



Annual Report 2016-17



National Productivity Organization
Islamabad, Pakistan

Statutory Auditors:

G. Hussain & Co. - Chartered Accountants



National Productivity Organization (NPO)
(A company set up under section 42 of the Companies Ordinance 1984)
under the Ministry of Industries and Production
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The Board of Directors is pleased to present the Annual Report to the Members for the year 2016-17 as follows:

FOREWORD

Productivity is the key to inclusive and sustainable growth. In order to improve standard of living over time depends almost entirely on country's ability to raise its output per worker. Productivity depends on physical capital, human capital and total factor productivity (TFP). The trends of productivity in a country show the efficiency of resource allocation and value creation by the labour force and other productive assets of the economy.

In Pakistan, productivity has been slow for many years. In this era of globalization and unprecedented technological change, the success of emerging economies like Pakistan, besides other factors, would greatly depend on the ability of the workforce to learn new skills (digital) and master new technology.

The National Productivity Organization (NPO), in collaboration with partner organizations, is focusing on human capital and resource efficiency specially energy efficiency. Ministry of Industries and Production is providing its continuous support to NPO to play its essential role for promoting productivity.

The Board is playing a pragmatic role by continuously monitoring and guiding NPO on strategic and policy matters. The Board is assertive that the NPO, under available resources, is working with its full potential and appropriately addressing the challenges related to physical & human capital and outreach across economic sectors. The Board congratulates the management of NPO for completing all corporate requirements and initiating the project on Pakistan Productivity, Quality and Innovation Initiative, which is envisaged to play a stimulating role for developing and implementing related policies/programs for Pakistan.

Mr. Mohammad Ibrahim Shah
Chairman
Board of Directors

Date: _____

PREFACE

Key to long term improvements in Pakistan's living standard & international competitiveness is productivity growth and therefore enhancing national productivity is one of the basic goals of economic policy. National Productivity Organization (NPO) is built on strengthening the national capacity in productivity and quality for sustainable socio economic development & international competitiveness of Pakistan.

To meet the challenging requirements on productivity improvement, NPO primarily initiated two prong strategy i.e. Inwards Oriented strategy for human resource capacity building & system development and Outwards Oriented initiative to collaborate with national & international institutions for national capacity building. We developed internal policies and initiated development of Annual Human Resource Book containing quantitative key performance indicators and timelines for difficult but achievable milestones. NPO successfully complied with SECP rules and completed all previous years' pending audit reports from statutory auditors.

NPO has worked on for enhancing organization capabilities and exploiting human potential to contribute towards creating knowledge based economy, which is a focus area of Pakistan Vision 2025. In this regard, NPO trained 746 participants in Pakistan while sent 85 officers for international APO trainings on various topics from different organizations to improve institutional capacity.

It is encouraging that NPO has achieved several milestones during this year including i) Made in Gilgit Project; ii) audits / assessments for 5S Japanese management practices & energy efficiency; iii) initiation of development of model companies on material flow cost accounting with energy efficiency and conservation; and iv) national and international programs for transforming human resource to human capital. NPO also provided technical assistance to different organizations in association with Asian Productivity Organization, Japan.

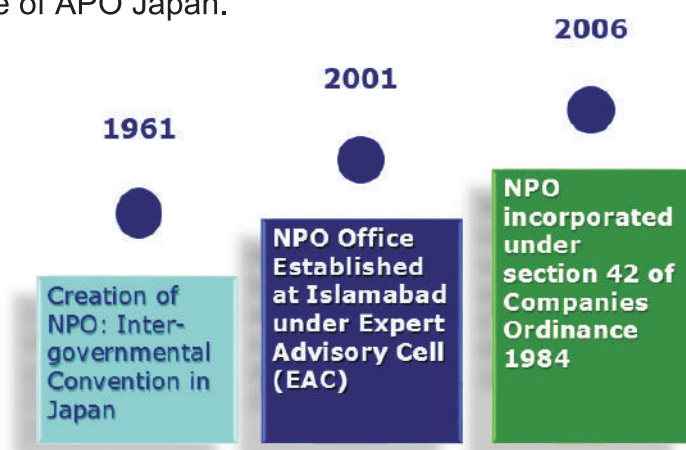
Committed to its mission, NPO is actively working, within limited resources, on internal capacity building and improving NPO services for benefiting various economic sectors. To help country overcome the challenge of productivity and quality, NPO shall continue strengthening working relations with multiple stakeholders in public sector, academia, and private sector for specific programs on improving industrial productivity. Playing a lead role in Pakistan Productivity, Quality and Innovation Initiative in collaboration with stakeholders will be a flagship program in 2017-18 and onwards.

Dated: _____

Mr. Abdul Ghaffar Khattak
Chief Executive Officer

1. NPO INTRODUCTION

National Productivity Organization (NPO), a subordinate organization under the Ministry of Industries & Production (MoIP), Government of Pakistan was originally established in 1961 under a regional intergovernmental convention to formally represent Pakistan as member of Asian Productivity Organization (APO) Japan. Currently, APO Japan has 19 contributing member countries. Secretary MoIP is the Director representing Pakistan at APO Governing Body. Besides, productivity and quality promotion, NPO also acts as a Liaison Office of APO Japan.



NPO was registered as a Public Sector Company under section 42 of the Companies Ordinance 1984 in 2006, under the Ministry of Industries and Production. It is, presently, working on enhancing Productivity and Quality to develop a Knowledge Based Economy. During the year 2015-16, the Board adopted the following vision statement, mission statement and corporate values:

1.1. Vision

“Productive and Competitive Pakistan”

1.2. Mission

“To strengthen the national capacity in productivity, quality and competitiveness for sustainable socio economic development.”

1.3. Corporate Values

1. God fearing
2. Positive work ethics
3. Honesty, dignity and mutual respect
4. Team work
5. Continuous learning
6. Transparency and impartiality
7. Safe and environment friendly

1.4. Objectives

Objectives of NPO include

- i). To inculcate productivity consciousness through promotion of productivity concept at macro and micro levels of economy.
- ii). To measure, evaluate and improve productivity of various sectors of the economy.
- iii). To set up information collection databases and dissemination systems on all facets of economy.
- iv). To propagate productivity as an evolving concept, including attention to special issues and concerns relating to quality, environment, energy, integrated rural and community development.
- v). To train and educate management and supervisory personnel in industrial, commercial and service organizations of the public and private sectors in the techniques and process of modern management and accordingly award certificate or diploma with the permission of relevant authorities, if required.
- vi). To assist Govt. organizations and private undertakings in their efforts to improve productivity, establish performance standards, and determine rational monetary compensation system and to establish productivity Wage Board.
- vii). To increase efficiency in business management and industrial operations, by providing management consultancy and technical assistance to local industries of various sectors, especially small and medium industries.
- viii). To act as the integrated focal point of all national as well as international organizations engaged in productivity drive specially Asian Productivity Organization (APO).
- ix). To formulate strategic plans to sustain the growth of the productivity movement and to monitor it movement thereafter.
- x). To undertake research into problems of management and productivity improvements as they occur and to disseminate the results of such research.
- xi). To carry out research in productivity and quality (P & Q) in various sectors of economy, establish productivity indices for industries and to provide and disseminate information on P & Q indicators and case studies at industry, sector and national levels to Govt. as input for policy formulation and planning to enhance P& Q growth.
- xii). To disseminate P & Q literature, organize conventions, surveys, seminars and workshops as well as administer quality management awards.
- xiii). To undertake, support and subsidies measures, programmers plans and schemes, for environment development and planning, prevention

of pollution and industrial wastage.

- xiv). To advance money or give credit, either with or without security, to such persons or companies and on such terms as may seem expedient and in particular where the same is desirable in the interest of the company and to persons or companies having dealings with the company and to guarantee the performance of any contract or obligation and the payment of money to or by any person or company and generally to give guarantees and indemnities in connection with the objects of the company, (provided that the company shall not indulge in the banking business /micro credit financing).
- xv). To amalgamate with any other association or company having objects all together or in parts similar to those of the company.
- xvi). Initiatives for Endowment Fund

The NPO has its Head Office at Islamabad, Regional Offices at Karachi, Lahore and Peshawar. Lahore region have further two sub-offices at Faisalabad and Multan.

2. EXECUTIVE SUMMARY

2.1. International Trainings

Based on APO platform, NPO has been offering different types of programs including Trainings/Workshops, Technical Expert Services, Research, Conferences, Observational Study Missions and Development of Demonstration Companies. Main thrust areas of these services include Industry Development, Innovation, Green Productivity, Agriculture Development, Service Sector Development and Public Sector Development. A summary of international trainings (2016-17) is as follows:

Sr. #	Description	No. of Programs	No. of Participants
1.	Multi-country Trainings (in Pakistan)	2	44
2.	e-Learning Courses (in Pakistan)	3	65
3.	Development of NPOs: Development of Productivity Practitioners (in Pakistan)	1	20
4.	Technical Expert Services (in Pakistan)	4	440
5.	International Trainings (abroad multiple countries)	58	85
Total		66	654

2.2. National Trainings

Wide range of specialized trainings, including but not limited to, replication of international trainings are being provided through various types of programs such as General Awareness Training (GAT), Corporate Training (CT), Professional Development (PD), Inhouse Training Activities (ITA), Distance Learning, e-Learning, Trainings under Special Projects and Diploma programs in the management and technical disciplines; such as Productivity and Quality Management, Green Productivity, International standards/compliance, Agricultural Productivity, Soft Skills, Development of Productivity Practitioners, IFC Business Edge® Trainings and Special Programs as per emerging trends and society requirement for the development of Rural Areas & Disabled Persons. NPO is also offering training programs via E-learning & Video conferencing. A summary of national trainings (2016-17) is as follows:

Sr. #	Description	No. of Programs	No. of Participants
1.	Productivity and Quality Management	10	114
2.	Operations Management	3	25
3.	Personal Productivity Skills	5	51
Total		18	190

2.3. Services and Projects

Green Productivity: NPO has adopted this concept and launched Green Productivity (GP) campaign in 2006 keeping in view challenges related to resource utilization and its impact on environment. NPO is providing services on energy efficiency audits, development of Energy Management Practitioners, Green Productivity, Material Flow Cost Accounting (MFCA) and Energy Management System ISO 50001. NPO has conducted over 300 GP Audits in textile sector, steel sector, tanning, fan, food & beverage, oxygen separation plant and building sector, i.e. hotels, over a period of ten years. The following activities took place during 2016-17:

- Conducted 10 Energy Efficiency Audits in various sectors (6 textile, 2 buildings, 1 Sports and 1 Food Processing) and identified 10% to 15% potential energy savings in electrical/mechanical and processes at no or negligible investments.
- Awareness / Hands on training: Trained 40 technical staff members

Consultancy and Benchmarking: NPO is providing consultancy services to renowned national and multinational companies on Productivity & 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 has successfully established National Register for Trainers & Consultants. NPO can also assist companies in Standards Implementation such as ISO 9001:2015, ISO 14000, OHSAS 18001, SA 8000, ISO 17025.

NPO initiated Benchmarking in industrial sectors of Pakistan with the technical assistance of Asian Productivity Organization. NPO has worked on Benchmarking studies for Industrial sectors such as textiles, surgical, cutlery and fan. These studies helped identify the gap. Such gap analysis studies are expected to prove 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.

Following activities took place during 2016-17:

- Conducted 5S Training for preparing Master Trainers of M/s Fatima Fertilizer Ltd., Sadiqabad on 5-7 December 2016.
- Conducted 5S Audit of M/s Engro Power Gen, Qadirpur, on 23 September, 2016.

- Conducted 5S Audit of M/s Engro Fertilizer Ltd, Daharki, from 21-22 September, 2016.

Projects: Brief activities during 2016-17 are as follows:

1. Global Cleantech Innovation Programme

The CEO NPO was selected as one of the three judges for Global Cleantech Innovation Programme. This programme is funded by Global Environmental Facility (GEF) and globally managed by United Nations Industrial Development Organization (UNIDO). It includes a global competition aimed at promotion of innovations in the area of clean technologies. NPO received Appreciation Certificate from UNIDO for its contribution to make the program successful and introducing innovation to entrepreneurs.

2. IFC Business Edge® Teaser/Pilot Events Project

- Successfully organized a Pilot Program on "Business Skills for Micro-Entrepreneurs"
- A total of 5 trainings organized, which were attended by 89 participants

3. Made in Gilgit Project

NPO initiated this project in late 2015. The main aim of the project is to improve the productivity and socio-economic condition of the local crafts' persons belonging to district Gilgit. The project successfully completed.

2.4. Corporate Compliance and Systems Development

SECP Requirements: As a part of inwards direction, NPO worked to become a corporate compliant institution within the public sector. With the support of Ministry of Industries & Production, NPO succeeded in becoming corporate compliant institution within public sector;

- Completed Audit of Accounts: 2012 - 2016
- Held pending Annual General Meetings
- Prepared First Annual Report 2015-16

Achieved five years renewal of NPO License received on April 23, 2017.

Systems and Human Resource Development: NPO actively worked on improving its internal systems & documentations and human resource capacity building to meet the challenging requirements on productivity improvement. Following activities took place in 2016-17:

- Settlement of several Government audit observations
- Development of NPO Annual Human Resource Book initiated

- Development of Policies on Code of Conduct, Anti-Corruption, Conflict of Interest, Women Harassment and Training Policy
- Development of Financial Manual is in process
- Returned 03 project vehicles to Cabinet Division
- Restructuring NPO Departments
 - Initiated for induction of a PhD. qualified General Manager to improve organization's operations and conduct research activities
 - Re-assignment of tasks after evaluation of HR competitive capacity
 - Exploring capabilities within the existing team members and job rotation for matching competencies. Some team members have been found very successful in accomplishing assigned tasks under job rotation strategy
 - Team work is promoted and Monthly meetings are organized
 - Targets to each department for 2017-18 mainly assigned
 - NPO is headed towards ISO 9001 certification in due course

2.5. Productivity Association of Pakistan

National Productivity Organization, in order to strengthen its networking with public and private sector organizations, had launched Productivity Association of Pakistan on 25th April 2009 at Islamabad. The Board has initiated to activate the association for its due role to bring government, public sector companies, academia, and private sector to a common platform to address prospective issues.

2.6. NPO Future Strategy

Inwards Direction: NPO primarily worked to become a corporate compliant institution within the public sector. With the support of Ministry of Industries & Production, NPO succeeded in great strides towards corporate compliance. In the year 2016-17, NPO is actively working on improving its internal systems & documentations and human resource capacity building to meet the challenging requirements on productivity improvement.

Outwards Direction: Figure 1 shows thrust areas that have been identified and transformed into action plans while the medium and long term plans for promotion of productivity, quality and innovation are included in the framework.

Figure 1.



3. INTERNATIONAL TRAININGS

3.1. Multicounty Trainings FY 2016-17

Workshop on Information Security Management Based on ISO 27000

The latest technologies such as cloud systems provides excellent organizational management solutions to reduce costs and speed up delivery systems. At the same time, all information held and processed is subject to the risk of errors, hacking attacks, sabotage, natural disasters, and many other threats. The loss of available information severely impacts organizations. Therefore, it is vital for the organizations to install appropriate protection systems to maintain the availability, confidentiality, and integrity of their information, and they are increasingly aware of the importance of protecting this valuable asset and the consequences that could occur if it is leaked. Keeping in view the importance of information security in enhancing productivity and efficiency, the APO has organized a series of projects on information security management systems (ISMS) based on the ISO 27000 standard since 2010.

To enhance the understanding of the requirements of ISMS and discuss issues and challenges in implementing them, the APO in cooperation with the NPO of Pakistan organized a workshop on Information Security Management Based on ISO 27000, 21–25 November in Islamabad. A total of 23 participants from 12 countries and three international resource persons attended.

Program coverage: Overview of ISMS standards, guidelines, certification process, and associated benefits; Impact of ISMS on productivity; Issues and challenges in implementing ISMS; Best practices in implementing an effective ISMS; Integrating ISMS with other ISO standards; and Case studies of successful examples of ISMS. Participants visited Medical Transcription Billing Corporation, a healthcare IT service provider, and TEO, a software development company, both located in Islamabad.

Training of Trainers in the GLOBALGAP Standard for Greater Market Access

International trade in agricultural and food products is on the rise. Consumers are increasingly concerned about the safety and wholesomeness of the products they buy and how they are processed and handled. New pressures from consumers, retailers, and legislation have placed additional demands on farmers and producers, who are more often required to apply Good Agricultural Practices (GAP) in farming. Such trends create greater export opportunities for producers in developing countries in Asia and the Pacific. To take advantage of this growing export market, however, there is a need to establish credible systems of GAP standards and GAP certification systems.

To enhance the understanding of trainers, inspectors, and auditors of

the intent, requirements, and applications of the GLOBALGAP standard, the APO in partnership with the NPO of Pakistan organized a training-of-trainers course in the GLOBALGAP Standard for Greater Market Access in Lahore, 5–10 December. Twenty-one participants from 11 member countries along with five resource persons from the ROK, Malaysia, Pakistan, and Thailand attended.

Program coverage: National, regional, and international GAP standards; Introduction to GLOBALGAP standards; Requirements of GLOBALGAP standards; GLOBALGAP implementation; GLOBALGAP inspection and certification; Challenges in GAP adoption and certification; Key success factors in GLOBALGAP implementation; and Successful examples of GLOBALGAP adoption and certification.

3.2. e-Learning Courses FY 2016-17

e-Learning Course on Value Addition to Agrifood Products

Value addition to agricultural products has enormous potential for increasing productivity, incomes, and off-farm employment opportunities in developing countries. However, in many APO member countries this has not been consciously practiced, especially at the level of small farms and enterprises. It is important for producers and related agribusiness related players and food-industry SME entrepreneurs to have the skills and know-how to add value to agricultural and food products and increase their profitability.

The National Productivity Organization (NPO) in collaboration with Asian Productivity Organization (APO) and University of Agriculture Faisalabad organized a 4 days e-Learning program on “Value Addition to Agrifood Products” at Faisalabad from 20-23 September 2016. The program was designed to acquaint participants with recent developments and new tools and techniques in value addition to agricultural and food products for increasing the productivity and profitability of SMEs. The course was attended by 29 participants from academia, agri industry, agricultural organizations in both private and public sector.

Program Coverage: Basic concepts and principles of value addition, Product development, innovation, and value addition, Adding value through processing, packaging, and marketing, Utilization of by-products and farm waste to create new value-added food and nonfood products, Emerging global trends in new and value-added products with successful stories, Value addition through quality, and safety assurance certification systems.

e-Learning Course on Total Productive Maintenance (TPM) Applications in SMEs

Total Productive Maintenance (TPM) is an approach for equipment improvement used, to reduce costs and improve quality and delivery reliability. TPM is an evolution of 5S, particularly the *seiso* (keeping machines and work areas clean) element. TPM was originally developed among Toyota’s supplier base and became an essential part of world-class manufacturing, focusing on

improvement activities, production equipment, and the integration of maintenance with production. The goals of TPM are zero breakdowns, zero accidents, and zero defects with excellent performance, safety, and quality. The starting point of TPM is to measure overall equipment effectiveness and perform loss analysis to give a baseline for continuous improvement and identify improvement priorities.

The National Productivity Organization (NPO) in collaboration with Asian Productivity Organization (APO) Japan has organized a four days video conference based e-Learning course on “Total Productive Maintenance (TPM) Application in SMEs” from 21-24 November, 2016 at Islamabad and attended by 20 participants.

The objective of the course was to help participants in learning Japanese techniques to measure and improve efficiency of the existing machines and also in creating preventative maintenance culture so that machines downtime and frequent breakdown can be minimized. The course was designed for Owners, Top Executives, Managers of SME, Government Officials, Production Managers, Quality Managers, Supervisors, Group Leaders, Maintenance Personnel, Management Consultants, Engineers and Students.

Program coverage: The course covered a variety of TPM topics in six modules: Module 1, Introduction to overall TPM; Module 2, Overall equipment effectiveness; Module 3, How to implement kaizen (productivity/cost improvement); Module 4, How to improve the reliability of machines/equipment; Module 5, How to install autonomous maintenance systems by workers; and Module 6, How to implement skill upgrading of workers/employees. A written examination was given on the final day to evaluate learning from the course.

e-learning program on Innovative Marketing Approaches of Agrifood Products

The marketing of agrifood products involves numerous interconnected activities such as planning production, growing and harvesting, grading, packing, transport, storage, agro- and food processing, distribution, advertising, and sales. Small farmers, who constitute vast majority of the Asian farming community, rely on intermediaries or middlemen to market their produce. Long marketing chains of agricultural products involve multiple actors and several intermediaries. In order to ensure, reasonable prices for agricultural produce that are received by farmers, there is a need to promote marketing models that involve no or fewer middlemen & rationalize their roles. Examples of such models include direct marketing, e-marketing or online marketing, & agricultural cooperatives.

NPO in Collaboration with APO & University of Veterinary Animal Sciences organized this 4 days program 5-8 December 2016 at Lahore. This course was designed to acquaint participants with successful models of marketing of agrifood products & to enlighten participants with recent

developments and marketing techniques in agrifood products. This course was attended by 16 Participants.

Program Coverage: Key concepts in marketing of agricultural & food products, challenges & opportunities for Asian farmers in marketing agro-food products, the marketing & pricing strategies, products, emerging models of marketing of agri-food products (direct marketing, e-marketing, agricultural cooperatives).

3.3. Additional Programs - Secretary-General APO Visit to Pakistan

Mr. Mari Amano, Secretary-General of APO visited Pakistan from 6 to 8 April 2016 for meetings with high officials in MoI&P, MoPD&R and CEO NPO. As an outcome, five additional programs approved for Pakistan. Out of these, following programs held during 2016-17:

- Development of NPOs - Development of Productivity Practitioners (DPP) – implemented (27 March – 8 April 2017 attended by 20 Participants)
- Technical Expert Services (TES) on ISO 9001:2015 for NPOs and Public Sector Organizations – implemented (9-20 January 2017 attended by 14 Participants)
- TES on Lean Manufacturing Systems for Productivity Enhancement – implemented (3-7 October 2016 attended by 26 Participants)

Two programs will be held in due course:

- TES on Women & Youth Entrepreneurship Development
- National Follow-up Program on Result Based Management & e-Government

3.4. Development of NPOs (DON) Program

Training Program on "Development of Productivity Practitioner (DPP)"

The National Productivity Organization (NPO) in Collaboration with Asian Productivity Organization (APO) Japan has organized a 12-Day International Training Program on "Development of Productivity Practitioner (DPP)" from March 27 to April 08, 2017 at Islamabad. The course was organized under Development of NPOs (DON) program of APO and attended by 20 participants from various sectors and different cities of Pakistan.

Objective of this training course was to develop Change Agents on productivity who will act as Catalyst to identify problems & implement solutions to promote productivity in enterprises and industries for achieving organizational excellence. The participants acquired firsthand knowledge of productivity tools and techniques through this extensive program.

The training was conducted by international resource persons i.e. Mr. Kelvin Chan from Singapore, APO chief resource person and Mr. Lizuan Latif from Malaysia, APO resource person. In the opening session CEO NPO welcomed international resource persons and the participants who had joined from various cities. Mr. Kelvin Chan gave the introduction of APO.

During the training program productivity tools and techniques were shared with the participants and training was held using international training methodology. As part of the program, a site visit was arranged for participants to M/s Shezan International juice production unit, Hattar Industrial Estate. Objective of the site visit was to learn about the productivity tools used by the company.

On the final day participants gave group presentations regarding learning from the site visit and presented their individual action plan. In the closing session Mr. Kelvin Chan appreciated active participation of the participants and smooth organization of the program. CEO, NPO in his closing remarks thanked APO resource persons and participants for their valuable participation in the program and making it successful, he also appreciated the efforts of NPO team for organizing the program.



At the end certificates were distributed to the participants of the program. Closing session ends with a vote of thanks from Mr. Ghulam Raza Jaffrey of Pakistan Machine Tool Factory on behalf of other participants. He thanked resource persons for sharing imparting knowledge. He also praised CEO NPO and his team for organizing the program and providing an incredible platform for participants to start their productivity journey.

3.5. APO Technical Expert Services

Lean Manufacturing Specialist Development Program

Lean Manufacturing is an established Japanese approach towards continuous improvement, productivity & quality achievement. Lean is a management philosophy focusing on elimination of waste (muda) in the system. Originated from Kaizen in Japan, the 7 waste as described by Lean are over-production, waiting time, transportation, over processing, inventory, motion and scrap. Lean concept has been adopted globally by many organizations including those from service and manufacturing environment. Successful implementation of Lean Tools results in reduced cost, cycle time reduction, boost employee morale and most importantly delighting customers.

NPO Organized a 5 days training program on Lean Manufacturing Specialist Development Program, 3-7 October 2016 under TES project. Lean Manufacturing Specialist program is developed to equip participant with comprehensive understanding of the Philosophy and Management principles; practical guidelines for application of the appropriate tools for sustainable system transformation. The course was attended by 26 participants from the industry.

Program Coverage: Lean manufacturing, Lean & Management, Lean foundation: 5S, Lean foundation: Standardized work, Lean foundation: Heijunka (leveling), Value Stream Design, Future state Value Stream design, Lean manufacturing assessments.

Role of Productivity, Quality and Innovation in CPEC

The National Productivity Organization in collaboration with Asian Productivity Organization (APO) arranged an Expert Mr. Mark Goh on Productivity, Quality and Innovation under APO TES project. He delivered a speech on Role of Productivity, Quality and Innovation in making CPEC work for Pakistan on 13th December 2016 at 32nd Annual General Meeting and Conference of Pakistan Society of Development Economics (PSDE). Mr. Mark Goh is an international expert and is a professor in NUS Business School, National University of Singapore.

Mr. Abdul Ghaffar Khattak, CEO, NPO and Mr. Vincet Palmade, Lead Economist, PFSG, African Region, The World Bank were Discussants. CEO, NPO highlighted the importance of Productivity, Quality and Innovation for Pakistan to make it competitive in the international market and improving its GDP. Around 300 participants attended the conference.

APO Technical Expert Services (TES) on Development of Pakistan Productivity, Quality and Innovation (PQI) Framework

The National Productivity Organization had acquired APO Technical Expert Services (TES) for Development of Pakistan Productivity, Quality and Innovation (PQI) Framework from January 07-21, 2017. APO deputed an

international expert Dr. Woon Kin Chung, former CEO of Singapore Productivity Centre and Executive Director of SPRING for developing the PQI Framework for Pakistan. Objective of the TES was to support Government of Pakistan in launching a comprehensive strategy to promote productivity, quality and innovation in Pakistan.

The main objectives were:

- To develop Productivity, Quality and Innovation framework for providing an essential support to Pakistan's Vision 2025;
- To identify short, medium and long term activities to support implementation of framework; and
- To drive the initiative of dedicating year 2017 for productivity, quality and innovation

A number of meetings of Dr. Woon were organized with PQI core committee and stakeholders from public and private sectors for effective inputs for PQI Framework development.

He shared the role of Productivity, Quality and Innovation (PQI) in the success of Singapore during a workshop on Development of Pakistan Productivity, Quality and Innovation (PQI) Framework organized by Ministry of Planning, Development & Reform (MoPDR) and National Productivity Organization (NPO), on January 10-11, 2017 at MoPDR.

At the end of the TES program Dr. Woon presented comprehensive guidelines for Pakistan PQI Framework based on the outcome of his meetings with Public and Private sectors stake holders and Pakistan Vision 2025.

Training Course on ISO 9001:2015 for NPOs and Public Sector Organizations

A Quality Management System (QMS) is a collection of business processes which carefully records procedures, work flows, and responsibilities. An effective QMS contributes to identifying, measuring, controlling, and improving core business processes and thus enhances the quality of business outputs and client satisfaction. By being certified under the ISO 9000 family of standards, a widely implemented and accepted set of requirements for QMS, organizations can improve their management policies and business processes, and their products and services can be recognized internationally as outputs with better quality management.

The program focuses on building QMS in the public sector organizations and assisting them in meeting the requirements of ISO 9001:2015 to enhance their competitiveness as compared to other organizations in the public sector. The participants are expected to implement and promote the development of QMS to promote quality management and productivity improvement.

NPO organized a twelve days training program on ISO 9001:2015 for NPOs and Public Sector Organizations, 9-20 January 2017 under APO TES project. The program was developed to equip participant with comprehensive understanding of the ISO 9001: 2015 requirements, practical guidelines for application of the appropriate tools for system transformation. The course was attended by 14 participants from the public sector. Mr. Azizan Bin Ariffin, APO expert from Malaysia was the resource speaker.

Program coverage: QMS requirements, context of organization, SWOT analysis, risk management, FMEA, QMS documentation, QMS manual and objectives, QMS procedures, Implementing QMS, Monitoring and evaluation, QMS internal audit; preparation, practice and report.



3.6. APO Development of Demonstration Companies Project

NPO has availed APO project on Development of Demonstration Company on Energy Efficiency & Conservation Program (EE & C) from July 17, 2017 to March, 2018. Following three companies are selected for the project:

- Serena Hotel, Islamabad
- Asian Foods, Lahore
- Pakistan Engineering Company, Lahore

3.7. International Trainings

Sr.	Topic	Duration	Venue (Country)	Pakistani Participants
1.	Training Course on Development of Productivity Practitioners: Basic Program (DPP: Basic)"	6 June-1 July 2016	Manila and Tagaytay City, Philippines	1
2.	Workshop on Sustainable Community Development and the Saemaul Undong	27 June-3 July 2016	Seoul, Republic of Korea	1
3.	Multicountry Observational Study Mission on Cold Chain Systems for Perishable Food	4-8 July 2016	Tokyo, Japan	2
4.	Training of Trainers and	4-22 July 2016	Taiwan (ROC)	1

	Consultants in Green Productivity			
5.	Top Management Forum with Focus on Business Excellence for the Service Industry	12-14 July 2016	Seoul, Republic of Korea	1
6.	Training Course on Innovative Agricultural Extension Systems to Improve Farm Productivity and Income	25-29 July 2016	Manila, Philippines	2
7.	Advanced Agribusiness Management Course for Executives and Managers	25-29 July 2016	Bangkok, Thailand	1
8.	Asian Food and Agribusiness Conference: Innovations for Enhancing the Productivity and Sustainability of Enterprises in Agribusiness and the Food Industry	2-5 August 2016	Colombo, Sri Lanka	3
9.	International Conference on Public-Sector Productivity	09-11 August 2016	Kuala Lumpur, Malaysia	3
10.	Training Course on Development of Productivity Practitioners	8-26 August 2016	Malaysia	1
11.	Workshop on Management of Consultancy Activities of NPOs	15-19 August 2016	Fiji	1
12.	Multicountry Observational Study Mission on SME Development	15-19 August 2016	Taiwan	1
13.	Advanced Training Course on Certification of Organic Products	20-24 Aug. 2016	Tehran, IR Iran	2
14.	1st International Conference on Biofertilizers and Biopesticides	23-26 August 2016	Taipei	1
15.	Conference on Raising Productivity in Higher Education	29 Aug - 1 Sep 2016	Jakarta, Indonesia	3
16.	Training Course on Strengthening National Productivity Organizations (NPOs) for Productivity Promotion Practices and Strategies	6-9 September 2016	Seoul, Republic of Korea	2
17.	Workshop on Customer Relationship Management (CRM) for SMEs	5-9 September 2016	Taiwan (ROC)	1
18.	International Conference on Material Flow Cost Accounting	19-21 Sep 2016	Tehran, Islamic Republic of Iran	2
19.	Training Course on Lean Application Focusing on the Service Industry	19-23 September 2016	Ho Chi Minh, Vietnam.	1
20.	Workshop on Performance Management for the Public Sector	26-30 September 2016	Manila, Philippines	2
21.	Training Course on Food Safety Management Systems: Advanced Course for SMEs in the Agrifood Industry	3-7 October 2016	Taipei, ROC	2
22.	Conference on Customer Satisfaction (CS) Measurement and CS Index Development for the Service Industry	04-06 October 2016	Taiwan (ROC)	2
23.	International Conference on Innovations and Applications of New Technologies to Improve	12-14 October 2016	Colombo, Sri Lanka	1

	Productivity			
24.	Training of Trainers on Business Excellence for SMEs	24-27 October 2016	Singapore	2
25.	Asian Food and Agribusiness Conference: Greeting the Food Supply Chain	26-28 October 2016	Bali, Indonesia	3
26.	Study Mission to a Nonmember Country on Regional Innovation Strategies and Knowledge Productivity	31 October- 4 November 2016	Switzerland	1
27.	Study Mission to a Nonmember Country on Innovations in Agriculture to Increase Productivity and Profitability	7-12 November 2016	Adelaide, Australia	2
28.	Multicountry of Observational Study Mission on Industrial Engineering Techniques for Productivity Improvement in SMEs	7-10 November 2016	Singapore	1
29.	Workshop on MSME Development Policies	12-15 November 2016	I.R.Iran	1
30.	Workshop on Developing the APO Public-sector Leadership Framework	14-18 November 2016	Philippines	2
31.	Workshop on Policies Impacting National Productivity Growth in APO Member Countries	16-18 November 2016	Nadi, Fiji	2
32.	workshop on the Development of Rural Tourism Networks and Clusters for Enhancing the Competitiveness of Small Enterprises	21-25 November 2016	Lao Prabang, Lao PDR	1
33.	Study Mission to a Nonmember Country on Cloud Computing Technology	28 November-2 December 2016	San Francisco, USA	1
34.	Workshop on Sustainability Assessment of Agribusiness Enterprises	28 November-2 December 2016	Jakarta Indonesia	1
35.	Workshop on Agricultural Insurance Systems	28 November-2 December 2016	Manila, Philippines	1
36.	Workshop on Developing the APO Toolkit for Designing and Implementing Performance Management Systems in the Public Sector, Japan	5-9 December 2016	Japan	1
37.	Multicountry Observational Study Mission on Strengthening Public-private-sector Partnerships in Developing Competitive Agribusiness	5-9 December 2016	Kuala Lumpur, Malaysia	1
38.	Training Course on Business Excellence for SMEs	28 February-3 March 2017	Singapore	1
39.	Advanced Agribusiness Management Course for Executives and Managers	27 February-3 March 2017	Bali, Indonesia	1
40.	Top Management Forum on	14-16 March	Jeju, Republic	1

	Knowledge Management for SMEs	2017	of Korea	
41.	APO Alumni Forum on Innovations and Best Practices in Productivity Promotion	14-17 March 2017	Tokyo, Japan	1
42.	Workshop on Material Flow Cost Accounting	21-24 March 2017 (four days)	Dhaka, Bangladesh	1
43.	Multicountry Observational Study Mission on Public-Private-Academia Partnerships for Industrial Human Resources Development	27 March-1 April 2017	Tokyo, Japan	1
44.	Study Mission to a Nonmember Country on Development of Knowledge-based Business	3-8 April 2017	London, UK	1
45.	Multicountry Observational Study Mission on Industrial Human Resources Development for Women	3-7 April 2017	Tokyo, Japan	1
46.	Workshop on Emerging Roles of Producers' Associations and Farmers Cooperatives	23-27 April 2017	Dhaka, Bangladesh	1
47.	Workshop on Management Consultancy in Total Quality Management (TQM)	24-28 April 2017	Nadi, Fiji	2
48.	Workshop on Successful Models of Integrated Farming	7-11 May 2017 (five days)	Dhaka, Bangladesh	1
49.	International Environmental and Economic Forum: Action for the Future and Moving toward a Virtuous Circle for Sustainable Development	11-13 May 2017	Ho Chi Minh City, Vietnam	2
50.	Training Course on Development of Productivity Practitioners: Basic Program (DPP: Basic)	8 May-2 June 2017	Manila and Tagaytay City, Philippines	1
51.	Multicountry Observational Study Mission on Public-sector Productivity for High-level Officials	22-26 May 2017	Taipei, Republic of China (ROC)	1
52.	Workshop on Public-sector Leadership	15-19 May 2017	Manila, the Philippines	1
53.	Multicountry Observational Study Mission (OSM) on Community Development for Achieving Inclusive Growth: Saemaul Undong Model of Community-driven Development	15-19 May 2017	Seoul, Republic of Korea	1
54.	Multicountry Observational Study Mission on Innovations in Food Value Chain Management	15-20 May 2017	Tokyo, Japan	2
55.	Training Course on Business Excellence for Senior Assessors	29 May-2 June 2017	Nadi, Fiji	1
56.	Study Mission to a Nonmember Country on Lean and Advanced Technology in Healthcare Services	5-9 June 2017	Palm Springs, CA, US	2
57.	Multicountry Observational Study	19-23 June	Seoul, Republic	2

	Mission on innovation and Competitiveness in SME's	2017	of Korea	
58.	Workshop on e-Business Modeling for Women entrepreneurs.	19-23 June 2017	Taipei, Republic of China	3
Total participants from Pakistan				85

4. NATIONAL TRAININGS

4.1. Productivity & Quality Management

Training Course on “5 S – Japanese Management Practices”

To get a first idea of the productivity awareness of an organization or its general work culture, walk around its premises and observe the housekeeping practices – the way the floors are swept, the work tables organized, the tools and stationery stored, the machines and equipment cleaned and maintained, personal items kept etc. These often tell more than any financial statement. They are closely linked to the flow of activities, employees’ morale, product and service quality and inventory level. An organization with good housekeeping practices is able to control costs, foster greater safety, enhance customer satisfaction and reduce staff turnover.

5S Japanese management practices is a time tested and proven approach from Japan, focused on fostering and sustaining high quality housekeeping. Implementing 5S results in clean, orderly and safe environment at home and at work. It refers to the five structured programs using the Japanese principles of seiri, seiton, seison, seiketsu, and shitsuke- or commonly referred to as sort, set, shine, standardize and sustain, respectively.

The National Productivity Organization (NPO) organized an in-house training course on “5S – Japanese Management Practices” from 5-7 December 2016 at M/s Fatima Fertilizer Ltd., Sadiqabad. Twenty Four participants from M/s Fatima Fertilizer Ltd. attended the training. The basic purpose for the training was to create awareness among the employees of Fatima Fertilizer to implement 5S in their respective areas. Fatima Fertilizer has started their 5S journey with the help and assistance of NPO after the training.



Program Coverage: Lean Concepts, Introduction to 5S Japanese management practices, Implementing 5S Japanese management practices, Hurdles / challenges in implementation, Success stories, 5S Auditing.

Training Course on Implementation of Total Productive Maintenance

Total Productive Maintenance (TPM) is a management system for optimizing the productivity of manufacturing equipment through systematic equipment maintenance involving employees at all levels. In TPM, everyone is involved in keeping the equipment in good working order to minimize production losses from equipment repairs, set-ups, and the like. The program is designed so that trainees can apply maintenance strategies, philosophies, procedures and techniques to their own work positions, and complete assignments, projects and other tasks by focusing on actual circumstances that exist within their individual workplaces.

A two days program on Total Productive Maintenance was organized from 24-25 February 2017 at Lahore Office to enlighten participants to understand the history, concept, and purpose of TPM & provide participants with practical approaches, tools, and steps to adopt TPM in SMEs. The program was attended by the 10 professional from the industry.

Program Coverage: Basic concepts of TPM, pre-requisite of TPM and eight Pillars of TPM, TPM tools, equipment effectiveness & loss, practical approaches, tools and steps to adopt TPM in SMEs, importance and benefits of TPM, studies on TPM implementation in SMEs, How to overcome challenges to Implement TPM.

Training Program on “Productivity Improvement through Kaizen & 5S Process”

5S Japanese management practices is a structured program to systematically achieve total organization, clean lines and standardization in the workplace. 5S is a tool and system that helps improve the environment and efficiency of the shop floor as well as office.



The National Productivity Organization (NPO) Regional office Karachi has organized one day training program on” Productivity Improvement through Kaizen & 5S Process” on March 31, 2017. The purpose of this training program is to aware the participants about Kaizen & 5S Japanese management practices. Kaizen is Japanese word, stands for improvement or change for the better refer to continuous improvement of process in manufacturing, engineering and business management.

In this training program 11 qualified professionals from different industries participated. Resource speaker Syed Arshad Ali delivered a lecture on the above topic and all the participants appreciated the resource speaker on his meaningful lecture.

Training Program on “Total Quality Management”

Total Quality Management (TQM) is essential to achieve goals of high productivity and quality. However, the implementation of TQM concept and methodology is restricted to large scale organizations, where focus is quality, productivity and organizational growth.

A one day training program on “Total Quality Management” was organized by National Productivity Organization on 25 April 2017 at Lahore. TQM is one of the productivity tools to improve product or service quality in an organization. This essential course sets a foundation on which an organization can build more advanced quality methods and tools. It increases knowledge and understanding of how to use quality practices and principles in organization’s operations. The course was attended by 8 participants.

Program Coverage: Importance of Quality, Benefits of Quality, Engaging Employees in quality, Customer Feedback, Quality Management & Continuous Improvement, Process Understanding, Measurement and Improvement Tools, Quality Tools, Measurement System.

Training Program on “Productivity Tools and Techniques”

The program aimed to equip managers with tools and techniques to drive productivity. Knowledge imparted during the course include the basic know-how on an in-house productivity drive, engagement of workers and how to sustain the efforts in productivity with the goal to improve operations productivity. The course was designed for Professionals, Managers, Executives and Technical Managers.

Two training programs on “Productivity Tools and Techniques” were organized from April 26-27, 2017 at Islamabad and May 16-17, 2017 at Faisalabad. The programs were attended by 08 and 07 professionals at Islamabad and Faisalabad respectively from various fields.

Program Coverage: An introduction to Productivity, Quality and Competitiveness, Basic productivity tools and techniques: 5S Japanese management practices, Suggestion Scheme and Quality Circles, productivity measurement and introduction to Total Quality Management.

Training Program on “Lean Management”

Lean is about creating healthy business and sustainable culture that relentlessly eliminate the 7 waste. It is about continuously managing 3 interrelated wastes namely Mura, Muri and Muda. Lean specifies value from ultimate customer standpoint and work all the way back through the processes separate value to non-value activities. The non-value activities are then removed or minimized via continuous improvement of Kaizen.

The National Productivity Organization (NPO) has organized a one day training program on “Lean Management” on May 16, 2017. Resource speaker of this training was Engr. Syed Salman Masood. The program was attended by 08 professionals from service and industrial sector organizations.



Program Coverage: Lean Thinking, Understanding Customer Needs, Value and Value Stream, Seven Waste, Lean Tools; Kaizen, 5S, Just in Time, 3 Gen, 3 Mu, Visual Management.

In-House Training Program on Total Quality Management

TQM is an essential to achieve high productivity and quality but the implementation of TQM concept and methodology is very much restricted to large scale organizations, where focus is productivity, quality and organizational growth.

National Productivity Organization organized one day in-house training program on “Total Quality Management” on 19th May 2017 at Service Industries, Gujrat. TQM is very useful set of productivity tools to improve product or service quality in an organization. This essential course was designed to set a foundation on which an organization can build more advanced quality methods and tools. The course was designed for supervisory staff to enlighten the idea of quality and quality management in the organization. The course was attended by 20 participants from the Service Industries.

Program Coverage: Importance of Quality, Benefits of Quality, Engaging Employees in quality, Customer Feedback, Quality Management & Continuous Improvement, Process Understanding, Measurement and Improvement Tools, Quality Tools, Measurement System.

Introduction to Lean Management

Lean Management is very effective manufacturing philosophy to optimize the operations and reduce the wastages. The program was designed to enable the participants to understand the basic concept of Lean Management and applied understanding and familiarity of Lean Tools. Implementation of Lean Concept, Prepare participants for learning more advanced and professional level lean tools, techniques and methods.

National Productivity Organization - Lahore organized a one day training program on 25 May 2017 on "Lean Management". The program included productivity tools to improve product or service quality in an organization. It was designed to increase knowledge and understanding of how to use Lean Tools and principles in an organization's operations. The course was attended by the 5 engineers from the industry.

Program Coverage: Introduction to Lean Concept, 3 M's and 7 Wastes, Lean Thinking Principle, Lean Tools, Lean Techniques, Lean Implementation Process.

5S Implementation for Junior Executives / Supervisors

5S Japanese management practices is a set of tools which forms the basic foundation of a continuous improvement culture, subsequently a good place to start for an organization in the process of adopting a lean culture. The benefits of 5S entail waste reduction, visual management and immaculate housekeeping. This basic productivity tools can deliver drastic improvements at the workplace and improve sense of the ownership of the employees. The set of 5S practices involve Japanese words: seiri, seiton, seiso, seiketsu, and shitsuke.

A one day training program on 5S Implementation was organized by National Productivity Organization on 26th May 2017. The course was designed to enlighten the production staff, supervisors and junior executives from SME's, and encourage them to learn the basics of successful 5S implementation and how it can increase productivity and staff morale. The program was attended by 7 participants from the industry.

Program Coverage: 5S - Definitions In depth review of the benefits to an organization, 7 Wastes - Learning 'how to see' waste, Creating a culture for change, The 5 steps of 5S, Creating a Visual Workplace, How to implement 5S, How to sustain a 5S philosophy, the soft skills of 5S Implementation - how to sustain the improvements made.

4.2. Operations Management

Managing Project through Primavera P6

Managing project is a strenuous task, through primavera these skills offer new ways to manage resources and analyze project performance. The participants will have, general Idea of PM, Software Installation, GUI, Building Primavera Data, Building Company Data, Structuring Projects, Structuring Activities, Assign roles, Assign Resources, Setting Baseline, Optimize the Project Plan, Execute the Project, Create Reports. This Primavera training program was designed to teach resource management and project management techniques using P6 Professional.

A two days training program was organized by NPO on 10-11 March 2017 at Lahore to facilitate the professional, with the effective project management to General Idea of PM, Software Installation, GUI, Building Primavera Data, Building Company Data, Structuring Projects, Structuring Activities, Assign roles, Assign Resources, Setting Baseline, Optimize the Project Plan, Execute the Project, Create Reports. The course was attended by 10 participants from various sectors.

Program Coverage: PM introduction, Primavera Introduction, Primavera Installation, Software Basics, Admin Categories Dialog Box , Building Company Data, Structuring Projects, Adding (Structuring) Activities, Baseline, Resource Management, Project Reports Generation.

Training Program on “Energy Management Concepts”

The National Productivity Organization (NPO) Regional office Karachi has organized one day training program on” Energy Management Concepts” on May 23, 2017. The purpose of the training was to disseminate the knowledge that how to control the energy crises, develop understanding of energy efficiency professionals about measurement & verification. The program has been designed to provide a conceptual understanding in energy management & auditing techniques for energy and cost savings and how to diversify the manufacturing sector.



Resource speaker of this training was Engr. Zulfiqar Ali. The training was attended by 06 qualified participants from different organizations.

Emergency Response Planning

The natural, manmade disaster can occur anytime, preplanning is essential. An urgent need to make quick decisions, shortage of time, and lack of resources and untrained personnel can lead to chaos during an emergency in an organization, resulting in huge loss such as multiple casualties, financial collapse etc. therefore this program is for those who are first responders to emergency situations including violent customers, armed incidents and natural and man-made disasters. It is also useful for those who respond to significant employee issues such as the impact on colleagues following arrests, deaths, and suicides.

The National Productivity Organization (NPO), organized a two days Advance Program on “Emergency Response Planning” from 25th -26th November 2016. This program was designed to deal with major emergencies. The course was attended by 9 participants.

Program Coverage : Practical scenarios - operating individually and as a team, Identify the immediate actions to take if you are caught in an emergency situation, Identify the risks and how they can be minimized, What actions to perform in the event of being detained.

4.3. Personal Productivity Skills

Training Program on “Leading Your Team”

Team building is a very important responsibility to achieve desired output and to grow collectively. This involves recognizing the needs to be effective at work, explaining the positive attitude and behavior that should be followed in the workplace, assess the effectiveness, identifying the skills needed to improve our effectiveness, choose appropriate forms of development and to set a plan for personal development.

National Productivity Organization is a partner of International Finance Corporation (IFC - a member of the World Bank Group) for organizing their proprietary Business Edge® training programs in Pakistan. A one day training program on Leading Your Team was organized in collaboration with IFC Business Edge® on 27th April 2017 at Lahore. The course was designed for people holding managerial and/or supervisory positions in companies, whose job involves, leading and managing a group of people towards achieving a set objective. The course was attended by 8 participants.

Program Coverage: How to become an effective leader, roles and responsibilities of a team leader, building and developing a team.

Training Program on “Becoming More Effective Manager”

Usually managers believe that effectiveness is the key of their job performance and that they are ineffective in a number of ways at their jobs. Also there is a lack of understanding of themselves and the ways that would make their directions effective.

A one day training program on "Becoming a More Effective Manager" was organized in collaboration with IFC Business Edge® on April 28, 2017 at Islamabad. The training was conducted by IFC Business Edge® certified resource person. Participants are assumed not to have specific techniques and plans to develop themselves. The course was designed for those who manage groups of people including Business Owners, CEOs, and Managers at any level. The program was attended by 10 participant.

Course coverage: It was assumed that after attending the course managers will be able to recognize the needs to be effective at work, explain the positive attitude and behavior that should be followed in the workplace, assess their own effectiveness, identify the skills needed to improve their own effectiveness, choose appropriate forms of development and set a plan for

personal development.

Training Program on “Leading your team”

National Productivity Organization (NPO) organized a one day IFC Business Edge® Training Program on “Leading Your Team” in collaboration with IFC Business Edge® on May 18, 2017 at Islamabad. The training was conducted by IFC Business Edge® certified resource person.

The Leading Your Team course was designed for people holding managerial and/or supervisory positions in companies, whose job involves, leading and managing a group of people towards achieving a set objective. Furthermore, it is useful for those who manage a group of people and organize their work into groups or teams and the performance and achievement of the group is significant to that of the enterprise. The participant would not lead the team/group as much as manage it that is the group is more managed and less led.

Participants were focused on getting tasks/assignments done rather than motivating and developing the team/group and are not well aware of stages in team development and ways to help team members to make the group a performing and learning team in different circumstances. The training was attended by 17 participants from different service and industrial sector organizations.

Program Coverage: How to become an effective leader, roles and responsibilities of a team leader, building and developing a team.

In-House Training on “Leading Your Team” (Service Industries)

Team building is a very important responsibility to achieve desired output and to grow collectively. This involves recognizing the needs to be effective at work, explaining the positive attitude and behavior that should be followed in the workplace, assess the effectiveness, identifying the skills needed to improve our effectiveness, choose appropriate forms of development and to set a plan for personal development.

National Productivity Organization in collaboration with IFC Business Edge® organized an in-house session for M/s Service Industries on “Leading Your Team” on 22nd May 2017. This one day course was attended by the team heads, team members of different departments to give them hands on skills regarding how to manage teams and lead the teams to get optimized results. The course was attended by 20 participants from service Industries.

Program Coverage: How to become an effective leader, roles and

responsibilities of a team leader, building and developing a team.

Training program on “Becoming an Effective Manager”

Effective managerial skills are pivotal for professional as well as organizational growth. The key to growth as a manager is to delegating responsibilities and assignments to the team members. To become an effective manager, we need to inculcate the set of skills including effective communication, ability to inspire others and lead from the front.

National Productivity Organization (NPO) organized a Training Program on Becoming a More Effective Manager on 24th May 2017 in collaboration with IFC Business Edge® at Lahore. The course was designed for those who manage groups of people including Business Owners, CEOs, and Managers at any level. The course was attended by 6 participants from various industries.

Program Coverage: The need to be effective, The ways to be effective, Implementing a Development Plan

5. SERVICES AND PROJECTS

5.1. Green Productivity Services

During the year 2016-17, NPO provided Green Productivity services to 10 clients (6 textile, 2 buildings, 1 Sports and 1 Food Processing). The team collected data; identified gaps and suggested best practices related to process, energy, material improvement and water conservation. The team also provided informal shop floor training to at least 4 technical staff members per client. NPO team identified 10% to 15% potential energy savings in electrical/mechanical and processes of the above mentioned units at no or negligible investments.



Awareness campaign drive launched in Peshawar regarding the Energy Audits of different sectors as a result of which North West General Hospital, Shelton Rezidor, Alpha Pipes Industries have shown keen interest in conducting of Energy Audit.

5.2. Consultancy Services

“5 S & Kaizen” Audit of M/s Engro Fertilizer

The National Productivity Organization (NPO) conducted 5S Audit of M/s Engro Fertilizer Ltd, Daharki from 21-22 September, 2016. The assessment was carried out under the Malaysian 5S criteria. M/s Engro Fertilizer has started their 5S drive in 2012 with the help of NPO and they have already successfully implemented 5S at more than eight different areas. The assessment was carried out by Engr. Syed Salman Masood, Mr. Siraj M. Khan and Mr. Azhar Khan.

“5 S & Kaizen” Audit of M/s Engro Power Gen

The National Productivity Organization (NPO) conducted 5S Audit of M/s Engro Power Gen, Qadirpur on 23 September, 2016. The assessment was carried out under the Malaysian 5S criteria. M/s Engro Power Gen has started their 5S journey in 2014 with the help of NPO and they have already successfully implemented 5S at seven different areas. The assessment was carried out by Engr. Syed Salman Masood, Mr. Siraj M. Khan and Mr. Azhar Khan.

5.3. Pakistan Productivity, Quality and Innovation (PQI)

Project

Workshop on Development of Pakistan Productivity, Quality and Innovation (PQI) Framework

Ministry of Planning, Development & Reform (MoPDR) in collaboration with the National Productivity Organization (NPO), Pakistan has organized the workshop on Development of Pakistan Productivity, Quality and Innovation (PQI) Framework on January 10-11, 2017 at MoPDR.

Honorable Minister for Planning, Development and Reform Prof. Ahsan Iqbal inaugurated the workshop. The Minister thanked Dr. Woon Kin Chung, former CEO Singapore Productivity Centre, for coming to Pakistan for the Development of Pakistan Productivity, Quality & Innovation Framework under APO TES. The minister had sought assistance for development of the Framework during his visit to the Secretary General of Asian Productivity Organization (APO), Japan in October 2016.



Federal Secretary, Ministry of Industries & Production (MoIP), Mr. Khizar Hayat Gondal chaired the session for the first day of the workshop. Mr. Gondal is also the Chairman of the PQI Core Committee. He appreciated Dr. Woon Kin Chung for his enriched presentation.

Mr. Abdul Ghaffar Khattak, CEO, National Productivity Organization (NPO) and member of the PQI Core Committee, gave welcome note on the second day of the workshop. Prof. Dr. Atta Ullah Shah, Vice Chancellor of City University, Peshawar chaired session on the second day of the workshop.

Federal Secretary, Ministry of Planning, Development and Reform (MoPD&R), Mr. Yousaf Naseem Khokhar, during his closing remarks said that the primary role of MoPD&R was to invite all stakeholders to a common platform thus assisting in developing Pakistan Productivity, Quality and Innovation Framework. This framework, once implemented, is expected to improve Pakistan's economic development.



The workshop was attended by policy makers from the government, representatives from academia and other relevant stakeholders. A number of presentations were also made by the participating institutions. The participants shared their ideas and identified factors of low productivity in Pakistan. They also gave certain recommendations to enable productivity, quality and innovation culture in Pakistan. The workshop was a part of a 2 weeks intensive activities which included multiple consultative meetings to analyze the present situation of Pakistan so that the International Expert could draft a PQI Framework.

5.4. Global Cleantech Innovation Programme

NPO is supporting the project technically in marketing, linkages development, mentoring, judging and establishment of Venture Capital Fund (VCF). The CEO NPO was selected as one of the three judges for Global Cleantech Innovation Programme. This programme is funded by Global Environmental Facility (GEF) and globally managed by United Nations Industrial Development Organization (UNIDO). Brief highlights of the programme are as follows:

- A start-up fund for consistency is being developed by UNIDO in collaboration with private sector.
- GCIP includes a global competition aimed at encouraging innovation for clean technologies. Out of 585 applicants, judges selected 82 innovators / Start-ups.
- 5 Winners of the competition visited Silicon Valley, USA for global competition and won the global award.
- NPO received Appreciation Certificate from UNIDO for its contribution to make the program successful and introducing innovation to entrepreneurs.

5.5. IFC Business Edge® Teaser/Pilot Events Project

The objectives of the events were to provide exposure to the participants about the followings:

- Introduction of IFC and Business Edge® (BE)
- What BE Training Methodology is and how these trainings are delivered
- Products and services that are available under the brand name of Business Edge® (BE)
- How these BE products and services can support the micro, small and medium enterprises in improving their businesses
- Introduction of newly developed trainings topics for micro-entrepreneurs
- Identification of capacity building requirements of MSME's

Following 04 teaser events were organized from April 2016 to June 2016.

- Event-1 (Teaser): "Achieving Success in Marketing"
- Event-2 (Teaser): "Controlling Costs"

- Event-3 (Teaser): "Achieving Success in Marketing"
- Event-4 (Teaser): "Saving Costs in an Accommodation Business"

Under the same project, following pilot event was organized in FY 2016-17:

Pilot Program on "Business Skills for Micro-Entrepreneurs"

"کاروباری مہارت چھوٹے کاروباریوں کیلئے"

The pilot training program of IFC Business Edge® on "Business Skills for Micro-Entrepreneurs" in Urdu language. "چھوٹے کاروباریوں کیلئے" was organized from August 15-24, 2016 for the microfinance institution i.e. M/s Kashf Foundation and its clients. The pilot trainings were attended by 89 participants in total. It was fifth event from a series of 4 teasers and a pilot event that are organized by NPO under the IFC Business Edge® project of Organizing Teaser/ Pilots in Pakistan. This project was awarded to NPO by International Finance Corporation in April 2016.

The pilot program was a unique program as it was designed for micro-entrepreneurs and in Urdu language. Under this program following five trainings were organized in Urdu language:

1. Basic Marketing "مارکیٹنگ کی بنیادی مہارتیں"
2. Simple Business Planning "سادہ کاروباری منصوبہ کی تیاری"
3. Personal Productivity Skills "ذاتی پیداواری صلاحیتیں"
4. Quality Management "معیار کی دیکھ بھال"
5. Financial Literacy "مالیاتی خواندگی"



5.6. Diploma Program in Productivity, Quality and Innovation

The National Productivity Organization (NPO) has designed a Diploma Program in "Productivity, Quality & Innovation" (PQI) in line with its mandate for productivity promotion in Pakistan and to support the Pakistan Productivity, Quality & Innovation (PQI) initiative of the Ministry of Planning, Development & Reform (MoPDR), Government of Pakistan.

The diploma is being developed with 60% contents from International

Finance Corporation (IFC) Business Edge® and 40% contents from the NPO/APO. Economic Affairs Division has also issued NOC to NPO for conducting the PQI diploma in Pakistan.

The diploma is of 75 hours duration and consists of following modules:

- Productivity Concepts & Practices
- Quality Management
- Innovation Management
- Personal Productivity Skills
- Action Plan Presentations, Final Test & Award of Diploma

5.7. National Register for Trainers and Consultants (NRT/NRC)

The National Productivity Organization (NPO) is maintaining a National Register of Trainers and Consultants (NRT/NRC) to build a pool of trainers/consultants who can be utilized to inculcate productivity culture by providing quality training & consultancy services of NPO during productivity drive in Pakistan.

In this regard, an Expression of Interest (EoI) was published in the English and Urdu newspapers for inviting applications from individual trainers & consultants/ organizations to become a part of National Register of Trainers and Consultants (NRT/NRC) of NPO.

In response of the EoI NPO received applications from 38 relevant trainers/consultants, who will be engaged to carry out different trainings/consulting assignments of NPO as per requirements.

5.8. Handholding of Prime Minister Youth Business Loan

Beneficiaries

The National Productivity Organization (NPO) is providing support to Prime Minister Business Youth Loan beneficiaries of Education Sector by offering them free of cost training. From a list of 397 beneficiaries provided by MoI&P, 69 beneficiaries has shown interest to attend different trainings of NPO in all over Pakistan as under:

Sr. No	Region	# of Beneficiaries
1	Islamabad	03
2	Punjab	50
3	KPK	09
4	Sindh	03
5	Balochistan	02
6	Gilgit Baltistan	01
7	AJ&K	01

5.9. Made in Gilgit Project

This project was initiated and signed with United States Agency for International Development (USAID) in October 2015. The project was based on entrepreneurship development in Gilgit Baltistan. Trainings on market linkages were provided to eliminate the role of the middle man and increase the income level of the native entrepreneurs.

The project aimed to transform 35 craftsmen from the Gilgit Baltistan region into entrepreneurs in order to improve their socio economic condition. The program consists of following activities:

Training of crafts' persons on sales, customer relationship management, marketing and e-marketing at Gilgit

Training for 35 select project beneficiaries was organized in the Capital Lodge Hotel from 18th to 20th January 2016. Originally the training was of 5 days duration but as it was difficult for beneficiaries to daily travel from distant areas and attend the training a three days training was decided with the accommodation facility of two nights in Gilgit during training activity without compromising the training content. Following topics were covered during training:

- Marketing and E-Marketing
- Customer Relationship Management & Sales Techniques
- Basics of Entrepreneurship
- Basic Account handling
- Product Development

As a result of training, beneficiaries were able to learn the latest knowledge to run their businesses.

Development of 'Made in Gilgit' web portal to increase the sales of traditional products outside GB region

A Made in Gilgit website was developed with the URL <http://www.madeingilgit.com.pk> and products of beneficiaries with pictures, their specification and prices were put into display for online selling. A photographer was engaged to take pictures of beneficiaries' products for website. A website developer was hired to develop a professional website with all the features. In future the website will be managed by the Made in Gilgit Business Committee (MIGBC) by utilizing the desktop computer purchased for this purpose.

Crafts' persons' exposure visits to Islamabad Chamber of Commerce & Industry and markets in Islamabad for linkages development

A seminar was arranged for the beneficiaries on 9th May 2017 at

Islamabad Chamber of Commerce & Industry (ICCI) for introduction with executive members of the ICCI chamber for linkages development. The senior Vice President, ICCI Mr. Khalid Malik offered a space for beneficiaries to display their products in their exhibition hall. Similarly executive members offered their support in preparing documentation and acquiring legal status of beneficiaries businesses.

For an exposure visit in Islamabad, beneficiaries were taken to Centaurus and F-6 Supermarket, and in Lahore Ichra, Anakr Kali, Shah Alam Market, Qazafi stadium etc. were visited. During the exposure visit entrepreneurs were able to develop linkages with different wholesalers and suppliers of packaging and raw materials.

Organizing two exhibitions; first at Lahore Chamber of Commerce & Industry and second at Multan Chamber of Commerce & Industry

Exhibition in Lahore was held from 4 - 5 May 2017 at Alhamra Hall, Mall road. Mr. Abdul Basit, President, Lahore Chamber of Commerce & Industry (LCCI) was Chief Guest for opening and ribbon cutting ceremony. Mr. Abdul Ghaffar Khattak, CEO NPO and Mr. Tariq Mehmood, President, Ismaili Council for Punjab and KPK Region were also present in the opening ceremony that was held on 4th May at 6:00 p.m.

Exhibition in Islamabad was held from 7 – 9 May 2017 at Lok Virsa. Mr. Khalid Iqbal Malik, President, Islamabad Chamber of Commerce & Industry (ICCI) was Chief Guest for opening and ribbon cutting ceremony that was held at 6:30 p.m. on 7th May 2017 in the presence of CEO NPO and other office bearers of ICCI. Mr. Raja Amer Iqbal, President, Rawalpindi Chamber of Commerce & Industry (RCCI) encouraged exhibitors by visiting their stalls on 8th May 2017 on the invitation of CEO NPO.

A large footfall was observed in the exhibitions due to extensive marketing campaign. Exhibitors were very happy to sell their products directly to customers and establish linkages with whole sellers of local markets during exposure visits.



The events received handsome coverage from print and electronic media. Interviews of CEO NPO and President LCCI were taken by different TV channels and newspapers representatives.

Success Stories – Made in Gilgit Project

- **Tasneem Kanwal, Tasneem Entrepriese, Ghizer**

This young entrepreneur hails from Ghizer, currently studying Bachelors in Arts, and participated for the first time in any exhibition. She had never been outside Gilgit-Baltistan and mostly her products were sold through the middle man, who would share major chunk of her income as commission.



Tasneem received a lot of appreciation from visitors for her delicate work of handicrafts which include Cross stitched motifs, wooden frames and Door decoration embroiled pieces. She started her business by turning her hobby into business and now she involves her sisters and mother to her work. She explained how this exhibition and pre exhibition trainings have helped her to understand the importance of marketing and sales techniques and product quality and designs are pivotal for the seller point of view. Using her newly acquired skills, she sold many articles in the Exhibitions. She intends to participate more in this kind of projects so that she could get much need exposure of her products.

- **Ali Ahmad Khan, Khyber Dry fruits, Gojal - Hunza**

Mr. Ali Ahmad Khan has small business of Dry fruits and sells his products locally. Due to participation in the exhibitions, not only most of his products were sold he also developed strong linkages with local sellers. During the exposure visit in Lahore to the old city side of Lahore, he met a lot of local whole sellers of Dry fruits at the famous Akbari Mandi (Dry Fruits & Spice Market).



Due to the high quality of his dry fruits he was able to sell his product at the market and also received future orders. He appreciated the efforts put up by NPO and USAID to facilitate the people from Gilgit Baltistan to promote their business and make their products accessible to major markets in Pakistan.

6. NPO COLLABORATION WITH PARTNER ORGANIZATIONS

Asian Productivity Organization (APO)

NPO acts as a Liaison Office of APO Japan and working together on different international programs related to productivity and quality promotion.

- **59th Governing Body Meeting (GBM) of APO**

The 59th Governing Body Meeting (GBM) of the Asian Productivity Organization (APO) was held 10–12 April 2017 in Tehran, Islamic Republic of Iran, against the backdrop of an ongoing global digital transformation.



Mr. Khizar Hayat Gondal, Secretary MoIP attending 59th General Body Meeting held on 10–12 April 2017 in Tehran, Islamic Republic of Iran

- **32nd Annual General Meeting and Conference of Pakistan Society of Development Economics (PSDE)**

The National Productivity Organization in collaboration with Asian Productivity Organization (APO) arranged an Expert Mr. Mark Goh on Productivity, Quality and Innovation under APO TES project.



Mr. Abdul Ghaffar Khattak, CEO, NPO and Mr. Vincet Palmade, Lead Economist, PFSG, African Region, The World Bank discussing CPEC prospects



APO Expert Mr. Mark Goh delivering a speech on Role of Productivity, Quality and Innovation in CPEC for Pakistan

- ***APO Development of Demonstration Companies***



CEO-NPO Mr. Abdul Ghaffar Khattak
attending a meeting with the beneficiaries



CEO-NPO Mr. Abdul Ghaffar Khattak (middle)

United Nations Industrial Development Organization (UNIDO)

Cooperation with UNIDO on various programs including Global Cleantech Innovation Program (GCIP) and Sustainable Energy Initiative for Industries in Pakistan.

- **Global Cleantech Innovation Program (GCIP)**



Federal Minister for Industries & Production Ghulam Murtaza Khan Jatoi distributing prizes among winners of GCIP program

Workshop on Pakistan Productivity, Quality and Innovation Initiative



Federal Minister for Planning, Development & Reforms Prof. Ahsan Iqbal (middle), Federal Secretary Industries & Production Mr. Khizar Hayat Gondal (right), Additional Secretary MoPDR (right), CEO-NPO Mr. Abdul Ghaffar Khattak (2nd right)



CEO-NPO Mr. Abdul Ghaffar Khattak and
APO Expert Dr. Woon Kim Chung during Q & A Session

Chambers of Commerce & Industry



CEO-NPO Mr. Abdul Ghaffar Khattak meeting with
President, Sarhad Chamber of Commerce & Industries



President, Sarhad Chamber of Commerce presenting memento to CEO-NPO Mr. Abdul Ghaffar Khattak

Made in Gilgit Project



Participants attending the seminar



Mr. Khalid Malik (left), Senior Vice President, Islamabad Chamber of Commerce & Industry, Mr. Abdul Ghaffar Khattak (middle), CEO-NPO and Mr. Muhammad Zafra Ullah (right), Project Manager



Mr. Khalid Malik (left), Senior Vice President, Islamabad Chamber of Commerce & Industry giving souvenir to Mr. Abdul Ghaffar Khattak, CEO-NPO



Mr. Iqbal Hassan, Minister for Planning, Development and Information, Gilgit Baltistan and Mr. Abdul Ghaffar Khattak, CEO-NPO visiting exhibitors' stalls



Mr. Iqbal Hassan, Minister for Planning, Development and Information, Gilgit Baltistan, Mr. Jaffarullah, Deputy Speaker, Gilgit Baltistan Legislative Assembly and Mr. Abdul Ghaffar Khattak, CEO-NPO presenting shields to participants at closing ceremony

7. FINANCIAL REPORT

Directors Report on the Financial Status for the Year Ended June 30, 2017

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, 2017.

Principal Activities

1. International Trainings / Programs

Sr. #	Description	No. of Programs	No. of Participants
1.	Multi-country Trainings (in Pakistan)	2	44
2.	e-Learning Courses (in Pakistan)	3	65
3.	Development of NPOs: Development of Productivity Practitioners (in Pakistan)	1	20
4.	Technical Expert Services (in Pakistan)	4	440
5.	International Trainings (abroad multiple countries)	58	85
Total		66	654

2. National Trainings

Sr. #	Description	No. of Programs	No. of Participants
1.	Productivity and Quality Management	10	114
2.	Operations Management	3	25
3.	Personal Productivity Skills	5	51
Total		18	190

3. Services and Projects

a. Green Productivity Services

- Conducted 10 Energy Efficiency Audits in various sectors (6 textile, 2 buildings, 1 Sports and 1 Food Processing)
- Awareness / Hands on training: Trained 40 technical staff members

b. Consultancy Services

- Conducted 5S Training for preparing Master Trainers of M/s Fatima Fertilizer Ltd., Sadiqabad on 5-7 December 2016.
- Conducted 5S Audit of M/s Engro Power Gen, Qadirpur, on 23

September, 2016.

- Conducted 5S Audit of M/s Engro Fertilizer Ltd, Daharki, from 21-22 September, 2016.

c. Global Cleantech Innovation Program

The CEO NPO was selected as one of the three judges for Global Cleantech Innovation Programme. This programme is funded by Global Environmental Facility (GEF) and globally managed by United Nations Industrial Development Organization (UNIDO). It includes a global competition aimed at promotion of innovations in the area of clean technologies. NPO received Appreciation Certificate from UNIDO for its contribution to make the program successful and introducing innovation to entrepreneurs.

d. IFC Business Edge® Teaser Events Project

- Successfully organized a Pilot Program on "Business Skills for Micro-Entrepreneurs"
- A total of 5 trainings organized, which were attended by 89 participants

e. Made in Gilgit Project

NPO initiated this project in late 2015. The main aim of the project is to improve the productivity and socio-economic condition of the local crafts' persons belonging to district Gilgit. The project successfully completed.

4. Corporate Compliance and Systems Development

a. SECP Requirements

As a part of inwards direction, NPO worked to become a corporate compliant institution within the public sector. With the support of Ministry of Industries & Production, NPO succeeded in becoming corporate compliant institution within public sector;

- Completed Audit of Accounts: 2012 - 2016
- Held pending Annual General Meetings
- Prepared First Annual Report 2015-16

Achieved five years renewal of NPO License received on April 23, 2017.

b. Systems and Human Resource Development

NPO actively worked on improving its internal systems & documentations and human resource capacity building to meet the challenging requirements on productivity improvement. Following activities took place in 2016-17:

- Settlement of several Government audit observations
- Development of NPO Annual Human Resource Book initiated

- Development of Policies on Code of Conduct, Anti-Corruption, Conflict of Interest, Women Harassment and Training Policy
- Development of Financial Manual is in process
- Returned 03 project vehicles to Cabinet Division
- Restructuring NPO Departments
 - Initiated induction of a PhD. qualified General Manager to improve organization's operations and conduct research activities
 - Re-assignment of tasks after evaluation of HR competitive capacity
 - Exploring capabilities within the existing team members and job rotation for matching competencies. Some team members have been found very successful in accomplishing assigned tasks under job rotation strategy
 - Team work is promoted and Monthly meetings are organized
 - Targets to each department for 2017-18 mainly assigned
 - NPO is headed towards ISO 9001 certification in due course

Operating Result

No significant changes in the company's state of financial affairs occurred during the year under review. The Company has a net surplus of Rs. 0.075 million (on 30th June 2017) as compared to net deficit of Rs. 5.456 million for the financial year ended 30 June 2016. The key financial figures are tabulated as follows:

	2017 (Rupees)	2016 (Rupees)
INCOME		
Grant	49,793,534	40,914,981
Income from training and consultancy	13,240,115	7,109,295
Amortization of deferred grant	618,406	754,526
Other income	1,669,471	437,132
	65,321,526	49,215,934
EXPENDITURE		
Training and consultancy expenses	9,091,379	1,752,879
Operating costs	52,916,459	49,996,983
Seminar expenses	2,364,035	1,923,730
Depreciation	873,689	998,945
	65,245,562	54,672,537
(DEFICIT) / SURPLUS FOR THE YEAR	75,964	(5,456,603)

Environmental Issues

The company's operations is not effecting 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 has also required that no payment would be made to the members; therefore, the Company is not required to declare any dividends.

Auditors

The M/s G. Hussain & Co. Chartered Accountants, has retired and M/s Faruq Ali & Co. Chartered Accountants, has been selected for the year 2017-18.

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: April 23, 2018.

Board of Directors

The composition of Board of Directors as of June 30, 2017 is as under:

Independent Director

Mr. Mohammad Ibrahim Shah	Director
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Public Sector (Ex-Officio) Directors

Capt. (Retd.) Sardar Ajaz Ahmad Khan Additional Secretary-I, MoI&P	Director
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Dr. Yusuf Zafar Chairman PARC	Director
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Dr. Nawaz Ahmed Financial Advisor, Finance Division	Director
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Mr. Abdul Ghaffar Khattak Chief Executive Officer, NPO	Director
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Auditors

G. Hussain & Co. - Chartered Accountants



Auditors' Report to the Members

We have audited the annexed balance sheet of **National Productivity Organization** ("the company") as at **June 30, 2017** and the related income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in fund together with the notes forming part thereof, for the year then ended 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 our audit.

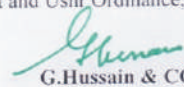
It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that;

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in fund together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2017 and of the surplus, its comprehensive income, its cash flows and changes in fund for the year then ended; and
- (d) in our opinion, no Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Islamabad

Date: 15/12/2017

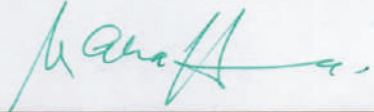

G. Hussain & CO.
Chartered Accountants
Partner
Gulzar Hussain - FCA

National Productivity Organization

Balance Sheet

As at 30 June 2017

	Note	2017 Rupees	2016 Rupees
PROPERTY AND EQUIPMENT	4	5,034,811	5,153,288
CURRENT ASSETS			
Advance to employees	5	334,007	818,969
Deposits and prepayments	6	389,250	146,249
Trade and other receivables	7	1,570,165	1,504,113
Advance Tax paid	8	431,540	-
Cash and bank balances	9	1,135,998	3,188,923
		3,860,960	5,658,254
CURRENT LIABILITIES			
Accrued and other liabilities	10	(6,994,532)	(8,935,373)
NET CURRENT ASSETS		(3,133,572)	(3,277,119)
		1,901,239	1,876,169
DEFERRED GRANT	11	(3,627,719)	(3,678,614)
Net Assets		(1,726,481)	(1,802,445)
REPRESENTED BY:			
Fund balance		(1,726,481)	(1,802,445)
		(1,726,481)	(1,802,445)


CHIEF EXECUTIVE


DIRECTOR

National Productivity Organization

Income and Expenditure Account

For the year ended 30 June 2017

	Note	2017 Rupees	2016 Rupees
INCOME			
Grant	12	49,793,534	40,914,981
Income from training and consultancy	13	13,240,115	7,109,295
Amortization of deferred grant	11	618,406	754,526
Other income	14	1,669,471	437,132
		65,321,526	49,215,934
EXPENDITURE			
Training and consultancy expenses	16	9,091,379	1,752,879
Operating costs	15	52,916,459	49,996,983
Seminar expenses		2,364,035	1,923,730
Depreciation		873,689	998,945
		65,245,562	54,672,537
(Deficit) / surplus for the year		75,964	(5,456,603)


CHIEF EXECUTIVE


DIRECTOR

National Productivity Organization

Statement of Comprehensive Income

For the year ended 30 June 2017

	2017 Rupees	2016 Rupees
(Deficit) / surplus for the year	75,964	(5,456,603)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>75,964</u>	<u>(5,456,603)</u>


CHIEF EXECUTIVE


DIRECTOR

National Productivity Organization
Statement of changes in fund balance
For the year ended 30 June 2017

	Accumulated surplus Rupees
Balance at 01 July 2015	3,654,158
Total comprehensive income for the year	
Deficit for the year	(5,456,603)
	<u>(1,802,445)</u>
Balance at 01 July 2016	(1,802,445)
Total comprehensive income for the year	
Deficit for the year	75,964
Balance at 30 June 2017	<u>(1,726,481)</u> <i>gk</i>

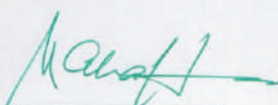

CHIEF EXECUTIVE


DIRECTOR

National Productivity Organization
Cash flow statement

For the year ended 30 June 2017

	2017 Rupees	2016 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Deficit) / surplus for the year	75,964	(5,456,603)
Adjustment for:		
Depreciation	873,689	998,945
Grant income recognised	(49,793,489)	(40,914,981)
Deferred grant recognised	(618,406)	(754,526)
Profit on deposit accounts	(88,678)	(91,707)
Income Deferred		
	(49,550,920)	(46,218,872)
Increase/ (decrease) in current assets		
Advances to employees	484,962	112,589
Deposits and prepayments	(243,001)	39,000
Other receivables	(66,052)	7,537,478
(Decrease)/ increase in current liabilities		
Accrued and other liabilities	(1,940,841)	(190,015)
	(1,764,932)	7,499,052
Grant received from GOP - MOIP	50,361,000	40,914,981
Utilization of restricted grant	-	-
	(954,852)	2,195,161
Taxes paid	(431,540)	-
Net cash used in operating activities	(1,386,392)	2,195,161
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(755,211)	(487,988)
Profit on bank deposits- received	88,678	91,707
Net cash (used in)/ generated from investing activities	(666,533)	(396,281)
Net decrease in cash and cash equivalents	(2,052,925)	1,798,880
Cash and cash equivalents at beginning of the year	3,188,923	1,390,043
Cash and cash equivalents at end of the year	1,135,998	3,188,923


CHIEF EXECUTIVE


DIRECTOR

National Productivity Organization (Guarantee) Limited

Notes to the Financial Statements

For the year ended 30 June 2017

1 STATUS AND OPERATIONS

- 1.1** National Productivity Organization ("the Company") was registered in Pakistan on 26 June 2006 as a guarantee limited company under section 42 of the Companies Ordinance, 1984. 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's registered office is situated in Islamabad.

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. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case, the requirements differ, the provisions of or the directives issued under the Companies Ordinance, 1984 shall prevail.

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 approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are 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.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in the ensuing paragraphs.

i Property and equipment

The Company reviews the useful lives and the residual value of the property and equipment on a regular basis. Any change in estimates in future years which might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment loss.

National Productivity Organization (Guarantee) Limited

Notes to the Financial Statements

For the year ended 30 June 2017

ii Advances and other receivables

The carrying amounts of advances and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

iii Provisions and contingencies

A provision is recognised in the balance sheet when the Company has legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the reliable estimate can be made of the amount of obligation.

iv 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.

v Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, interpretations and the amendments are effective for accounting periods beginning from the dates specified below and are either not relevant to the Organisation's operations or are not expected to have significant impact on the Organisation's financial statements other than certain additional disclosures.

- Amendments to IAS 12, 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
- Amendments to IAS 7, 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2, 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. *CA*

National Productivity Organization (Guarantee) Limited

Notes to the Financial Statements

For the year ended 30 June 2017

- IFRS 15, 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2018) specifies how and when an IFRS compliant entity will recognize revenue as well as requiring such entities to provide users of financial statements with more informative and relevant disclosures. The standard provides a single principle-based five-step model to be applied to all contracts with customers.
The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.
- IFRS 16, 'Leases' (effective for annual periods beginning on or after 1 January 2019) supersedes IAS 17, 'Leases' and related interpretations. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16 a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been notified locally by the Securities and Exchange Commission of Pakistan (SECP) as at 30 June 2016:
 - IFRS 1 – First Time Adoption of International Financial Reporting Standards
 - IFRS 9 – Financial InstrumentsThe following interpretations issued by the IASB have been waived off by SECP effective 16 January 2012:
 - IFRIC 4 – Determining Whether an Arrangement Contains a Lease. Also refer note 41 to the financial statements.
 - IFRIC 12 – Service Concession Arrangements
- Transfer of Investment Property (Amendments to IAS 40 'investment property' effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use . A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is a evidence of the change in use. In isolation, a change in management's attentions for the use of a property does not provide a evidence to change in use. The amendments or not likely to have any impact on Company financial statements.

National Productivity Organization (Guarantee) Limited

Notes to the Financial Statements

For the year ended 30 June 2017

- Annual improvement to IFRS standards 2014-2016 cycle . The new cycle of improvement addresses improvements to following approved accounting standards:
 - Amendments to IFRS 12 'disclosure of interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarified that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on company's financial statements.
 - Amendments to IAS 28 'Investments in Associates and joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associates or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate's or joint venture's investments entity's associate's or joint venture's interests in subsidies. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on company's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advances consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment for receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.
- IFRIC 23 'uncertainty over income tax treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.
- In addition, the Companies Act, 2017 was enacted on 30 May, 2017 and Securities & Exchange Commission of Pakistan (SECP) vide its circular 17 of 2017 has clarified that the Companies Whose financial year closes on or before 30 June, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial year beginning on 1 July 2017 requires certain additional disclosures and changes for certain accounting treatments which may require change in the relevant accounting policy.

National Productivity Organization (Guarantee) Limited
Notes to the Financial Statements
For the year ended 30 June 2017

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 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 income and expenditure account as and when incurred whereas major improvements and modifications are capitalized.

Depreciation is charged to income applying reducing balance method. Rates of depreciation are mentioned in note 4.

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 recognised within "other operating income" in the income and expenditure account.

3.2 Impairment

Non-financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet 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 income and expenditure account.

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 amortisation, if no impairment loss had been recognised.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Impairment loss is recognized as expense in income and expenditure account.

3.3 Foreign currency transactions

Foreign currency transactions 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.

3.4 Accrued and other liabilities

These are initially recognized at their fair value. Subsequent to the initial recognition these are carried at their amortized cost. *Lu*

National Productivity Organization (Guarantee) Limited

Notes to the Financial Statements

For the year ended 30 June 2017

3.5 Taxation

A provision for current taxation has not been made in these financial statements as the Company has applied to the taxation authorities for grant of exemption from the date of its incorporation and management is confident of securing this exemption.

3.6 Revenue

Funds received against which no conditions are attached are recognized as grant income and others are recorded in restricted grant.

Profit on deposit accounts is recognized in the income and expenditure account on a time proportion basis.

Income generated from training courses is recognized at the time of performance of service.

3.7 Financial instruments

i Non-derivative financial assets

These are initially recognized on the date that they are originated i.e. trade date which is the date that the Company becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.


Investments at fair value through profit or loss - Held for trading

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified as held for trading and designated as such upon initial recognition. These are stated at fair values with any resulting gains or losses recognized directly in the profit and loss account. The Company recognizes the regular way purchase or sale of investments using settlement date accounting.

Loans and receivables

Loans and receivables comprise investments classified as loans and receivables, cash and cash equivalents and trade and other receivables.

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. 

National Productivity Organization (Guarantee) Limited

Notes to the Financial Statements

For the year ended 30 June 2017

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.

Cash and cash equivalents


Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.

ii Non-derivative financial liabilities

The Company initially recognizes non derivative financial liabilities on the date that they are originated or the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Non derivative financial liabilities comprise markup bearing borrowings including obligations under finance lease, bank overdrafts and trade and other payables.

3.8 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. 

National Productivity Organization
Notes to the Financial Statements
For the year ended 30 June 2017

4 PROPERTY AND EQUIPMENT

	Motor vehicles	Furniture and fixture	Office and equipment	Computer and ancillary equipment	Total
Cost					
As at 30 June 2015	5,892,548	2,676,175	2,466,176	2,080,848	13,115,747
Additions during the year	-	-	-	-	-
As at 30 June 2016	5,892,548	2,676,175	2,466,176	2,080,848	13,115,747
Deletion during the year					
Additions during the year	-	149,877	417,634	-	567,511
As at 30 June 2017	5,892,548	2,826,052	2,883,810	2,080,848	13,683,258
Depreciation					
As at 30 June 2015	3,903,417	1,145,444	1,727,731	1,906,016	8,682,607
Charge for the year	397,826	153,073	151,177	52,450	754,526
As at 30 June 2016	4,301,243	1,298,517	1,878,908	1,958,466	9,437,133
Charge for the year	318,261	139,015	36,715	124,415	618,406
As at 30 June 2017	4,619,504	1,437,532	1,915,622	2,082,881	10,055,539
Carrying amount					
- 30 June 2016	1,591,305	1,377,658	587,268	122,382	3,678,614
- 30 June 2017	1,273,044	1,388,520	968,188	(2,033)	3,627,719
Rates of depreciation	20%	10%	20%	30%	

4 PROPERTY AND EQUIPMENT

	Motor vehicles	Furniture and fixture	Office and equipment	Computer and ancillary equipment	Total
Cost					
As at 30 June 2015	-	692,040	535,740	378,810	1,606,590
Additions during the year	-	340,988	127,500	19,500	487,988
As at 30 June 2016	-	1,033,028	663,240	398,310	2,094,578
Deletion during the year	-	46,700	-	141,000	187,700
Additions during the year	-	1,079,728	663,240	539,310	2,282,278
As at 30 June 2017	-	-	-	-	-
Depreciation					
As at 30 June 2015	-	112,121	98,618	164,745	375,485
Charge for the year	-	77,080	82,787	84,552	244,419
As at 30 June 2016	-	189,201	181,405	249,297	619,904
Charge for the year	-	86,013	96,366	72,904	255,283
As at 30 June 2017	-	275,214	277,771	322,201	875,186
Carrying amount - 30 June 2016	-	843,827	481,835	149,013	1,474,674
- 30 June 2017	-	804,514	385,469	217,109	1,407,092
Rates of depreciation	20%	10%	20%	30%	
TOTAL ASSETS	5,892,548	3,905,780	3,547,050	2,620,158	15,965,536
TOTAL DEP	318,261	225,028	133,081	197,319	873,689
TOTAL WDV	1,273,044	2,193,034	1,353,657	215,076	5,034,811

4.1 On September 10, 2017, the premises where office of National Productivity Organization was located burnt out in fire. The cost of replacement of assets mainly comprising furniture, fixtures, office and energy equipments and other refurbishing cost is currently estimated to be Rs 20.97 million as reported by management. The book value of the assets lost as result of fire incident amounted to Rs. 2,613,001.

National Productivity Organization
Notes to the Financial Statements
For the year ended 30 June 2017

5 ADVANCES TO EMPLOYEES

	Rupees 2017	Rupees 2016
Advance against:		
- Salary	-	-
- Expenses	334,007	818,969
	<u>334,007</u>	<u>818,969</u>

6 DEPOSITS AND PREPAYMENTS

Prepayments	32,750	29,749
Deposits	356,500	116,500
Advance tax paid	-	-
	<u>389,250</u>	<u>146,249</u>

7 TRADE AND OTHER RECEIVABLES

Receivable against training courses fee - unsecure	645,600	61,295
E-Learning income receivable	5,000	-
Mark-up receivable	2,738	35
Accrued Income		
Other receivables	916,827	1,442,783
	<u>1,570,165</u>	<u>1,504,113</u>

7.1 Receivable from related parties unsecured, considered goods

	2017 Rupees	2016 Rupees
Receivable from Related Parties	-	-
Less: Provision for Doubtfull receivable	-	-

- 8** The advance tax represents amounts deducted by Banks from payments by NPO to third parties and amounts withheld by Vendors while making payments to NPO against training courses and other income related activities executed by NPO.

The Management considers that this amount will be claimed and refunded by the Tax Authorities as the NPO has a strong case to get approved it as Non Profit Organization by the Commissioner, Inland Revenue. *ky*

National Productivity Organization (Guarantee) Limited

Notes to the Financial Statements

For the year ended 30 June 2017

9	CASH AND BANK BALANCES	<i>Note</i>		
	Cash in hand		155,000	140,000
	Cash at banks -on local currency current account		105,980	96,335
	-on local currency saving account		875,018	2,952,588
			980,998	3,048,923
			1,135,998	3,188,923
10	TRADE AND OTHER PAYABLES			
	Accrued expenses		506,641	565,287
	Payables to related parties - unsecured		603,371	1,403,370
	Withholding tax payables			
	Office rent payables		3,529,460	5,144,698
	Other payables		2,355,060	1,822,018
			6,994,532	8,935,373
11	DEFERRED GRANT			
	Opening balance		3,678,614	4,433,140
	Cost of items of property and equipment purchased - note 4	4, 12	567,511	-
	Amortization representing depreciation of items of property and equi	4	(618,406)	(754,526)
	Closing balance		3,627,719	3,678,614
12	GRANT			
	Grant received from Ministry of Industries, Production		50,361,000	40,914,981
	Less: Grant used for capital expenditures transferred to deferred grant		(567,466)	-
			49,793,534	40,914,981
13	INCOME FROM TRAINING AND CONSULTANCY			
			2017	2016
			Rupees	Rupees
	Income from training & training consultancy		3,289,764	1,080,391
	Income from energy audit and energy consultancy		1,471,550	1,620,990
	Income from video conferencing (APO)		1,559,202	1,672,478
	USAID project income (Made in Gilgit)		6,324,776	-
	Income from projects (IFC and ERKF etc.		594,823	2,735,436
			13,240,115	7,109,295

National Productivity Organization (Guarantee) Limited

Notes to the Financial Statements

For the year ended 30 June 2017

14 OTHER INCOME

Productivity Association of Pakistan	-	175,425
Training Processing fee	210,000	170,000
Profit on bank deposits	88,678	91,707
Misc Income	1,370,793	-
	<u>1,669,471</u>	<u>437,132</u>

15 OPERATING COST

Salaries and other benefits	36,402,849	36,266,667
Utility expenses	693,602	521,544
Rent	6,237,420	5,573,094
Repairs and maintenance	653,457	673,593
Printing and stationery	645,691	310,880
Communication	577,269	529,034
Staff travelling and conveyance	601,374	297,030
Vehicle running and maintenance	1,338,204	1,201,136
News paper and periodicals	23,947	9,939
Office expenses	628,327	545,548
Bank charges	28,835	132,083
Insurance	2,352,982	2,143,575
Auditors' remuneration	400,000	400,000
Advertisement Expenses	822,905	74,895
Board Meeting	1,230,139	1,075,455
Corporatization Expenses	90,179	127,050
Bad debt	-	-
Others	189,279	115,460
	<u>52,916,459</u>	<u>49,996,983</u>

- 15.1 Review the status of NAB recovery as per Note 14.1 in audited Financial statements of 30 June, 2016, No further Information with regards to the payment of amount recovered by NAB paid to Ministry of Industries and Production, if any, Favoring NPO was given to us.

16 TRAINING AND CONSULTANCY EXPENSES

Training course expenses	1,279,676	521,450
E-Learning training course expenses	116,751	110,450
Consultancy Expenses	91,625	-
Energy audit expenses	165,820	210,254
IFC project expenses	581,361	910,725
USAID project expenses (Made in Gilgit)	6,856,146	-
	<u>9,091,379</u>	<u>1,752,879</u>

National Productivity Organization (Guarantee) Limited
Notes to the Financial Statements
For the year ended 30 June 2017

(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

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 balance sheet date.

	Carrying amount Rupees
2017	
Financial liabilities	
Accrued and other payables - maturity up to one year	<u>6,994,532</u>
2016	
Financial liabilities	
Accrued and other payables - maturity up to one year	<u>8,935,373</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.

(d) Fair values

Fair value versus carrying amounts

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

	2017 Rupees	2017 Rupees	2016 Rupees	2016 Rupees
	Carrying value	Fair value	Carrying value	Fair value
Assets carried at amortized cost				
Deposits	389,250	389,250	116,500	116,500
Other receivables	1,570,165	1,570,165	1,504,113	1,504,113
Accrued interest	431,540	431,540	-	-
Cash and bank balances	1,135,998	1,135,998	3,188,923	3,188,923
	<u>3,526,953</u>	<u>3,526,953</u>	<u>4,809,536</u>	<u>4,809,536</u>
Liabilities carried at amortized cost				
Trade and other payables	6,994,532	6,994,532	8,935,373	8,935,373
	<u>6,994,532</u>	<u>6,994,532</u>	<u>8,935,373</u>	<u>8,935,373</u>

National Productivity Organization (Guarantee) Limited
Notes to the Financial Statements
For the year ended 30 June 2017

17 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.

(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:

	2,017 Rupees	2,016 Rupees
Advances	-	-
Deposits	356,500	116,500
Trade and other receivables	1,570,165	1,504,113
Advance Tax	431,540	-
Bank balances	980,998	3,048,923
	<u>3,339,203</u>	<u>4,669,536</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.

Other receivables include Rs. 595,000 (2013: Rs. 3,346,507) from related parties. The ageing is as follows:

	2,017 Rupees	2,016 Rupees
Less than one year	-	3,247,507
More than one year	595,960	99,000
	<u>595,960</u>	<u>3,346,507</u>

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

National Productivity Organization (Guarantee) Limited
Notes to the Financial Statements
For the year ended 30 June 2017

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.

18 REMUNERATION OF KEY MANAGEMENT PERSONNEL

	Chief Executive	Executive	Chief Executive	Executive
	2017 Rupees	2017 Rupees	2016 Rupees	2016 Rupees
Managerial remuneration	6,585,311	14,890,015	3,403,854	17,482,017
Benefits	-	-	76,490	-
	<u>6,585,311</u>	<u>14,890,015</u>	<u>3,480,344</u>	<u>17,482,017</u>
Number of persons	<u>1</u>	<u>21</u>	<u>1</u>	<u>25</u>

Executives of the company are provided car for official use only.

18.1 BONUS TO EMPLOYEES


	2017 Rupees	2016 Rupees
Bonus paid to employees	2,298,365	2,395,500
	<u>2,298,365</u>	<u>2,395,500</u>

19 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:

	2017 Rupees	2016 Rupees
Grant received from GOP	50,361,000	40,914,981
Remuneration to Key Management Personnel	14,890,015	17,482,017

20 TAXATION

The management believes that owing to the nature of the Company's operations it is entitled to tax credit equal to hundred percent of tax payable under Section 100C of Income Tax Ordinance 2001 subject to the conditions that it is approved as Non-profit organization by the Commissioner, IR and has filed annual tax return, tax required to be deducted or withheld has been deducted and withheld and statutory withholding statements have been filed. 

National Productivity Organization (Guarantee) Limited
Notes to the Financial Statements

For the year ended 30 June 2017

21 NUMBER OF EMPLOYEES

As at 30 June 2017

As at 30 June 2016

Average	Year end
65	65
71	71

22 DATE OF APPROVAL OF FINANCIAL STATEMENTS

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

23rd November, 2017

CHIEF EXECUTIVE

DIRECTOR