieve the objectives of NPO.

These annual plans ensued in demonstrating qualitative results in terms of capacity building and actual input of individual employee, which led to departmental analysis, to streamline the input



Meeting with APO & Malaysian Experts

NPO has also successfully developed its pool of assessors which will help in the assessment process.

3.5. APO Special Account for Business Recovery and Resilience for member countries - Grant for SMEs

NPO has launched “Grant for SMEs: Business Recovery and Resilience Fund” for Covid-19 affected SMEs in collaboration with Asian Productivity Organization (APO) Tokyo, Japan.

In line with the APO guidelines, NPO has implemented the grant program, identified grant sectors, designed application, evaluation criteria and reimbursement/advance procedure.

SMEs fund application advertisement has been published in national dailies. The information is disseminated to all concerned Chambers of Commerce and Industry (CCI) and Trade Associations.



and output ratio for enhancing productivity and competitiveness. NPO has achieved the annual plan targets successfully and the organization has put maximum energy to compete and deliver in the current scenario of Covid-19 pandemic.

NPO has delivered and reach out the maximum level by attaining number of international services by APO and other member countries. (Detailed plan 2020-21 and 2021-22 are attached as appendix 01 and 02 respectively)

3.6. Bilateral Cooperation Between NPOs (BCBN)

The Bilateral Cooperation Between NPOs scheme provides the perfect platform for members to learn more about and share best practices to improve national competitiveness. The scheme facilitates meetings between high-level officials of NPOs and policymakers as well as observations of new productivity initiatives and interventions to assist members in becoming more competitive.

The BCBN program on Knowledge Transfer for Sustainable Productivity Drive was organized by NPO Pakistan and Malaysia Productivity Corporation (MPC) from 24 – 25 May 2021 (Virtual session).

Table 3.6. The following participated in the program

Name	Position	Organization
Mr. M. Alamgir Chaudhry	CEO	NPO Pakistan
Mr. Azeem Khan	Chairman	Pakistan Agriculture Research Council
Mr. Muhammad Ali	Director/Chairman	Shelwood Furniture/ Standing Committee of FPCCI

This BCBN mission from Pakistan to the MPC Malaysia provided an opportunity to examine productivity tools and development techniques that can improve operational procedures in the industry, agriculture, and service sectors; methods



Meeting with Islamabad Chamber of Small Trader and Small Industries

NPO and its regional offices are working with CCIs and arrange orientation sessions/meetings to acquire maximum numbers of proposal from Covid-19 affected SMEs. NPO team is disseminating the information and finalizing a way forward with all relevant stakeholders.

3.7. Individual-Country Observational Study Missions (IOSM)

Individual country Observational Study Mission on “Benchmarking of Industrial Education Systems for National Competitiveness” from Women University, Mardan to the KPC, Korea virtually held on November 4-5, 2020.

Mission Objective:

The main objective of attending the mission was to seek best practices and knowledge regarding enterprise and vocational education and training in Women University Mardan Khyber Pakhtunkhwa Pakistan and also in Government of Pakistan.

Participants:

12 participants from Women University Mardan attended the said mission from academia and businesses.

to boost competitiveness; and examples of productivity support programs that could be adapted for initiatives in Pakistan. NPO plans to offer training for lean manufacturing in development phase.

Photo taken during an online BCBN session



3.8. Technical Expert Services






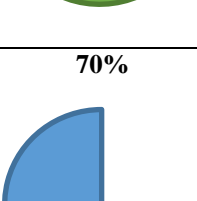
The Technical Expert Services Program provide technical assistance to NPOs and related organizations to strengthen their institutional capacities and upgrade their technical competencies in line with individual member country needs for productivity improvement.


The creation of multiplier effects for the national productivity movement is expected from this program.

NPO Pakistan implemented 07 APO approved proposals under the Technical Expert Services (TES) scheme for Pakistan for 2020-21 for the industry. These programs helped the stakeholder to upgrade their knowledge and skills with technical experts from abroad.

(Details of TES Program Evaluation is given in following Table 3.8)

Table 3.8 TES Program Details and Evaluation

SN	TOPIC & SCHEDULE	RESULTS/OUTCOMES/ACHIEVEMENTS	Stakeholder (Satisfaction)
1	Horticulture Marketing Specialist (Marketing & Sales of Horticultural Produce), Establishment of model Forms Project, (December 7-10, 2020)	Resource Person: Mr. Brendan Hoare, New Zealand Sectors: Agriculture, Food and Beverages Participants: 28 Main Beneficiary: Punjab Agriculture Marketing Department, Lahore	90% 
2	Creating Awareness on Exploiting the Competitive Edge/Potential through Technical Textiles, (December 7-11, 2020)	Resource Person: Dr. William Lee, Singapore Cities: Islamabad, Lahore, Faisalabad, Sheikhupura, Sectors: Textile, Technical textile, Participants: 17 Main Beneficiary: Technology Upgradation & Skill Development Company (TUSDEC), Lahore	70% 
3	Innovation Led Knowledge Management, Phase-I (October 12-19, 2020)	Resource Person: Mr. Ron Young, UK Cities: Islamabad, Karachi, Lahore, Bakhar, Hasilpur, Sectors: Services, Health care, Oil & Gas, Participants: 21 Main Beneficiary: National Productivity Organization (NPO)	75% 
	Innovation Led Knowledge Management, Phase -II (October 21-28, 2020)	Resource Person: Mr. Ron Young, UK Cities: Islamabad, Karachi, Lahore, Bakhar, Hasilpur, Sectors: Higher education Participants: 31 Main Beneficiary: Jinnah women University, Karachi	100% 
4	Training of Trainer - Kaizen Practitioners Program, (November 16-26, 2020)	Resource Person: Mr. Ezaki Hideyuki, Japan Cities: Islamabad, Lahore, Karachi, Faisalabad, Rawalpindi, Hattar-KPK Sectors: Academia, Healthcare, Manufacturing, Services, Civil, Textile, Banking Participants: 44 Main Beneficiary: National Productivity Organization (NPO)	90% 
5	Circular Economy, First ever formal training program in Pakistan on the Circular Economy (December 14-18, 2020)	Resource Person: Ms. Lynn Johannson, Canada Cities: Islamabad, Lahore, Sialkot, Faisalabad, Sectors: Industry, Service, healthcare, Sport Goods Manufacturing, health & safety, Textile, Tannery, WWF, hospitality, ILO Participants: 23 Main Beneficiary: National Productivity Organization (NPO)	70% 

6	Business Excellence Senior Assessor Training, (November 30 to December 04, 2020)	Resource Person: Mr. Michel Voss, New Zealand Cities: Islamabad, Lahore, Karachi Sectors: Energy, Service, Industry, Manufacturing, healthcare, Textile, Power Participants: 26 Main Beneficiary: Pakistan Institute of Management (PIM), Lahore	95% 
7	Lead Auditor Course “ISO 50001 Energy Management System EnMS” (Preparatory)	Resource Person: Ms. Shalini Lal, India Cities: Islamabad, Lahore, Karachi Sectors: Energy, Service, Industry, Manufacturing, healthcare, Textile, Power Participants: 21 Main Beneficiary: National Productivity Organization (NPO)	90% 

4. NEW STRATEGIC INITIATIVES 2020-21

4.1 63rd Session of the APO Governing Body Meeting (GBM)

The APO concluded the 63rd session of the APO Governing Body (GBM), held virtually on 8–9 June 2021, with reaffirmation of commitment to productivity enhancement. Hosted by the Government of Japan, APO Directors and representatives from the APO 20 member countries were in unison in their support to launch new initiatives aimed at ensuring the relevance of productivity tools, techniques, and methodology, such as the Green Productivity 2.0. The GB also supports the strengthening of the APO's key engagement such as the Centers of Excellence with the introduction of new, innovative approaches.

In commemoration of the 60th anniversary of the APO, the Directors conferred APO Awards for the Regional, National, and newly introduced Meritorious and Distinguished categories and issued the Tokyo Statement on the Centrality of Productivity, which is a tribute to the APO's Diamond Jubilee and serves as a reference for forward-looking goals as we face a turbulent, uncertain future. NPO Pakistan successfully secured a good number of APO services for the year 2021-22.



APO FUNDED PROGRAM	Amount in (\$)
Strengthening Digital Capability of NPO Pakistan	20,000
Development of National Productivity Master Plan of Pakistan	125,000
APO Digital Multi-Country Programs 2020-21	13,612
APO Multi-country Program hosted by Pakistan 2020-21	10,719
Research Programs conducted by Pakistan	10,900
APO TES Programs	19,600
Development of Institutional Capacity Building Plan for NPO Pakistan	16,400
Benchmarking of Industrial Education System for National Competitiveness	1,100
APO Special Account for Business Recovery and Resilience for member countries - Grant for SMEs	90,000
Enhanced In-country Services	40,000
APO Productivity Talk and Top Talks	3,600
Total	350,931

4.2 Launching Productivity Movement in Pakistan through PSDP approved project “Improving Competitiveness through Sustainable National Productivity (SNP)”

Pakistan has low productivity level and exports mainly due to higher production cost. It seems difficult to reduce the input cost (i.e. gas, electricity, and other taxes). According to APO Productivity Databook 2019, productivity of Pakistan is low as compared to other countries. Per-worker Labour Productivity growth of Pakistan for 2000-2017 is at 1.4%, whereas Bangladesh, India, and China are at 3.9%, 5.8% and 8.5% respectively.

To improve competitiveness in a sustainable manner, NPO has proposed to launch the Productivity Movement in a structured manner as was done by Singapore, Korea and Malaysia etc.

The project will create awareness of productivity across Pakistan. PC-I is approved as per DDWP meeting held on 1st June, 2021. Implementation will start in FY 2021-22.

4.4 PSDP project on “Promoting and Developing Cottage Industry of Gilgit Baltistan (GB) under “GB Development Package”

To bring economic revolution in Gilgit Baltistan particularly in the infrastructure, agriculture, tourism, health, education, higher education, energy and gems and precious stones sectors, NPO has developed PC-I on directions of Planning Commission of Pakistan. The PC-I is approved in the DDWP meeting held on 1st June, 2021. Implementation would start once after the necessary fund are allocated in FY 2021-22.

4.3 Assisting the MoI&P in Agriculture Transformation Plan- Prime Minister Office Initiative

In Pakistan, agricultural operations are carried out partially and sometimes completely neglected, resulting in a low yield due to poor growth or premature harvesting. The way out of this problem is optimum farm mechanization as per the requirement of individual cases.

A meeting under the chairmanship of the Honorable Prime Minister of Pakistan was held on 8th February, 2021. As an outcome of the meeting, MoIP was entrusted the responsibility to inculcate the current scenario of mechanization and additional implements and NPO is supporting it in such a way that long term benefit for the farmers and yield per unit may be increased. It will help enhance contribution of the agriculture sector in the GDP.

Initially, extensive information comprising of the low uptake of implements in the NAEP and ATP was sought from the stakeholders. The information enables NPO to undertake consultation with public and private stakeholders, and as a result, the NPO succeeded in identifying 81 proposed implements and developed standards for 58 prioritized implements.

4.5 Establishment of NPO’s Regional office Quetta, Baluchistan

NPO has established its new office in Quetta, Baluchistan at First Floor, Pak PWD Building, Saryab Road Quetta to cater the needs and requirements of the Baluchistan by providing wide range of NPO services and promoting the productivity and quality drive all over Pakistan without any additional financial burden on the NPO budget.

4.6 To Support Prime Minister's Initiative: Olive Plantation

The Federal Government under the vision of Prime Minister decided to raise new olive orchards on in Pakistan especially in Khyber Pakhtunkhwa and Potohar region to help the country become self-sufficient in production of edible oil.

Muhammad Alamgir Chaudhry, Chief Executive Officer, NPO visited BARANI Agriculture Research Institute Chakwal and informed how APO, Tokyo, Japan support/assistance can be availed to strengthen the value chain of olive industry in Pakistan and to make it competitive.

Olive Orchard Site Visit



Visit at Barani Agriculture Research Institute, Chakwal

4.7 Developing Partnership with WWF- Pakistan

The partnership between WWF- Pakistan and National Productivity Organization (NPO) Pakistan has been initiated to support agricultural, industrial, services, public sectors leading to sustainable economic development by enhancing sectoral productivity in Pakistan.

An agreement has been signed between National Productivity Organization and WWF Pakistan for information sharing, handling of shared information, and joint activities in the fields of various projects within the available resources.

Group Photo with WWF Officials



MOU Signing Ceremony at WWF Pakistan

4.8 Proposed Development of Demonstration Companies for the year 2021-2022

Development of DEMO Companies on ISO 14001 and Chemical Management" through engagement of Canadian Expert with APO assistance to 4 companies:

- i. Sapphire Textile Mills,
- ii. Gohar Textile Mills,
- iii. Kay and Emms,
- iv. Nazran Ltd.

APO demonstration unit to provide technical support to "Micro Hydro Power Turbine manufacturers" with Japanese assistance.

4.9 Energy Efficiency Audit

Energy Efficiency is the utilization of energy in the most cost-effective manner to carry out a manufacturing process or provide a service. Energy efficient practices or systems will seek to use less energy while conducting any energy-dependent activity. At the same time, the corresponding (negative) environmental impacts of energy consumption are minimized.

NPO Pakistan is playing a very vital role while performing the Energy Efficiency audits in the industry of Pakistan to minimize the energy waste and maximize the productivity and profitability. NPO has well-equipped energy auditors with the latest equipment to facilitate the industry.

The primary objective of Energy Audit is to determine ways to reduce energy consumption per unit of product output or to lower operating costs, detect and assess savings opportunities and improving energy efficiency.

In the FY 2020-21, NPO has covered different industrial sectors of Pakistan by providing its Energy Efficiency services including Textile Units, Defense Industry, Steel Mill, Glass Industry, Rubber Industry etc.,

Sr. #	Name	No. of Units/Sites
	Pakistan Ordinance	
1	Factories Wah	2
2	Lahore Textile Mills	3
3	Kohinoor Textile Mills	1
4	Prime Steel Mill	1
5	Baluchistan Glass	1
6	Sapphire Textile Mills	3
7	Tube Well (Punjab Irrigation Department)	138
8	Darson Industries	1
9	Shahzad Pumps.	1
10	Faisalabad Chamber of Commerce and Industries	1
11	Ashraf Steel Pvt. Ltd	1
	Total	153

Energy Audit Benefits & Impact

NPO team identified saving potential of 10 % without any investment

Energy Audit shop floor training was provided to 60 personals

Hands on training to the factory staff to develop their capacity as Energy Management Practitioner

Presented findings of Energy Audit to senior management of clients

Saving Potential of over 100 million was identified and communicated to clients

NPO also conducted Energy Audit of 138/800 sites of Punjab Irrigation Department



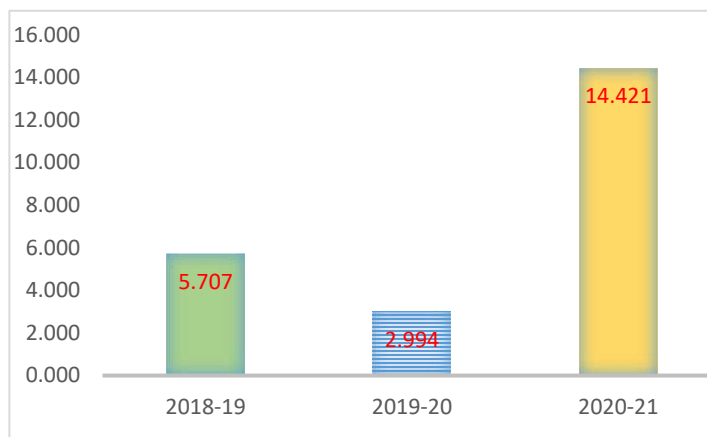
NPO Team while conducting Energy Audits

4.10 Strengthening Internal Mechanism in NPO

Performance Appraisal System	NPO has implemented goal-oriented performance appraisal system to ensure that organizational processes maximize the productivity of employees, teams, and ultimately, achieve the organizational objectives efficiently and effectively.
Annual plans mechanism	NPO also introduced annual plans mechanism with a purpose that the objectives and strategies will align all go-to-market resources to support the company's vision and mission.
Streamlining Salary Structure	NPO remuneration packages were approved in 2007. Most of the employees were suffering as the salary range was not revised after 2007. Remuneration packages have been rationalized in order to cover the gap between salary bands and actual salaries drawn by the employees.
Monitoring & Evaluation Mechanism	NPO developed monitoring and evaluation mechanism with the aim to identify delivery issues of the component and ensure effective coordination of the component activities for quality and consistency. M&E department collate/ prepare regional reports related to internal reporting such as the quarterly and annual reports.
Hiring at Senior Management Positions	NPO was managing its operations without adequate human resources especially at senior management level. New hiring has been undertaken in the organization to adequately promote productivity culture in the country so as to support the cause of competing effectively in the local and global markets.

4.11 Financial Progress 2020-21

Effective financial management is vital for business survival and growth. NPO has worked hard on the internal development as well as the improvements in the assistance and services for the industry and other related stakeholders. It helped NPO in the revival of its activities and upgrade its representation within Pakistan as well as in the Asia-Pacific region while using the APO platform. It also impacts on the receipt of NPO, and these improvements also helped NPO to grab some good and major projects. The table below reflects a comparison of NPO's financial receipt in past three years.

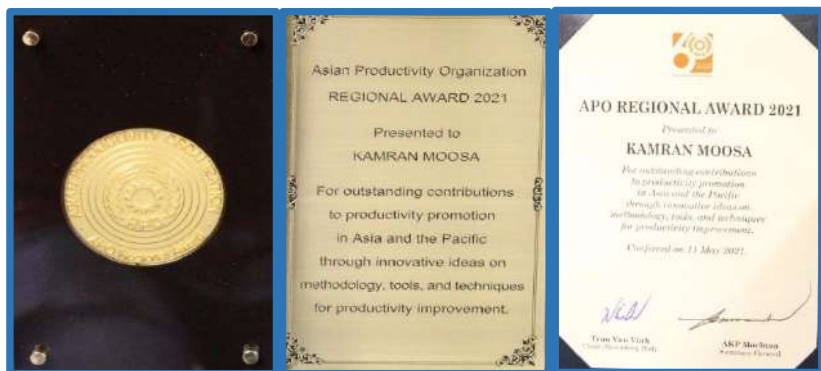


Graph 4.11: Own Generation Receipt – Last 3 years

4.12 APO National and Regional Awards

APO Regional and National Awards are conferred every five years on individuals who made outstanding contributions with a significant impact in the Asia-Pacific region or APO member countries, respectively.

NPO Pakistan nominated Dr. Kamran Moosa and presented his case in promoting quality-related subjects in the region including UAE, Sri Lanka, Saudi Arabia, Nepal, Bangladesh etc. APO conferred the APO Regional award to Dr. Kamran Moosa, that is a substantial achievement for Pakistan.



4.14 APO Top Talks and Productivity Talks

Topic: **Productivity and Competitiveness Strategies during COVID-19**

Speaker: Mr. Saeed Ahmad Nawaz, Additional Secretary, Ministry of Industries and Production, and APO Alternate Director for Pakistan

Moderator: Dr. Isimeli Waibuta Tagicakiverata, Director, National Training and Productivity Centre and Head for NPO, Fiji

Web Link <https://www.youtube.com/watch?v=XxZ3dvDCuY>



Topic: **Decentralization: Mongolian Experience**

Speaker: Mr. Byambasuren Urgamal, Deputy Chief of the Cabinet Secretariat of Mongolia

Moderator: Mr. Muhammad Alamgir Chaudhry, CEO NPO Pakistan

Web Link <https://www.youtube.com/watch?v=e1CNSC4CGhA>



Topic: **Outlook 2021: New Normal Productivity (Finale)**

Speaker: Dato' Dr. Noor Zari bin Hamat, Secretary General, Ministry of Tourism Arts and Culture, Malaysia.
Imtiaz Rastgar, Chairman Rastgar Group, Pakistan.
Yoshimitsu Kaji, Chairman Cinnamon Inc, Japan.
AKP Mochtan Secretary-General Asian Productivity Organization.

Moderator: Mr. Meidyatama Suryodiningrat of Antara News Agency, Indonesia

Web Link <https://www.youtube.com/watch?v=k1UC-5G2mKw>



Topic: **Policy Supports for SME's Development**
 Speaker: Ms. Nadia Jahangir Seth
 General Manager, Policy & Planning
 Division, SMEDA Pakistan
 Web Link <https://www.youtube.com/watch?v=XxZ3dvDCuY>



4.15 Research Projects Executed by Pakistan National Experts, Funded by APO, Japan

Smart Agricultural Transformation for APO Member Countries:

The main objective of this research project was to determine the readiness of selected APO member countries for smart agriculture transformation (SAT) as well as to propose policy recommendations for its adaptation and implementation. Although the share of agriculture in the overall economy shows a declining trend in Pakistan as well as in other APO member countries, it has potential for employment generation, food security and poverty reduction. Transformation can be achieved through increasing agriculture mechanization and digitization, as promoted under the APO's SAT initiative.

Mr. Abdul Rahim Khan, Assistant Food Technologist, Post-Harvest Research Centre, Ayub Agricultural Research Institute, Faisalabad was selected as National Expert from Pakistan for the research program.

Research on a National Smart Manufacturing Implementation Framework under the APO COE-SM (Center of Excellence - Smart Manufacturing): August 2020-January 2021

SM, a technology-driven approach that uses intensive applications of ICT and Internet-connected machines in the production process, has become more prevalent in recent years. The main objective of the APO COE on SM is to support member countries in promoting the adoption of smart manufacturing in key industries. The research findings with the need assessment clarified the current SM status and recommend effective approaches APO members can follow to benefit from it. The research helped in framing recommendations on SM implementation at national level for industry and other enterprises.

Mr. Nabeel Asghar, Director (Projects & Operations), Technology Upgradation and Skill Development Company (TUSDEC) was selected as National Expert from Pakistan for the research program.

4.16 NPO-HEC collaboration to establish a Centre of Excellence on Digital Learning to Enhance Productivity at Higher Education

The National Productivity Organization (NPO) has partnered with Higher Education Commission of Pakistan (HEC) and the Virtual University (VU), Pakistan for establishment of a Centre of Excellence on Digital Learning at Higher Education. NPO has contributed its expertise for proposal development, organized meetings with partnering institutions to design and finalize a proposal for establishment of first ever CoE on digital Learning in higher education in Pakistan. The proposal is under evaluation at APO panel of experts and after its approval APO will facilitate with grant for its establishment. The R&D Division and National Academy of Higher Education (NAHE) of HEC, Islamabad have synergized with NPO and VU on this initiative. After its inception, the CoE will help produce cutting edge research and

knowledge sharing nationally and in the region. The CoE on Digital Learning for Productivity will also serve as a platform to investigate and provide solutions to undertake research as well as build capacity in higher education on digital learning and technological tools with a focus on enhancing productivity.

To date, five Centers of Excellence (CoEs) have been established by APO, Japan, to promote productivity in the Asia region focusing on areas of relevance for member countries. These include CoE on Business Excellence in Singapore (2009), CoE on Green Productivity in the Republic of China (2013), CoE on Public Sector Productivity in the Philippines (2015), CoE for IT in Industry 4.0 in India (2017), and CoE on Smart Manufacturing in the Republic of China (2019). Since the COVID-19 Pandemic and all operations forced to work online and away from conventional workplaces, the importance of digital learning and its linkages with increased productivity not least in the higher education sector, is apparent.

4.17 Strengthening the APO assisted Digital Capability of NPO Pakistan

Under Special Account, APO Secretariat supported the member countries in strengthening the digital capability of NPOs. This will augment NPOs' ability to conduct digitally based programs and activities, enhance digital connectivity among member countries, and create synergies between the digital programs of NPOs and the APO Secretariat. It will take the form of financial support of up to USD20,000/member country for the procurement of essential equipment. NPO Pakistan has availed the facility and installed the high specs equipment.



5. APO INTERNATIONAL PROGRAMS:

NPO offered different types of programs including Trainings/Workshops, Technical Expert Services, Research, Conferences, Observational Study Missions and Development of Demonstration Companies through APO platform. The key areas of these services include Industry Development, Innovation, Green Productivity, Agriculture Development, Service Sector Development and Public Sector Development. A tabulated summary of international trainings / programs during 2020-21 is as follows.

Description	2020-21	
	Programs	Participants
International Courses in multiple countries	50	99*
International Courses hosted by Pakistan	04	131 from 13 APO member countries (including 46 from Pakistan)
Technical Expert Services (TES)	07	211
Individual-country Observational Study Missions (IOSM)	01	12
Bilateral Cooperation Between NPOs (BCBN)	01	03
63rd Session of the APO Governing Body	01	01
61st Workshop Meeting of Heads of NPOs	01	02
Program/Project Planning Workshop (PPP)	01	02
APO Liaison Officers meeting	06	06
Research on a National Smart Manufacturing Implementation Framework under the APO COE-SM	01	01
Research on Smart Agriculture transformation for APO Member Countries by APO Secretariat Japan	01	01
APO Productivity Databook and Database (research project)	01	01
Regional & National Awards 2021	01	01
Total	76	471

Table 5.1 Summary of International Programs

(* Excluding 12 participants, not able to attend the programs due to programs reschedule in context of COVID-19 global pandemic/other commitments.)










APO – NPO Joint Programs

Description	2020-21
Development of Master Plan	01
COE proposal submitted with APO	01
Institutional Capability Development Plan for The NPO Pakistan	01
APO Special Account for Business Recovery and Resilience for member countries - Grant for SMEs	01

Table 5.2 APO – NPO Joint Program

International Trainings

List of APO Multicounty programs held from July 2020 to June 2021

SN	Course Name	Virtual Session By	Dates	No.
1	Workshop on Scenario Planning Development (Thailand)		1, 3, and 4 September 2020	3
2	Workshop on Deriving Positive Impacts of Industry 4.0 for Productivity (Taiwan ROC)		9–11 September 2020	2
3	Workshop on Consultancy Skills and Strategies for Industry 4.0 (Taiwan ROC)		23-25 September 2020	1
4	Workshop Agriculture Transformation on food security (Philippines)		05-09 October 2020	2
5	Training of Trainers on Village Tourism Development (Indonesia)		06-08 October 2020	3
6	Conference on Successful Models of Smart Public Service Delivery (Bangladesh)		28-October 2021	3
7	Conference on Education for Future Industry (Indonesia)		02-04 November 2020	3
8	Organic Agroindustry Development Leadership Course in Asia (Mongolia)		04–06 November 2020	2
9	Workshop on Digital Agribusiness for Women Entrepreneurs (India)		04-06 November 2020	1

SN	Course Name	Virtual Session By	Dates	No.
10	Conference on Smart Public Service Delivery (Philippines)		09-November 2020	3
11	Workshop on Internet of Things Applications in Various Sectors (Taiwan, ROC)		11-13 November 2020	1
12	Workshop on Smart Resource Productivity Management (Japan)		16-18 November 2020	2
13	Workshop for Practitioners of Business Excellence (Singapore)		16-18 November 2020	2
14	Workshop on Sustainable Productivity Models in Agriculture (Bangladesh)		16-18 November 2020	1
15	Training of Trainers on Government Digital Services for Public-sector Productivity (Philippines)		25-27 November 2020	2
16	Workshop on People-centric Digital Transformation (Republic of China)		25-27 November 2020	1
17	Training Course on Smart Regulation (Philippines)		07-09 December 2020	2
18	Conference on Science, Technology, and Innovation Policy for Productivity Growth (Japan)		08-December-2020	1
19	Training of Trainers on Lean Manufacturing Systems (Bangladesh)		8-10 December 2020	1
20	Training Course on Smart Service and Technology for the Hospitality Industry (Japan)		9-11 December 2020	2
21	Conference on Strategies for Strengthening National Innovation System (Sri Lanka)		10-December 2020	2
22	Training of Trainers on Building Sustainable Supply Chains for Agriculture (Indonesia)		14-16 December 2020	1
23	Certified Productivity Practitioners' Course for NPOs (Philippines)		25-29 January 2021	3
24	Training of Assessors for the Productivity Specialists Certification Program (Malaysia)		23-25 February 2021	3
25	International Conference on Blockchain Solutions (Republic of Korea)		25-February 2021	3

SN	Course Name	Virtual Session By	Dates	No.
26	Development of Public-sector Productivity Specialist (Philippines)		01–05 March 2021	2
27	Training of Trainers on Developing future-ready Agribusiness Social Enterprises (Philippines)		03–05 March 2021	1
28	Conference on Climate-resilient Agriculture (Indonesia)		09-March 2021	2
29	Workshop on Empowerment of Small-scale Farmers in Adopting Internet of Things Technologies (Malaysia)		16 - 18 March 2021	1
30	Workshop on Advanced Food Manufacturing Technologies (Thailand)		17–19 March 2021	2
31	Training of Trainers on Performance Monitoring and Evaluation for Public-sector Organizations (Japan)		22–24 March 2021	2
32	Training of Trainers Regulatory Reform Agendas for Productivity Growth and Competitiveness (Malaysia)		05–07 April 2021	1
33	Workshop on Policy Initiatives for Attracting Youth and Preventing Attrition in Agriculture (Indonesia)		06–08 April 2021	2
34	Conference on Emerging Disruptive Technologies for Economic Transformation (Malaysia)		08-April 2021	3
35	Conference on Smart Agriculture (Taiwan, ROC)		19-April 2021	4
36	Workshop on the Productivity Promotion Movement in the Digital Age (Cambodia)		20–22 April 2021	2
37	5th International Conference on Biofertilizers and Biopesticides: Marketing and Commercialization (Taiwan, ROC)		28-Aprtil 2021	4
38	Observational Study Mission on Collaboration among Agriculture, Manufacturing, and Retailing (Japan)		25–27 May 2021	1
39	Workshop on Green Productivity for Sustainable Development (Japan)		07–09 April 2021	2
40	Training of Trainers on Critical Big Data Analytics to Drive Productivity (Thailand)		26–28 April 2021	1










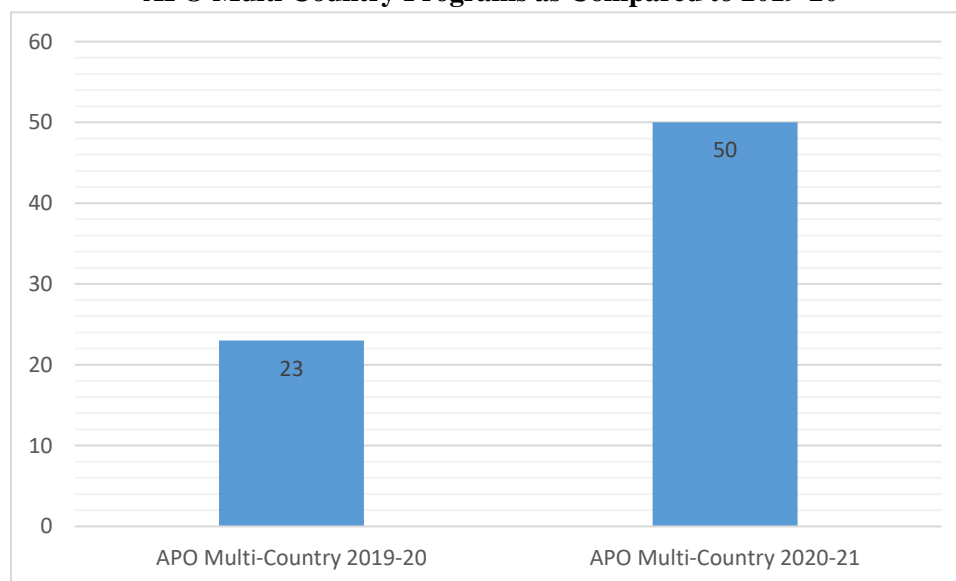
SN	Course Name	Virtual Session By	Dates	No.
41	Basic Training Course on Foresight for Public-sector Organizations (Indonesia)		25–27 May 2021	1
42	Training Course on Digitization Readiness Assessment (Taiwan, ROC)		19–21 May 2021	1
43	Workshop on Innovation for Climate-smart Livestock Production (Mongolia)		19–21 May 2021	2
44	Workshop on Diversity and Organizational Performance in the Public Sector (Japan)		18–20 May 2021	3
45	Multi-country Observational Study Mission on Modern Farm Machinery (Japan)		15–17 June 2021	1
46	Workshop on Service Design for Business Growth and Improvement (Singapore)		01-03 June 2021	3
47	Workshop on Ecological Models of Agroforestry Systems (Sri Lanka)		16–18 June 2021	1
48	Workshop on Women’s Empowerment for Productivity Gains (Japan)		22–24 June 2021	2
49	Observational Study Mission on Advanced Food Safety Management (Japan)		28-30 June 2021	5

Table 5.3 International Programs

(*12 Selected participants from Pakistan were not able to attend the programs due to change in schedule in the context of COVID-19)

APO Multi Country Programs as Compared to 2019-20



Graph 5.1: APO Multi Country Comparison between 2019-20 and 2020-21

1. Multi-Country Training Program hosted by Pakistan:

APO Multi-country Training Course on Advanced Strategic Management for Enhancing Productivity in SMEs, 16 to 18 December 2021, Pakistan (Digital Multi-country/Virtual Session)

The National Productivity Organization (NPO) in collaboration with National School of Public Policy organized APO Multi-country Training Course on Advanced Strategic Management for Enhancing Productivity in SMEs, 16 to 18 December 2021. (Digital Multi-country/Virtual Session).

The objective of this training was to enable participants to learn about advanced strategic management tools and techniques (SMTTs) for enhancing productivity in SMEs, strategic planning, and how SMEs can to use such SMTTs in the current era minimize the effect of corona virus in the new normal.

The program was attended by a total of 32 participants from 12 APO member countries and 10 participants and 01 observer from the different cities of Pakistan participated in this training.

Participating Countries

Malaysia,
Singapore,
Sri Lanka
Turkey,
Thailand,
Vietnam,
Mongolia,
Philippines,
Iran,
Taiwan (ROC)
Bangladesh

Following resource persons were engaged in this training:

International Resource Persons

Mr. Masanori Imura
Sojitz Shared Service, Japan

Mr. Shaharum bin Ashaari
Synergy Assimilation of Knowledge Resources,
Malaysia

Mr. Amit Jain
IRG Systems South Asia Pvt. Ltd., India

National Resource Persons

Dr. Musadik Mailk
Senator
Pakistan



Group Photo

APO Multi-country Workshop on Advanced Postharvest Technology for Horticultural Crops from 01-03 December 2020 (virtual session) by Pakistan:

The National Productivity Organization (NPO) in collaboration with ARID Agriculture University organized APO Multi-country workshop on Advanced Postharvest Technology for Horticultural Crops, 01-03 December 2021. (Digital Multi-country/Virtual Session).

The objective of this workshop was to review emerging postharvest technologies for horticultural products, especially perishables like fruit, vegetables, flowers, and ornamental plants, and share examples of the successful adoption of those technologies, enhance participants' knowledge and understanding of advanced digital technologies and their applications in postharvest management (PHM) for enhancing the efficiency and effectiveness of horticultural operations; and Formulate strategic action plans and roadmaps for participants to adopt/promote appropriate advanced technologies in their countries to improve PHM.

Participating Countries

Bangladesh
Cambodia
Fiji
India
Iran
Philippines
Taiwan (ROC),
Sri Lanka
Thailand
Vietnam

18 participants attended the program from APO member countries i.e. 11 local participants from various cities of Pakistan also attended this workshop.

International Resource Persons

Mr. Brendan Hoare
New Zealand,

Mr. Chan Seng Kit
Malaysia

Mr. Marc Anthony Dumlao Dizon
Philippines

National Resource Persons

Dr. Nadeem Akhtar Abbasi,
Pro VC, PMAS-Arid Agriculture University Rawalpindi,

Engineer Dr. Muhammad Rafiq-ur-Rehman,
Ex-Director General Agriculture (Field), Punjab
Agriculture Department



Group Photo

APO Multi-country Workshop on productivity, Quality, & Innovation for transforming economies, 27-29 January 2021 (virtual session) by Pakistan:

The objective of this workshop was to understand principal views of productivity and hold discussions on a mix of contributing factors for transforming economies, to review ways of increasing the effectiveness and efficiency of productivity measures through enhancing quality and undertaking innovations at firm, industry, and national levels and to recommend an integrated approach to transform economies from lower- to higher-productivity levels as a key driver of sustainable economic development.

20 participants from APO member countries and 10 local participants from various cities of Pakistan also attended this workshop.

Participating Countries

Bangladesh
Cambodia
Indonesia
Iran
Philippines
Sri Lanka
Thailand
Vietnam
Mongolia
Turkey

International Resource Persons

Dr. Woon Kin Chung, Singapore

Dr. Kenichi Ohno, Japan

Dr. Sunmoo Kang, Republic of Korea

National Resource Persons

Dr. Kamran Moosa

Chief Executive
PIQC Institute of Quality
Pakistan



Group Photo

APO Multi-country Workshop on Agribusiness Innovations for Sustainable Rural Community Development, 24–26 March 2021 (virtual session) by Pakistan:

The Objective of this workshop was to provide updated knowledge on innovative agribusinesses contributing to rural community development, familiarize participants with policies and models to support the development of sustainable rural communities, and share and discuss examples and best practices of innovative agribusinesses and policies contributing to rural community development.

24 participants from APO member countries and 14 local participants from various cities of Pakistan also attended this workshop.

Participating Countries

Bangladesh
Fiji
India
Indonesia
Iran
Malaysia
Philippines
Sri Lanka
Thailand
Turkey

International Resource Persons

Mr. Booyuel Kim
Republic of Korea

Ms. Hyojung Lee
Republic of Korea

Mr. Kunal Prasad
India

National Resource Persons

Dr. M. Israr, Secretary - Agriculture, livestock & fisheries, Peshawar, Khyber Pakhtunkhwa

Mr. Inayat Ullah
Assistant Professor,
National University of Science & Technology
(NUST), Pakistan



Group Photo

6. NATIONAL TRAININGS/PROGRAMS

As technology advances and workplace methods and strategies improve, there comes a need for employers and employees to align with these changes in terms of knowledge, skills, values and abilities. One of the best ways to enhance knowledge and skills is through training. Getting employees exposed to relevant and consistent training can help companies improve performance and increase results in the workplace.

NPO provides a wide range of specialized trainings, including but not limited to, replication of international trainings is being provided through various types of programs. Special Programs are also offered as per emerging trends and society requirement for the development of rural areas and disabled persons.

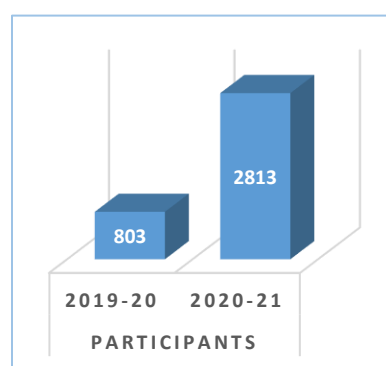
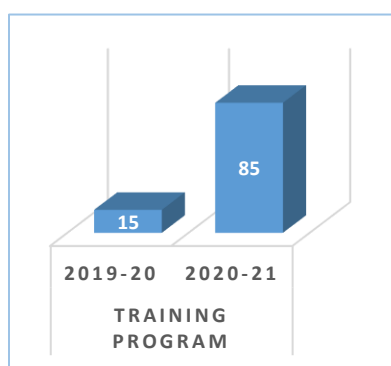
All programs were delivered into virtual sessions mode due to global pandemic COVID-19.

A summary of national trainings (2020-21) is as follows:

Training Areas

General Awareness Training (GAT)
Corporate Training (CT)
Professional Development (PD)
In-house Training Activities (ITA)
Distance Learning,
E-Learning
Productivity and Quality Management
Green Productivity
International standards/compliance
Agricultural Productivity
Soft Skills,
Development of Productivity Practitioner

Sr. #	Description	No. of Programs	No. of Participants
1.	Productivity and Quality Management	24	899
2.	Operations Management	29	595
3.	Personal Productivity Skills	33	1319
Total		85	2813



The following training program were conducted in the year 2020-21

S #	Course Title	Participants
1	Safety at Work Place	114
2	Productivity through Adaptation of KPIs	35
3	Productivity through Adaptation of KPIs	27
4	Production Planning and Control	44
5	Project Productivity Management	37
6	Total Productive Maintenance	53
7	Safety & Risk Management at Work Place	45
8	Basic First Aid & CPR	15
9	Industrial Safety & Emergency Preparedness	18
10	Product Development for Entrepreneurs & Potential Exporters	39
11	Managing Occupational Safety and Health	47
12	Manufacturing Excellence - Lean Journey & Implementation Tools	58
13	Industrial Safety & Emergency Preparedness	16
14	Industrial Safety & Emergency Preparedness	11
15	Energy Efficiency in Manufacturing Sector	11
16	Project Productivity Management	54
17	Project Management (Design & Planning)	18
18	Project Management (Design & Planning)	42
19	Supply Chain Management	22
20	Risk and Disaster Management	138
21	Operational Master Planning for Performance Acceleration	17
22	Risk Management	10
23	Productivity through Adaptation of KPIs	28
24	Improving Productivity in Manufacturing Organization	15
25	Energy Efficiency and Conservation Opportunities	30
26	Solar Energy for Electricity Generations	46
27	Introduction to Six Sigma	10
28	Workplace Visually	10
29	Occupational Health & Safety Management System: ISO 45001:2018	05

S #	Course Title	Participants
30	Digital Trade & its Importance International Trade (Export/Import) E-commerce with Digital Startup	12
31	International Trade (Export-import) Crisis and Solutions Rehabilitation of Business after Covid-19	05
32	Managing Innovation & Design Thinking	10
33	Environmental Management System ISO: 14001-2015	12
34	Single Minute Exchange Rate	09
35	Workplace Productivity Enhancement and Risk Management	26
36	Kaizen Practitioners	45
37	Quality Management System, ISO: 9001-2015	20
38	Cost Reduction Techniques for Industrial Sector	16
39	Tools & Technique for Productivity Improvement	13
40	Energy Conservation in Manufacturing Sector	35
41	Quality Control Circles	34
42	Cost of Quality	23
43	Green Productivity, Energy Efficiency and Conservation	19
44	Cost Reduction Methodologies in End-to-End Business Value Chain	42
45	Managing Observational Behavior for Productivity	26
46	Food Safety & Management System	31
47	Cost Reduction Methodologies in End-to-End Business value Chain	20
48	Cost of Quality	11
49	Cost Reduction Techniques for Industrial Sector	11
50	Determining per Unit Cost of Production for SMEs	15
51	Integrated Production Management	29
52	Cost of Quality	15
53	Be a Great Leader	42
54	Time and Stress Management	102
55	Mastering Administrative Skills	75
56	Increasing Productivity through Effective Communication	54
57	Innovation Led Knowledge Management	21
58	Innovation Led Knowledge Management	31
59	Effective Problem Solving and Decision Making	21

S #	Course Title	Participants
60	Capacity building for Professionals, During Disaster & Crisis Situation	05
61	High Productivity & Skills Development In 2020 (Under Covid-19 Restrictions	07
62	Improving Personal Productivity	32
63	Understanding Emotional Intelligence at Work for Improved Productivity	52
64	Winning Presentation	08
65	Human Resource Leadership	15
66	Problem Solving Strategies	07
67	Change Management	66
68	Be a Great Leader	74
69	Performance Management	73
70	Effective Recruitment & Selection	14
71	Project Management	16
72	Verbal and Written Communication	20
73	Managing Employee Well-being and Productivity	65
74	Time and Stress Management	89
75	Increasing Productivity through Effective Communication	61
76	CPEC Opportunity For Entrepreneur	08
77	Sales and Operations Planning (S&OP)	32
78	Problem Solving Techniques	31
79	Enterprise Development Skills	20
80	How To Be A Seller on Amazon (Basic)	68
81	Productivity through Professional Attitude	66
82	Understanding Emotional Intelligence at Work for Improved Productivity	35
83	Administrative & Secretarial Skills for Productivity Enhancement	15
84	Leadership & Networking Skills	32
85	How To Be a Seller on Amazon	62
	Total	2813

Main goal was to create productivity awareness and demonstrate NPO's portfolio and key role for the betterment of the industry to our stakeholders including Chambers, Associations, Industries and media, which plays a vital role in achieving the economy's goals and targets. Glimpse of the activities 2020-21

[illegible]

8. NPO'S VISITS TO THE DIFFERENT CHAMBER OF COMMERCE & INDUSTRY, ASSOCIATION AND OTHER STAKEHOLDERS ALL OVER PAKISTAN



Sialkot Chamber of Commerce & Industry



University of Management and Technology



Lahore Chamber of Commerce & Industry



Rawalpindi Chamber of Commerce & Industry



Islamabad Chamber of Small Trader and Small Industries



Peshawar Chamber of Commerce & Industry



Islamabad Chamber of Commerce & Industry



Khyber Pakhtunkhwa Board of Investment and Trade



Multan Chamber of Commerce & Industry



NATIONAL

Dr. Muhammad Israr,
Secretary
Agriculture & Livestock,
Government of Khyber
Pakhtunkhwa

Dr. Kamran Moosa
(APO Regional Award 2021 Winner)
Chief Executive Officer
Pakistan Institute of Quality (PIQC),
and Principal Consultant,
Trainer, Academician, and
Researcher

Participation as Resource Person to NPO conference was an excellent learning experience. The support extended by NPO Management in preparation of the presentation for participants is highly appreciated.

Awardee from Pakistan, Chief Executive Officer, Pakistan Institute of Quality (PIQC), and Principal Consultant, Trainer, Academician, and Researcher Kamran Moosa mentioned that he was honored and pleased to receive the Award. He congratulated all the fellow Awardees and dedicated the award to those working on the development of productivity and quality in Pakistan and the Asian region, the team of PIQC, and NPO Pakistan. The effort of APO for the last 60 years was duly acknowledged in helping many organizations, companies, and the government in raising their productivity and growth capacity. Chief Executive Officer Moosa also acknowledged the support of AOTS, Japan. The Award would serve as an encouragement for the teams working on quality and productivity growth. Chief Executive Officer Moosa thanked the APO for the Award and hoped that the APO would continue to work towards uplifting the quality of life at a regional level.

INTERNATIONAL

Mr. Tadahisa Manabe
Head, Agriculture Division,
APO

I like to report that the engagement of the participants in the workshop on **Agribusiness Innovations for Sustainable Rural Community Development, 24–26 March 2021, hosted by Pakistan** (virtual session) was high, particularly the local participants from Pakistan. I experienced absence of local participants in other projects but it was not happened this time.

I believe this is because this project was rightly proposed by Pakistan NPO, and right nomination of the participants, and full engagement of NPO.

I finally like to appreciate Mr. Muhammad Sohaib who committed to this program from the beginning and gave great contribution in running the program smoothly as well as Ms. Kurayoshi-san who worked hard behind the scene to ensure all the participants are connected and engaged.

9. FINANCIAL REPORT

Directors Report on the Financial Status

For the Year Ended June 30, 2021

The Directors of the Company have the pleasure to present this report on the financial status of the Company for the year ended June 30, 2021.

a. Principal Activities (Services and projects)

i. *International Trainings / Programs:* *International Trainings/Workshops/Meetings:*

Description	2020-21	
	Programs	Participants
International Courses in multiple countries	50	99*
International Courses hosted by Pakistan	04	131 from 13 APO member countries (including 46 from Pakistan)
Technical Expert Services (TES)	07	211
Individual-country Observational Study Missions (IOSM)	01	12
Bilateral Cooperation Between NPOs (BCBN)	01	03
63rd Session of the APO Governing Body	01	01
61st Workshop Meeting of Heads of NPOs	01	02
Program/Project Planning Workshop (PPP)	01	02
APO Liaison Officers meeting	06	06
Research on a National Smart Manufacturing Implementation Framework under the APO COE-SM	01	01
Research on Smart Agriculture transformation for APO Member Countries by APO Secretariat Japan	01	01
APO Productivity Databook and Database (research project)	01	01
Regional & National Awards 2021	01	01
Total	76	471

APO/ NPO Joint Programs:

Description	2020-21
Development of Master Plan	01
COE proposal submitted with APO	01
Institutional Capability Development Plan for The NPO Pakistan	01
APO Special Account for Business Recovery and Resilience for member countries - Grant for SMEs	01

ii. *National Trainings*

Sr. #	Description	No. of Programs	No. of Participants
1.	Productivity and Quality Management	24	899
2.	Operations Management	29	595
3.	Personal Productivity Skills	33	1319
Total		85	2813

iii. *Green Productivity Services*

- NPO conducted 153 Energy Efficiency Audits in various sectors and identified 15% to 20% potential energy savings in electrical/mechanical and processes at no or negligible investments.
(This Includes energy efficiency audit of 138 tube well sites of Irrigation Department, Govt. of Punjab out of its 800 sites.)
- Awareness / Hands on training: Trained 60 technical staff members

iv. *NPO's Initiatives:*

Institutional Capability Development Plan for The NPO Pakistan

NPO under the auspices of APO National Program (SNP) developed a long-term productivity policy framework with the objective of institutional capability development plan to enhance NPO's role as one of the primary institutions in the country's productivity ecosystem.

Dr. Robin Mann from New Zealand assisted and developed the plan for NPO Pakistan. The Expert exclusively conducted meeting with the NPO senior management, middle management, junior employees

and the stakeholders including BOD members, Additional Secretary MoI&P, Ex-CEO NPO and other relevant officials. The expert submitted its first draft report to NPO and the same is forwarded to MoI&P for consideration.

National Productivity Master Plan

NPO acquired support of the APO in developing a National Productivity Master Plan. APO allocated 125,000USD for the execution of the program. NPO's National Productivity Master Plan for Pakistan is being developed by the diverse experienced APO experts. For identifying sectors and arranging consultative meetings of APO experts with the relevant stakeholders of the sectors are planned.

It is pertinent to mentioned that NPO Pakistan has already initiated the revival of the defunct NPC, like other sister concerns in other some of the APO member countries.

NPO to Become a Certification Body (CB) Under the Umbrella of APO Accreditation Body

Certification body development project is under way under the umbrella of APO Accreditation Body. As a CB, NPO will contribute in the development of productivity experts for a sustainable productivity drive in the country in a more systematic way, which will eventually help in improving competitiveness of Pakistan over the years. NPO Pakistan will become an APO Certification Body.

Development and implementation of NPO Annual Plan 2020-21

To meet organizational objectives annual plan were developed with quantifiable targets, objectives and KPI's at individual, departmental and organizational level. The purpose of developing annual plan was to set the strategic direction of the organization and to ensure the contribution of each employee of the organization in order to achieve the objectives of NPO.

APO Special Account for Business Recovery and Resilience for member countries - Grant for SMEs

NPO has launched "Grant for SMEs: Business Recovery and Resilience Fund" for Covid-19 affected SMEs in collaboration with Asian Productivity Organization (APO) Tokyo, Japan. In line with the APO guidelines, NPO has implemented the grant program, identified grant sectors, designed application, evaluation criteria and reimbursement/advance procedure.

Bilateral Cooperation Between NPOs (BCBN)

The Bilateral Cooperation Between NPOs scheme provides the perfect platform for members to learn more about and share best practices to improve national competitiveness. The scheme facilitates meetings between high-level officials of NPOs and policymakers as well as observations of new productivity initiatives and interventions to assist members in becoming more competitive.

The BCBN program on Knowledge Transfer for Sustainable Productivity Drive was organized by NPO Pakistan and Malaysia Productivity Corporation (MPC) from 24 – 25 May 2021 (Virtual session).

This BCBN mission from Pakistan to the MPC Malaysia provided an opportunity to examine productivity tools and development techniques that can improve operational procedures in the industry, agriculture, and service sectors; methods to boost competitiveness; and examples of productivity support programs that could be adapted for initiatives in Pakistan. NPO plans to offer training for lean manufacturing in development phase.

Individual-Country Observational Study Missions (IOSM)

Individual country Observational Study Mission on "Benchmarking of Industrial Education Systems for National Competitiveness" from Women University, Mardan to the KPC, Korea virtually held on November 4-5, 2020.

Mission Objective:

The main objective of attending the mission was to seek best practices and knowledge regarding enterprise and vocational education and training in Women University Mardan Khyber Pakhtunkhwa Pakistan and also in Government of Pakistan. 12 participants from Women University Mardan attended the said mission from academia and businesses.

Technical Expert Services

The Technical Expert Services Program provide technical assistance to NPOs and related organizations to strengthen their institutional capacities and upgrade their technical competencies in line with individual member country needs for productivity improvement.

The creation of multiplier effects for the national productivity movement is expected from this program.

NPO Pakistan implemented 07 APO approved proposals under the Technical Expert Services (TES) scheme for Pakistan for 2020-21 for the industry. These programs helped the stakeholder to upgrade their knowledge and skills with technical experts from abroad.

Launching Productivity Movement in Pakistan through PSDP approved project “Improving Competitiveness through Sustainable National Productivity (SNP)”

To improve competitiveness in a sustainable manner, NPO has proposed to launch the Productivity Movement in a structured manner as was done by Singapore, Korea and Malaysia etc.

The project will create awareness of productivity across Pakistan. PC-I is approved as per DDWP meeting held on 1st June, 2021. Implementation will start in FY 2021-22.

Assisting the MoI&P in Agriculture Transformation Plan- Prime Minister Office Initiative

A meeting under the chairmanship of the Honorable Prime Minister of Pakistan was held on 8th February, 2021. As an outcome of the meeting, MoIP was entrusted the responsibility to inculcate the current scenario of mechanization and additional implements and NPO is supporting it in such a way that long term benefit for the farmers and yield per unit may be increased. It will help enhance contribution of the agriculture sector in the GDP.

Initially, extensive information comprising of the low uptake of implements in the NAEP and ATP was sought from the stakeholders. The information enables NPO to undertake consultation with public and private stake holders, and as a result, the NPO succeeded in identifying 81 proposed implements and developed standards for 58 prioritized implements.

PSDP project on “Promoting and Developing Cottage Industry of Gilgit Baltistan (GB) under “GB Development Package”

To bring economic revolution in Gilgit Baltistan particularly in the infrastructure, agriculture, tourism, health, education, higher education, energy and gems and precious stones sectors, NPO has developed PC-I on directions of Planning Commission of Pakistan. The PC-I is approved in the DDWP meeting held on 1st June, 2021. Implementation would start once after the necessary fund are allocated in FY 2021-22.

Establishment of NPO’s Regional office Quetta, Baluchistan

NPO has established its new office in Quetta, Baluchistan at First Floor, Pak PWD Building, Saryab Road Quetta to cater the needs and requirements of the Baluchistan by providing wide range of NPO services and promoting the productivity and quality drive all over Pakistan without any additional burden on the budget.

To Support Prime Minister's Initiative: Olive Plantation

The Federal Government under the vision of Prime Minister decided to raise new olive orchards on in Pakistan especially in Khyber Pakhtunkhwa and Potohar region to help the country become self-sufficient in production of edible oil.

Muhammad Alamgir Chaudhry, Chief Executive Officer, NPO visited BARANI Agriculture Research Institute Chakwal and informed how APO, Tokyo, Japan support/assistance can be availed to strengthen the value chain of olive industry in Pakistan and to make it competitive.

Developing Partnership with WWF-Pakistan

The partnership between WWF- Pakistan and National Productivity Organization (NPO) Pakistan has been initiated to support agricultural, industrial, services, public sectors leading to sustainable economic development by enhancing sectoral productivity in Pakistan. An agreement has been signed between the two organizations for information sharing, handling of shared information, and joint activities in the fields of various projects within the available resources.

Proposed Development of Demonstration Companies for the year 2021-2022

- ✓ Development of DEMO Companies on ISO 14001 and Chemical Management" through engagement of Canadian Expert with APO assistance to 4 companies:
- ✓ APO demonstration unit to provide technical support to "Micro Hydro Power Turbine manufacturers" with Japanese assistance.

Financial Progress 2020-21

Effective financial management is vital for business survival and growth. NPO has worked hard on the internal development as well as the improvements in the assistance and services for the industry and other related stakeholders. It helped NPO in the revival of its activities and upgrade its representation within Pakistan as well as in the Asia-Pacific region while using the APO platform. It also impacts on the receipt of NPO, and these improvements also helped NPO to grab some good and major projects. The comparison of NPO's financial recourses generated in past three years reflects considerable raise in financial receipts in F.Y. 2020-21.

Participation in the APO Top Talks (T. Talks) and Productivity Talks (P. Talks)

Topic	Speaker / Moderator
Productivity and Competitiveness Strategies during COVID-19	Mr. Saeed Ahmad Nawaz, Additional Secretary, Ministry of Industries and Production, and APO Alternate Director for Pakistan
Decentralization: Mongolian Experience	Mr. Muhammad Alamgir Chaudhry, CEO NPO Pakistan
Outlook 2021: New Normal Productivity (Finale)	Mr. Imtiaz Rastgar, Chairman Rastgar Group, Pakistan.
Policy Supports for SME's Development	Ms. Nadia Jahangir Seth General Manager, Policy & Planning Division, SMEDA Pakistan

APO National and Regional Awards

APO Regional and National Awards are conferred every five years on individuals who made outstanding contributions with a significant impact in the Asia-Pacific region or APO member countries, respectively.

NPO Pakistan nominated Dr. Kamran Moosa and presented his case in promoting quality-related subjects in the region including UAE, Sri Lanka, Saudi Arabia, Nepal, Bangladesh etc. APO conferred the APO Regional award to Dr. Kamran Moosa, that is a substantial achievement for Pakistan.

Research Projects Executed by Pakistan National Experts, Funded by APO, Japan

Research on Smart Agricultural Transformation for APO Member Countries:

The main objective of this research project was to determine the readiness of selected APO member countries for smart agriculture transformation (SAT) as well as to propose policy recommendations for its adaptation and implementation. Although the share of agriculture in the overall economy shows a declining trend in Pakistan as well as in other APO member countries, it has potential for employment generation, food security and poverty reduction. Transformation can be achieved through increasing agriculture mechanization and digitization, as promoted under the APO's SAT initiative.

Research on a National Smart Manufacturing Implementation Framework under the APO COE-SM (Center of Excellence - Smart Manufacturing)

SM, a technology-driven approach that uses intensive applications of ICT and Internet-connected machines in the production process, has become more prevalent in recent years. The main objective of the APO COE on SM was to support member countries in promoting the adoption of smart manufacturing in key industries. The research findings with the need assessment clarified the current SM status and recommend effective approaches APO members can follow to benefit from it. Recommendations on SM implementation at national level, among industry sectors, and at enterprise level has been framed.

NPO-HEC collaboration to establish a Centre of Excellence on Digital Learning to Enhance Productivity at Higher Education Institution

The National Productivity Organization (NPO) has put together a proposal for establishment of a Centre of Excellence on Digital Learning at Higher Education in collaboration with Higher Education Commission of Pakistan (HEC) and the Virtual University (VU), Pakistan. The proposal will undergo a competitive process for award of APO grant for its establishment. The R&D Division and National Academy of Higher Education (NAHE) of HEC, Islamabad have synergized with NPO and VU to this initiative. After its inception, the CoE will help produce cutting edge research and knowledge sharing nationally and in the region. The CoE on Digital Learning for Productivity will also serve as a platform to investigate and provide solutions to undertake research as well as build capacity in higher education on digital learning and technological tools with a focus on enhancing productivity.

Strengthening the APO assisted Digital Capability of NPO Pakistan

Under Special Account, APO Secretariat supported the member countries in strengthening the digital capability of NPOs. This will augment NPOs' ability to conduct digitally based programs and activities, enhance digital connectivity among member countries, and create synergies between the digital programs of NPOs and the APO Secretariat. It will take the form of financial support of up to USD20,000/member country for the procurement of essential equipment. NPO Pakistan has availed the facility and installed the high specs equipment.

b. Corporate Compliance

After a difficult period, due to the fire incident in 2017, NPO is able to revamp itself and performed significantly well in the year 2020-21. Company has achieved its targets even performed more than that in some areas. The company has to complete all the codal formalities in order to do compliance with Securities and Exchange Commission of Pakistan (SECP) rules and Procedures. In 2020-21 with the support of Ministry of Industries and Production, National Productivity Organization succeeded to receive an unqualified report from the auditors with non-zero compliance with SECP.

c. Systems and Human Resource Development

NPO actively worked on improving its internal systems & documentations and human resource capacity building. Following activities took place in 2020-21:

- Performance appraisal system developed and successfully implemented for NPO Employees.
- NPO developed annual plans harmonized with the vision and mission.
- Organizational structure redefined as per current requirements.
- NPO Employees salary Rationalization.
Team work is promoted and Monthly meetings are organized.
- Hiring of New employees on vacant positions of NPO.

NPO-Pakistan is committed to maintain high standards of corporate governance without any exception. The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by SECP, Statement of Compliance with Code of Corporate Governance is as under:

The Directors confirm that:

- a) The financial statements prepared by the Management of the Company presents fairly its state of affairs, the results of its operations, cash flow and changes in equity;
- b) Proper books of accounts of the Company have been maintained;
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Act, 2017 have been followed in preparation of the financial statements; and any departure thereof has been adequately disclosed and explained;
- e) The system of internal control is sound in design and has been effectively implemented and monitored;
- f) There are no significant doubts upon the Company's ability to continue as a going concern;
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;

REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

EXTERNAL AUDITORS Messrs. RSM Avais Hyder Liaqat Nouman Company, Chartered Accountants have completed their assignment for the year 2021. Being eligible, they have offered themselves for re-appointment.

Operating Result

Significant changes in the company's state of financial affairs occurred during the year under review. The Company has a net surplus Rs. 0.880 million (on 30 June 2021) as compared to net Deficit of Rs. 1.337 million for the financial year ended 30 June 2020. The key financial figures are tabulated as follows:

	2021	2020
	(Rupees)	(Rupees)
INCOME		
Grant	63,092,065	57,231,143
Income from training and consultancy	4,177,748	2,196,315
Amortization of deferred grant	1,171,492	737,364
Other income	1,232,830	61,172
	69,674,135	60,225,994
EXPENDITURE		
Training and consultancy expenses	65,376,785	57,247,193
Operating costs	1,078,552	692,268
Seminar expenses	495,754	2,814,441
Depreciation	1,171,492	809,698
	68,122,583	61,563,600
(DEFICIT) / SURPLUS FOR THE YEAR BEFORE TAX	1,551,552	(1,337,606)
Income Tax Expenses	(670,626)	
(DEFICIT) / SURPLUS FOR THE YEAR AFTER	880,926	

Environmental Issues

The company's operations are not affecting the environment rather its activities are supportive towards green/clean environment.

Dividend

The Company is a non-profit organization and all surplus earned, if any, would be employed by the Company to meet its objectives. The SECP while granting license under section 42 of the Companies Ordinance 1984 (now Companies Act 2017) has also required that no payment would be made to the members; therefore, the Company is not required to declare any dividends.

Meetings of the Board


As per Public Sector Companies (Corporate Governance) Rules 2013, clause 6(1), the Board shall meet at least once, each quarter of a year, to ensure that it discharges its duties and obligations to shareholders and other stakeholders efficiently and effectively.

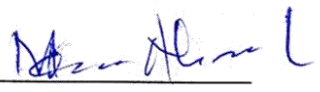
The Company has successfully complied by holding five meetings during the year.

Indemnifying Officer or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer (except for health insurance premium) or auditor of the company.

Signed in accordance with a resolution of the Directors:



Chief Executive Officer

Director

Dated: 27- Oct - 2021

Board of Directors

The composition of Board of Directors is as under:

- | | |
|---|-----------------------|
| 1. Dr. Muhammad Usman Chachar
Additional Secretary-I, MoI&P | Director (Ex-Officio) |
| 2. Mr. Munir Ahmed
Sr. Joint Secretary–Exp (MoI&P), Finance Division | Director (Ex-Officio) |
| 3. Dr. Muhammad Azeem Khan
Chairman, PARC | Director (Ex-Officio) |
| 4. Mr. Shahid Karim
Management Consultant | Independent Director |
| 5. Mr. Muhammad Alamgir Chaudhry
Chief Executive Officer, NPO | Executive Director |
| Mr. Waheed Ahmed | Company Secretary |

NPO Board of Directors Committees

Human Resource Committee

- | | | |
|----|--|----------|
| 1. | Mr. Shahid Karim, Independent Director | Chairman |
| 2. | Dr. Muhammad Usman Chachar, Additional Secretary-I MoI&P | Member |
| 3. | Mr. Muhammad Alamgir Chaudhry, CEO, NPO | Member |

Audit Committee

- | | | |
|----|---|----------|
| 1. | Mr. Munir Ahmed, Senior JS Expenditure (MoI&P), MoF | Chairman |
| 2. | Dr. Muhammad Azeem Khan, Chairman, PARC | Member |
| 3. | Mr. Shahid Karim, Independent Director | Member |

Nomination Committee

- | | | |
|----|---|----------|
| 1. | Mr. Shahid Karim, Independent Director | Chairman |
| 2. | Dr. Muhammad Usman Chachar, Additional Secretary-I, MoI&P | Member |
| 3. | Mr. Muhammad Alamgir Chaudhry, CEO, NPO | Member |

Procurement and Finance Committee

- | | | |
|----|---|----------|
| 1. | Dr. Muhammad Azeem Khan, Chairman, PARC | Chairman |
| 3. | Mr. Muhammad Alamgir Chaudhry, CEO, NPO | Member |



RSM Awaiz Hyder Liaquat Nauman
Chartered Accountants

Plot # 18-B-1, First Floor,
Chohan Plaza, G-8 Markaz,
Islamabad, Pakistan

T: +92 (51) 2340490 & 93
F: +92 (51) 9334673

islambad@rsm-pakistan.pk
www.rsm-global/pakistan

INDEPENDENT AUDITOR'S REPORT

To the Members of National Productivity Organization

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of National Productivity Organization (a company set up under section 42 of the repealed Companies Ordinance, 1984), which comprise the statement of financial position as at June 30, 2021, and statement of income and expenditure, statement of comprehensive income, the statement of changes in funds, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of income and expenditure, statement of comprehensive income, the statement of changes in funds and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the surplus, its comprehensive income, the changes in funds and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

Management of the Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

Other Offices at:
Lahore : +92 (42) 35872731-3
Karachi : +92 (21) 35655875-6
Faisalabad: +92 (41) 8541165/8541965
Peshawar : +92 (91) 5278310/5277205
Kabul : +93 777 058155 / 799058155

RSM Awaiz Hyder Liaquat Nauman is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

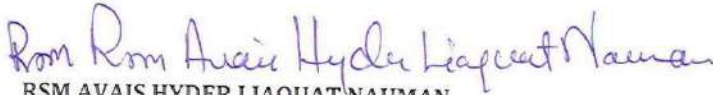
Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, statement of income and expenditure, statement of comprehensive income, the statement of changes in funds and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Company for the year ended June 30, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on October 21, 2020.

The engagement partner on the audit resulting in this independent auditor's report is Syed Naveed Abbas.


RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Place: Islamabad

Date: 27 OCT 2021

NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	Note	June 30, 2021 (Rupees)	June 30, 2020 (Rupees)
NON-CURRENT ASSETS			
Property and equipment	5	7,848,984	4,394,704
CURRENT ASSETS			
Advances, deposits and prepayments	6	3,667,261	3,026,228
Trade and other receivables	7	502,830	172,941
Cash and bank balances	8	9,703,874	2,580,624
		<u>13,873,965</u>	<u>5,779,793</u>
TOTAL ASSETS		<u><u>21,722,949</u></u>	<u><u>10,174,497</u></u>
FUND AND LIABILITIES			
GENERAL FUND		(4,093,511)	(4,974,437)
NON-CURRENT LIABILITIES			
Deferred tax liability	9	205,459	-
Deferred capital grant	10	7,248,227	3,814,337
CURRENT LIABILITIES			
Trade and other payables	11	12,498,097	5,469,920
Payable To Government Treasury	12	5,864,677	5,864,677
		<u>18,362,774</u>	<u>11,334,597</u>
TOTAL FUND AND LIABILITIES		<u><u>21,722,949</u></u>	<u><u>10,174,497</u></u>
CONTINGENCIES AND COMMITMENTS	13	-	-

The annexed notes 1 to 26 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

NATIONAL PRODUCTIVITY ORGANIZATION


A company set up under section 42 of the repealed Companies Ordinance, 1984

STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 (Rupees)	June 30, 2020 (Rupees)
INCOME			
Grant	14	63,092,065	57,231,143
Income from training and consultancy	15	4,177,748	2,196,315
Amortization of deferred grant		1,171,492	737,364
Other income	16	1,232,830	61,172
		<u>69,674,135</u>	<u>60,225,994</u>
EXPENDITURE			
Operating costs	17	65,376,785	57,247,193
Training and consultancy expenses	18	1,078,552	692,268
Seminar expenses		495,754	2,814,441
Depreciation	5	1,171,492	809,698
		<u>68,122,583</u>	<u>61,563,600</u>
Surplus/(Deficit) for the year before tax		<u>1,551,552</u>	<u>(1,337,606)</u>
Income tax expense	19	(670,626)	-
Surplus/(Deficit) for the year after tax		<u>880,926</u>	<u>(1,337,606)</u>

The annexed notes 1 to 26 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

NATIONAL PRODUCTIVITY ORGANIZATION


A company set up under section 42 of the repealed Companies Ordinance, 1984

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021 (Rupees)	June 30, 2020 (Rupees)
Surplus/(Deficit) for the year	880,926	(1,337,606)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>880,926</u>	<u>(1,337,606)</u>

The annexed notes 1 to 26 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

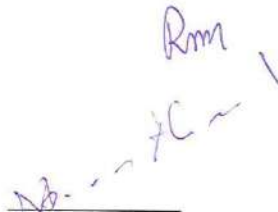
STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	General Fund (Unrestricted) Rupees
Balance as on July 01, 2019	(3,341,483)
Total comprehensive income for the year	
Deficit for the year	(1,337,606)
Other comprehensive income	-
	(1,337,606)
Tax liabilities for the FY 2018-19 charged	(295,348)
Balance at June 30, 2020	<u>(4,974,437)</u>
Balance as on July 01, 2020	(4,974,437)
Total comprehensive income for the year	
Surplus for the year	880,926
Other comprehensive income	-
	880,926
Balance at June 30, 2021	<u>(4,093,511)</u>

The annexed notes 1 to 26 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021 (Rupees)	June 30, 2020 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus/(Deficit) for the year	1,551,552	(1,337,606)
<i>Adjustment for:</i>		
Depreciation	1,171,492	809,698
Amortization of deferred grant	(1,171,492)	(737,364)
Loss on Disposal of fixed assets	-	16,085
	<u>1,551,552</u>	<u>(1,249,187)</u>
Increase/ (decrease) in current assets		
Advances, deposits and prepayments	(511,177)	(926,315)
Trade and other receivables	(329,889)	874,363
(Decrease)/ increase in current liabilities		
Trade and other payables	7,028,177	(34,075,438)
	<u>6,187,112</u>	<u>(34,127,390)</u>
	7,738,664	(35,376,577)
Taxes paid	(595,023)	(559,102)
Net cash generated from/(used in) operating activities	<u>7,143,641</u>	<u>(35,935,679)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,625,772)	(1,531,366)
Net cash used in investing activities	<u>(4,625,772)</u>	<u>(1,531,366)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Deferred capital grant	4,605,382	1,514,528
Net cash generated from financing activities	<u>4,605,382</u>	<u>1,514,528</u>
Net increase/(decrease) in cash and cash equivalents	7,123,251	(35,952,517)
Cash and cash equivalents at beginning of the year	2,580,624	38,533,140
Cash and cash equivalents at end of the year	<u>9,703,874</u>	<u>2,580,624</u>

The annexed notes 1 to 26 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1 STATUS AND OPERATIONS

- 1.1 National Productivity Organization ("the Company") was registered in Pakistan on 26 June 2006 as a guarantee limited company section 42 of the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company was formed pursuant to the approval of the Prime Minister of Pakistan communicated through letter no. 24(3)/2003-Per-II dated 21 May 2006 of Ministry of Industries and Production, Government of Pakistan.

The company operates across the country through its head office situated at Blue area, Islamabad along with its regional offices situated in Lahore, Multan, Faisalabad, Karachi and Peshawar.

The objectives of the Company are to inculcate productivity consciousness through promotion of productivity concept by training and education of management and supervisory personnel in industrial, commercial and service organizations in public and private sectors in the techniques and process of modern management.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- i) International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.
- ii) Accounting Standards for Not for Profit Organizations (Accounting standards for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- iii) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Significant accounting estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property and equipment.
- Current income tax expense, provision for current tax and recognition of deferred tax.

The revisions to accounting estimates (if any) are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (PKR), which is the Company's functional currency. All financial information presented in rupees has been rounded off to the nearest of rupees, unless otherwise stated.

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NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

3 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

3.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2020 and therefore, have been applied in preparing these financial statements.

i IFRS 16 - Leases 'Covid-19 - Related Rent Concessions'

The IASB had published 'Covid-19 - Related Rent Concessions (Amendment to IFRS 16)' amending the standard to provide lessees with an exemption from assessing whether a COVID-19 - related rent concession is a lease modification. Concurrently, the IASB also published a proposed Taxonomy Update to reflect this amendment. The amendments became applicable for annual periods beginning on or after January 01, 2020.

The application of these amendments has no impact on the Company's financial statements.

ii IFRS 7 — Financial Instruments: Disclosures, IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement

The amendments deal with 'Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)' as IASB's first reaction to the potential effects of the IBOR reform on financial reporting. It deals with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements. The amendments became effective for annual periods beginning on or after 1 January 2020.

The application of these amendments has no impact on the Company's financial statements.

3.2 Standards, amendments to standards and interpretations becoming effective in the current year but not relevant

There are certain new standards, amendments to standards and interpretations that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2020 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

3.3 Standards, amendments to standards and interpretations becoming effective in future periods

The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates.

i. IFRS 4 – IFRS 7 – Financial Instruments: Disclosures, IFRS 9 – Financial Instruments, IFRS 16 – Leases and IAS 39 – Financial Instruments: Recognition and Measurement

The IASB has published 'Interest Rate Benchmark Reform — Phase 2 with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

Application of these amendments is not expected to have any impact on the Company's financial statements.

ii. IFRS 16 - Leases

The IASB has published 'Covid-19 - Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)' that extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

Application of these amendments is not expected to have any significant impact on the Company's financial statements.

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NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

iii. IAS 16 – Property, Plant and Equipment

The IASB has published 'Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

The standards prohibits deduction from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in income and expenditure.

The amendments are applicable for annual periods beginning on or after 1 January 2022. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

Application of these amendments is not expected to have any significant impact on the Company's financial statements.

iv. Annual Improvements to IFRS Standards 2018–2020 Cycle

The IASB has issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to the following Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project.

- IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IFRS 16 Leases - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41 Agriculture - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments are applicable for annual periods beginning on or after 1 January 2022. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

v. IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The IASB has issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements in the following ways:

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;

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NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

v. **IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (Continue...)**

- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2. The management is in the process of assessing impact of these standards/amendments on the financial statements of the company, however, as per initial assessment it may have impact on disclosure of policies.

vi. **IAS 12 – Income Taxes**

The IASB has published 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. Accordingly, the initial recognition exemption, provided in IAS 12.15(b) and IAS 12.24, does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Application of these amendments is not expected to have any significant impact on the Company's financial statements.

3.4 **Standards, amendments to standards and interpretations becoming effective in future periods**

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

3.5 **Standards issued by IASB but not applicable in Pakistan**

Following new standards have been issued by IASB which are yet to be notified by the SECP for purpose of applicability in Pakistan:

IFRS 1 - First-time adoption of International Financial Reporting Standards

IFRS 17 - Insurance Contracts

4 **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 **Property and equipment**

These are stated at cost, which includes purchase price and directly attributable cost less accumulated depreciation and impairment loss, if any.

Normal repairs and maintenance are charged to statement of income and expenditure as and when incurred whereas major improvements and modifications are capitalized.

Depreciation is charged by applying reducing balance method. Rates of depreciation are mentioned in note 5.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amounts of property and equipment and are recognized within "other operating income" in the statement of income and expenditure.

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NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

4.2 Impairment of Non-Financial Assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognized as expense in the statement of income and expenditure.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.3 Advances, deposits and prepayments

These are carried at their original amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.4 Trade and other receivables

Trade and other receivable are stated initially at the fair value, subsequent to initial recognition these are stated at their fair value as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

The allowance for doubtful accounts is based on the Company's assessment of the collectability of counterparty accounts. The Company regularly reviews its debts and receivables that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering factors such as historical experience, credit quality, age of the accounts receivable balances and current economic conditions that may affect a customer's ability to pay.

4.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand and balances in banks.

4.6 Deferred capital grant

Funds received for the purchase of fixed assets are recognized as deferred capital grant. These are recognized as income over the useful life of assets purchased.

4.7 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

4.8 Income

Income is recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of income and the associated cost incurred or to be incurred can be measured reliably.

Funds received against which no conditions are attached are recognized as grant income and others are recorded as restricted grant. Restricted grant utilized for acquiring fixed assets are recognized as deferred capital grant and is recognized as income over the useful life of the assets purchased.

Income from training courses is recognized when the related services are rendered.

Profit on deposit accounts is recognized in the statement of income and expenditure on a time proportion

4.9 Taxation

Current

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the surplus for the period if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the period for such years.

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NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Deferred

Deferred tax is accounted for using the liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted.

4.10 Foreign currency transactions

Foreign currency transactions (if any) are recorded in PKR at the rate of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevalent on the balance sheet date. All exchange differences are taken to income and expenditure account currently.

4.11 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

4.12 Financial Instruments

Financial assets

The financial assets are classified at initial recognition based on the business model used for managing the financial assets and contractual terms of the cash flows.

The company classifies its financial assets at amortized cost.

Financial assets at amortized cost:

Recognition and measurement

A financial asset shall be classified as financial asset at amortized cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the company commits to purchase or sell the asset. After initial recognition, financial assets are carried at amortized cost.

The carrying amount of these assets is adjusted by any expected credit loss allowance.

Financial liabilities

Financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortized.

De-recognition

Financial assets

The company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another company.

On de-recognition of financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of consideration received and receivable is recognized in statement of income and expenditure.

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NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Financial liabilities

The company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in statement of income and expenditure.

4.13 Impairment of Financial Assets

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

4.14 Off-setting of Financial Assets and Financial Liabilities

A financial asset and a financial liability is set off and the net amount is reported in the statement of financial position if the company has a legally enforceable right to set off the recognized amounts and also intends either to settle these on a net basis or to realize the asset and settle the liability simultaneously.

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NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

5 PROPERTY AND EQUIPMENT

5.1 PROPERTY AND EQUIPMENT (Government Grant)

	Motor vehicles	Furniture and fixture	Office and equipment	Computer and ancillary equipment	Total
Cost					
As at 30 June 2019	4,989,901	1,141,263	663,237	1,528,181	8,322,582
Deletion during the year	-	-	-	(66,500)	(66,500)
Additions during the year	-	69,000	1,003,015	442,513	1,514,528
As at 30 June 2020	4,989,901	1,210,263	1,666,252	1,904,194	9,770,610
Deletion during the year	-	-	-	-	-
Additions during the year	-	904,367	470,215	270,000	1,644,582
As at 30 June 2021	4,989,901	2,114,630	2,136,467	2,174,194	11,415,192
Depreciation					
As at 30 June 2019	4,230,979	569,099	254,901	230,431	5,285,410
Charge for the year	151,784	57,791	98,384	413,319	721,279
Deletion during the year	-	-	-	(50,415)	(50,415)
As at 30 June 2020	4,382,764	626,890	353,285	593,335	5,956,274
Charge for the year	121,427	133,701	294,369	400,007	949,504
Deletion during the year	-	-	-	-	-
As at 30 June 2021	4,504,191	760,591	647,654	993,342	6,905,778
Carrying amount					
- 30 June 2020	607,137	583,373	1,312,967	1,310,859	3,814,336
- 30 June 2021	485,710	1,354,039	1,488,813	1,180,852	4,509,414
Rates of depreciation	20%	10%	20%	30%	

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NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

5.2 PROPERTY AND EQUIPMENT (Non-Government Grant)

	Motor vehicles	Furniture and fixture	Office and equipment	Computer and ancillary equipment	Total
Cost					
As at 30 June 2019	-	612,916	280,660	301,500	1,195,076
Disposal during the year	-	-	-	-	-
Additions during the year	-	9,500	7,338	-	16,838
As at 30 June 2020	-	622,416	287,998	301,500	1,211,914
Disposal during the year	-	-	-	-	-
Additions during the year	-	-	2,614,650	366,540	2,981,190
As at 30 June 2021	-	622,416	2,902,648	668,040	4,193,104
Depreciation					
As at 30 June 2019	-	110,345	195,514	237,267	543,126
Charge for the year	-	50,653	18,497	19,270	88,420
Disposal during the year	-	-	-	-	-
As at 30 June 2020	-	160,998	214,011	256,537	631,546
Charge for the year	-	46,141	134,868	40,979	221,988
Disposal during the year	-	-	-	-	-
As at 30 June 2021	-	207,139	348,879	297,516	853,534
Carrying amount					
- 30 June 2020	-	461,418	73,987	44,963	580,368
- 30 June 2021	-	415,277	2,553,769	370,524	3,339,570
Rate of depreciation	20%	10%	20%	30%	
Total assets - Cost	4,989,901	2,737,046	5,039,115	2,842,234	15,608,296
Total accumulated depreciation	(4,504,191)	(967,730)	(996,533)	(1,290,858)	(7,759,312)
Total written down value	485,710	1,769,316	4,042,582	1,551,376	7,848,984

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NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 (Rupees)	June 30, 2020 (Rupees)
6 ADVANCES, DEPOSITS AND PREPAYMENTS			
Advance against expenses		136,028	143,278
Security deposits		1,815,000	370,000
Advance tax	6.1	1,581,973	1,452,117
Prepayments		134,260	1,060,833
		<u>3,667,261</u>	<u>3,026,228</u>
6.1 Advance tax			
Opening balance		1,452,117	1,188,363
Tax paid during the year		595,023	263,754
Provision for taxation		(465,167)	-
		<u>1,581,973</u>	<u>1,452,117</u>
7 TRADE AND OTHER RECEIVABLES			
Receivable against training courses fee - considered good		285,330	133,080
Receivable against energy audits - considered good		217,500	-
Other receivables		-	39,861
		<u>502,830</u>	<u>172,941</u>
8 CASH AND BANK BALANCES			
Cash in hand		155,000	155,000
Cash at bank - local currency current account		14,195	1,353
Cash at bank - local currency saving account	8.1	9,534,679	2,424,271
		<u>9,548,874</u>	<u>2,425,624</u>
		<u>9,703,874</u>	<u>2,580,624</u>
8.1 Rate of return on saving accounts			
The saving accounts earn interest at floating rates based on bank deposit ranging from 2 % to 3 % (2020: 2 % to 3%) per annum.			
9 DEFERRED TAX LIABILITY			
Opening		-	-
Deferred tax liability increased during the year		205,459	-
		<u>205,459</u>	<u>-</u>
It represents the following			
Accelerated tax depreciation		205,459	-
		<u>205,459</u>	<u>-</u>
Deferred tax liability on temporary difference is measured at the tax rate of 21%.			
10 DEFERRED CAPITAL GRANT			
Opening balance		3,814,337	3,037,172
Deferred capital grant during the year		4,605,382	1,514,528
Amortization of items of deferred capital grant		(1,171,492)	(737,364)
Closing balance		<u>7,248,227</u>	<u>3,814,337</u>
11 TRADE AND OTHER PAYABLES			
Accrued expenses		3,863,470	2,292,579
Office rent payables		2,354,995	2,218,677
Other payables		1,400,693	958,664
Unearned revenue	11.1	4,878,939	-
		<u>12,498,097</u>	<u>5,469,920</u>
11.1	This represents amount received in advance from Irrigation Department Punjab against energy audit of tubewells.		

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NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 (Rupees)	June 30, 2020 (Rupees)
12 PAYABLE TO GOVERNMENT TREASURY			
Principle amount		4,377,890	4,377,890
Interest earned on TDRs		1,486,787	1,486,787
Closing balance		<u>5,864,677</u>	<u>5,864,677</u>
12.1	This amount relates to amount payable to Government of Pakistan, which was previously received from National Accountability Beauru as recovery from the management personnels of NPO.		
13 CONTINGENCIES AND COMMITMENTS			
There are no contingencies and commitment as at year end. (2020: Nil).			
14 GRANT			
Grant received from Ministry of Industries and Production		64,736,647	58,745,671
Capital expenditures transferred to deferred grant		<u>(1,644,582)</u>	<u>(1,514,528)</u>
		<u>63,092,065</u>	<u>57,231,143</u>
15 INCOME FROM TRAINING AND CONSULTANCY			
Income from training & training consultancy		2,415,687	415,705
Income from energy audit and energy consultancy		1,762,061	84,370
Asian Productivity Organization seminar income		-	1,696,240
		<u>4,177,748</u>	<u>2,196,315</u>
16 OTHER INCOME			
APO grant for IT equipment		174,065	-
Training processing fee		359,500	20,000
Profit on bank deposits		146,489	172
Miscellaneous income		<u>552,776</u>	<u>41,000</u>
		<u>1,232,830</u>	<u>61,172</u>
17 OPERATING COST			
Salaries and other benefits		54,172,953	43,658,951
Utility expenses		1,400,166	973,628
Rent		564,114	1,882,785
Repairs and maintenance		808,178	639,385
Printing and stationery		413,654	786,237
Communication		875,617	690,353
Staff travelling and conveyance		1,000,672	482,569
Vehicle running and maintenance		840,830	1,343,108
News paper and periodicals		28,080	28,715
Office expenses		593,285	433,725
Bank charges		63,225	14,396
Legal & professional		25,000	-
Fee & subscription		35,601	86,400
Insurance		2,273,375	4,498,275
Auditors' remuneration	17.1	200,000	470,534
Advertisement expenses		239,111	90,742
Board meeting		1,173,481	667,943
Loss on disposal of assets		-	16,085
Others		<u>669,443</u>	<u>483,362</u>
		<u>65,376,785</u>	<u>57,247,193</u>

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NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 (Rupees)	June 30, 2020 (Rupees)
17.1 Auditor's remuneration			
Annual audit fee		150,000	400,000
Out of pocket expenses		10,000	70,534
Review report on compliance with Code of Corporate Governance		40,000	-
		<u>200,000</u>	<u>470,534</u>
18 TRAINING AND CONSULTANCY EXPENSES			
Training course expenses		732,328	209,961
Energy audit expenses		346,224	6,210
APO conference and demo project		-	476,097
		<u>1,078,552</u>	<u>692,268</u>
19 INCOME TAX EXPENSE			
Prior		-	-
Current		465,167	-
Deferred		205,459	-
		<u>670,626</u>	<u>-</u>
Income tax of the estimated assessable surplus for the year includes normal tax @ 22% and minimum tax on services.			
Reconciliation between tax expense and accounting profit:			
Accounting profit before tax - normal tax regime		1,458,519	-
Tax rate		22%	-
Tax on accounting profit - normal tax regime		320,874	-
Tax effect of expenses not admissible for tax purposes		242,275	-
Tax effect of depreciation admissible for tax purposes		(432,202)	-
Effect of minimum tax		334,220	-
Impact of deferred tax charge		205,459	-
		<u>670,626</u>	<u>-</u>

20 FINANCIAL RISK MANAGEMENT

Financial instruments give exposure to following risks.

- (a) Credit risk;
- (b) Liquidity risk;
- (c) Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversee how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

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NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021 (Rupees)	June 30, 2020 (Rupees)
(a) Credit risk		
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:		
Advances, deposits and prepayments	3,667,261	3,026,228
Trade and other receivables	502,830	172,941
Bank balances	9,548,874	2,425,624
	<u>13,718,965</u>	<u>5,624,793</u>

Geographically there is no concentration of credit risk. Credit risk is minimum as the bank accounts are maintained with reputable banks with good credit worthiness.

Based on historical experience, the management believes that except as already provided for, so no further impairment is necessary against its financial assets.

(b) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The management believes that at the moment there is insignificant risk that it will have difficulty in meeting its financial obligations as sufficient funds are available with the Company. Carrying amount of the Company's financial liabilities approximate the estimated contractual cash outflows which are due within one year of the reporting date.

Financial liabilities

Trade & other payables - maturity up to one year	12,498,097	5,469,920
Payable to government treasury	5,864,677	5,864,677
	<u>18,362,774</u>	<u>11,334,597</u>

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The company is not significantly exposed to market risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements. The Company is not exposed to any significant interest rate risk.

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

The Company does not account for any variable rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not affect income or expenditure.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument, will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The Company is not exposed to currency risk.

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NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

21 FINANCIAL ASSETS AND LIABILITIES

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	2021 Rupees	2021 Rupees	2020 Rupees	2020 Rupees
	Amortized cost	Fair value through profit or loss	Amortized cost	Fair value through profit or loss
Financial assets				
Security deposits	1,815,000	-	370,000	-
Trade and other receivables	502,830	-	172,941	-
Cash and bank balances	9,703,874	-	2,580,624	-
	12,021,704	-	3,123,565	-
Financial Liabilities				
Trade and other payables	7,619,158	-	5,469,920	-
Payable To Government Treasury	5,864,677	-	5,864,677	-
	13,483,835	-	11,334,597	-
Fund management				

The Board of Directors of the company monitors the performance along with the related funds requirements. The Company is not subject to externally imposed fund requirements.

21.1 Fair Value of Financial Assets and Liabilities

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. International Financial Reporting Standard 13, 'Financial Instruments : Disclosure' requires the company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There are no financial assets or financial liabilities which are measured at their fair value in the statement of financial position.

22 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2021			2020		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	9,612,924	-	8,562,992	9,359,497	-	2,531,892
Board Fees	180,000	640,000	-	-	-	-
Allowances	300,230	-	239,976	-	-	79,992
	10,093,154	640,000	8,802,968	9,359,497	-	2,611,884
Number of persons	1	5	6	1	5	2

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NATIONAL PRODUCTIVITY ORGANIZATION

A company set up under section 42 of the repealed Companies Ordinance, 1984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

23 RELATED PARTY TRANSACTIONS

The Company is established by the Ministry of Industries and Production, Government of Pakistan "GOP". Therefore all department and agencies controlled by the GOP ("State-controlled entities") are related parties of the Company. Other related parties include directors, members and key management personnel and their family members. Significant transactions with related parties are as follows:

	2021 Rupees	2020 Rupees
Grant received from Government of Pakistan	64,736,647	58,745,671
Remuneration of key management personnel	10,733,154	9,359,497

24 NUMBER OF EMPLOYEES

No. of employees as at year end	57	61
Average no. of employees during the year	56	61

25 DATE OF APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized and approved by the Board of Directors in their meeting held on

27 OCT 2021

26 General

- All above figures are rounded off to nearest Rupees.
- Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.


CHIEF EXECUTIVE


DIRECTOR



RSM Awaiz Hyder Liaquat Nauman
Chartered Accountants

Plot # 18-B-1, First Floor,
Chohan Plaza, G-8 Markaz,
Islamabad, Pakistan

T: +92 (51) 2340490 & 93
F: +92 (51) 9334673

islambad@rsm-pakistan.pk
www.rsm-global/pakistan

Independent Auditor's Review Report

To the Members of National Productivity Organization

Review report on the Statements of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of National Productivity Organization for the year ended 30 June 2021 to comply with the requirements of provisions of Public Sector Companies (Corporate Governance) Rules, 2013.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended June 30, 2021.


RSM Awaiz Hyder Liaquat Nauman
Chartered Accountants

Engagement Partner: Syed Naveed Abbas

Place: Islamabad

Date: 27 OCT 2021

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AUDIT | TAX | CONSULTING

Other Offices at:
Lahore : +92 (42) 35872731-3
Karachi : +92 (21) 35655975-6
Faisalabad : +92 (41) 8541185/8541965
Peshawar : +92 (91) 8278310/8277205
Kabul : +93 777 058155 / 799058155

RSM Awaiz Hyder Liaquat Nauman is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not a self a separate legal entity in any jurisdiction.

Statement of Compliance

With Public Sector Companies (Corporate Governance) Rules, 2013

Name of Company: National Productivity Organization

Name of Line Ministry: Ministry of Industries & Production

For the year ended: June 30, 2021

- (i) This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.
- (ii) The company has complied with the provisions of the Rules in the following manner:

S. No.	Provision of the Rules			Rule no.	Y	N	Remarks
1.	The independent directors meet the criteria of independence, as defined under the Rules.			2(d)	Y		
2.	The Board has at least one-third of its total members as independent directors. At present the Board includes:			3(2)		N	
	Category	Names	Date of appointment				At Year End i.e. 30 th June 2021 the board has only 1 independent director as Mr. Hamid Tufail has resigned from the directorship during March 2021. The case for inclusion of Independent Director in NPO board has already been forwarded to MOIP, which is under process.
	Non-Executive Directors	1. Capt. Saeed Ahmed Nawaz (retd). 2. Dr. Muhammad Azeem Khan 3. Dr. Nawaz Ahmed	20-04-2020 10-10-2019 12-02-2020				
	Independent Directors	4.Mr. Shahid Karim 5.Mr. Hamid Tufail	10-12-2019 10-12-2019				
	Executive Directors	6. Muhammad Alamgir Ch.	18-12- 2019				
3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.			3(5)	Y		
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.			3(7)	Y		
5.	The chairman of the Board is working separately from the chief executive of the Company.			4(1)	Y		

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S. No.	Provision of the Rules	Rule no.	Y	N	Remarks
6.	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government	4(4)	Y		
7.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive has been nominated by the Government)	5(2)	Y		
8.	(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (Address of website to be indicated www.npo.gov.pk) (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	Y Y Y		
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	Y		
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b) (ii)	Y		
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b) (vi)	Y		
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c) (ii)	Y		
13.	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c) (iii)	Y		
14.	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)	Y		
15.	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	Y		
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)			Not Applicable as no such transaction exists.

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S. No.	Provision of the Rules	Rule no.	Y	N	Remarks															
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	Y																	
18.	(a) The Board has met at least four times during the year. (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	Y Y Y																	
19.	The Board has monitored and assessed the performance of senior management on annual/half-yearly/quarterly basis* and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose. * Strike out whichever is not applicable	8(2)	Y																	
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	Y																	
21.	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial yearend. (b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors. (c) The Board has placed the annual financial statements on the company's website.	10	Y N/A Y																	
22.	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11	Y																	
23.	(a) The Board has formed the requisite committees, as specified in the Rules. (b) The committees were provided with written term of reference defining their duties, authority and composition. (c) The minutes of the meetings of the committees were circulated to all the Board members. (d) The committees were chaired by the following non-executive directors:	12	Y Y Y																	
	<table><tr><th>Committee</th><th>Number of members</th><th>Name of Chair</th></tr><tr><td>Audit Committee</td><td>03</td><td>Mr. Munir Ahmed JS-Expenditure,MoF</td></tr><tr><td>Human Resource Committee</td><td>03</td><td>Mr. Shahid Karim. Ind. Independent Director</td></tr><tr><td>Nomination Committee</td><td>03</td><td>Mr. Shahid Karim. Ind. Independent Director</td></tr><tr><td>Procurement and Finance Committee</td><td>03</td><td>Mr. M. Azeem Khan Non-executive Director</td></tr></table>	Committee	Number of members	Name of Chair	Audit Committee	03	Mr. Munir Ahmed JS-Expenditure,MoF	Human Resource Committee	03	Mr. Shahid Karim. Ind. Independent Director	Nomination Committee	03	Mr. Shahid Karim. Ind. Independent Director	Procurement and Finance Committee	03	Mr. M. Azeem Khan Non-executive Director				
Committee	Number of members	Name of Chair																		
Audit Committee	03	Mr. Munir Ahmed JS-Expenditure,MoF																		
Human Resource Committee	03	Mr. Shahid Karim. Ind. Independent Director																		
Nomination Committee	03	Mr. Shahid Karim. Ind. Independent Director																		
Procurement and Finance Committee	03	Mr. M. Azeem Khan Non-executive Director																		

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S. No.	Provision of the Rules	Rule no.	Y	N	Remarks												
24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	Y														
25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	Y														
26.	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	Y														
27.	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	Y														
28.	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.	18	Y														
29.	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. (b) The annual report of the company contains criteria and details of remuneration of each director.	19	Y														
30.	The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.	20	Y														
31.	The Board has formed an audit committee, with defined and written terms of reference, and having the following members:	21(1) and 21(2)															
	<table><tr><th>Name of member</th><th>Category</th><th>Prof. background</th></tr><tr><td>Mr. Munir Ahmed</td><td>Chairman</td><td>Financial background</td></tr><tr><td>Dr. M. Azeem Khan</td><td>Ex-Officio</td><td>Financial Adviser</td></tr><tr><td>Mr. Shahid Karim</td><td>Independ Directors.</td><td>Worked different organizations at senior level</td></tr></table>	Name of member	Category	Prof. background	Mr. Munir Ahmed	Chairman	Financial background	Dr. M. Azeem Khan	Ex-Officio	Financial Adviser	Mr. Shahid Karim	Independ Directors.	Worked different organizations at senior level		Y		
Name of member	Category	Prof. background															
Mr. Munir Ahmed	Chairman	Financial background															
Dr. M. Azeem Khan	Ex-Officio	Financial Adviser															
Mr. Shahid Karim	Independ Directors.	Worked different organizations at senior level															
	The chief executive and chairman of the Board are not members of the audit committee.		Y														

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S. No.	Provision of the Rules	Rule no.	Y	N	Remarks
32.	<p>(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended the meeting of the audit committee at which issues relating to accounts and audit were discussed.</p> <p>(b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.</p> <p>(c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.</p>	21(3)	Y Y Y		
33.	<p>(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.</p> <p>(b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.</p> <p>(c) The internal audit reports have been provided to the external auditors for their review.</p>	22	Y Y Y		
34.	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	Y		
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	Y		

27 OCT 2021


Chief Executive


Director



HEAD OFFICE

11th Floor, Shaheed-e-Millat Secretariat, Nazim-ud-Din Road, Islamabad

Phone: 051-9244254-5, Fax: 051-9244088

Email: info@npo.gov.pk, Web: www.npo.gov.pk

REGIONAL OFFICES

KARACHI OFFICE:

House No. New A-45, Old A-33,
Sachal Village, Dow University
& Hospital Road, Near PCSIR
Laboratory, Gulshan -e-Iqbal
Town Karachi
Tel: 0301-5077243

MULTAN OFFICE:

Multan Chamber of
Commerce & Industry
Shahrah-e-Aiwan-e-Tijarat-o-
Sanat, Kalma Chowk, Multan
Ph: 0300-8444879

LAHORE OFFICE:

234, Main Ferozepur Road,
PITAC Building, Lahore
Ph: 0333-4432440

PESHAWAR OFFICE:

Khyber Pakhtunkhwa
Chamber of Commerce &
Industry, G.T. Road Peshawar.
Ph: 091-2216012

FAISALABAD OFFICE:

Faisalabad Chamber of
Commerce & Industry,
FCCI Complex, Canal Road
Faisalabad
Ph: 0332-0315905

QUETTA OFFICE:

First Floor, Pak PWD
Building, Saryab Road
Quetta
Ph: 03343995670