

Director General’s keynote speech at the
UNIDO Seminar on Sustainable Industrialization,
Tokyo, 14 May 2015

***“UNIDO’s new global mandate in the context of the Post-2015
Development Agenda and its operationalization”***

Excellencies, Distinguished guests, Ladies and Gentlemen,

It is my sincere pleasure to be here in Tokyo today to address you on UNIDO’s approach to achieving Inclusive and Sustainable Industrial Development (ISID) in the Post-2015 development era. I would like to thank Assistant Secretary-General Prof. Kazuhiko Takeuchi, the Senior Vice-Rector of UNU, for welcoming us at the United Nations University today.

I would also express my sincere gratitude and appreciation to the previous speakers, Mr. Yuzo GOTO and Mr. Mr. Katsunobu TAKADA, not only for their kind welcome remarks, but also for the long-standing support of the Government of Japan to UNIDO.

Seeing the audience present at this event, I see many Ambassadors and distinguished representatives of Embassies in Tokyo, colleagues from Japanese Government ministries, financial institutions and development agencies, such as JICA, JBIC, NEDO and HIDA, as well as many partners from private sector companies and academia. I very much look forward to engaging with you all today.

Japan has long been a trusted and dependable friend of UNIDO, both in terms of its financial support to the Organization, and in terms of the political support it has offered to our mandate of promoting inclusive and sustainable industrial development, or ISID for short. Japan is the largest contributor to the regular budget of UNIDO, and it has also been a consistent and reliable source of voluntary contributions to finance a variety of our projects and programmes in many developing countries.

I am particularly pleased to note also that the Japanese Government is calling for poverty eradication through “quality growth”. Such growth should be *inclusive* in that the fruits of growth should be shared with society as a whole, leaving no one behind. It should be *sustainable* over generations and in harmony with the environment and climate. And it should be *resilient*, thus able to withstand and recover from economic crises, natural disasters or other shocks.

I have just mentioned that UNIDO’s mandate is ISID — inclusive and sustainable industrial development. So I am very pleased that the concept of “quality growth”, when applied in the industrial development context, shares so many commonalities with the concept of ISID that one can say the two are in harmony.

The cooperation between Japan and UNIDO is not limited to project activities. UNIDO has been an active member and supporter of the Tokyo International Conference on African Development (TICAD) since October 1993.

UNIDO assisted in the establishment of the Asia-African Investment and Technology Promotion Centre in Kuala Lumpur in 1998, and served as co-organizer of several Africa-Asia Business Forums.

Several of my predecessors as Directors General of UNIDO have participated personally at TICAD conferences, and UNIDO co-hosted four side-events at the last conference. We look forward to working together in support of TICAD VI, which is set to take place next year.

UNIDO's global experience in industrial development, acquired over almost five decades, makes it a key partner for the Government of Japan by supporting Japan's activities to contribute to peace and prosperity in the international community. It is needless to say that the concept of "human security" is one of the main pillars of Japan's development cooperation policy and that UNIDO and Japan cooperate closely in this area. We have implemented a number of human security projects, but also support promoting the approach itself. In fact, I only spoke on Monday at an interactive panel discussion on the application of human security in Vienna, which was co-hosted by the UN Human Security Unit and UNIDO.

We also appreciate greatly the talent and expertise that Japan has provided to UNIDO through the numerous Japanese staff members we have in our Organization, including Mr. Taizo Nishikawa, the Deputy to the Director General.

On a similar note, I would also like express my sincere appreciation to Japan for having provided us with excellent Associate Experts and Junior Professional Officers in the past, many of whom have become staff members of UNIDO or sister agencies in the United Nations family.

Finally, I would also like to note with appreciation the close relationship and support of the Permanent Missions of Japan in Vienna and in New York. Ambassador Kitano, the Permanent Representative of Japan to the United Nations in Vienna, underlined his interest and support by visiting UNIDO project sites in Ethiopia and Kenya to witness some of our activities on the ground. Also the Permanent Mission of Japan in New York has to be thanked as it is an active and valued member of the informal group of "Friends of ISID", which has made an important contribution to embedding the ISID into the new multilateral development frameworks currently being developed by the world community. We particularly appreciate the efforts of the Friends of ISID in ensuring that our mandate has been fully incorporated, together with infrastructure and innovation, as Goal 9 of the proposed Sustainable Development Goals.

The relationship between UNIDO and Japan continues to flourish, not least through the work of our Investment and Technology Promotion Office (ITPO) in this very city, established back in 1981.

ITPO Tokyo was created to assist developing countries and countries with economies in transition in their efforts to achieve inclusive and sustainable industrial development by promoting foreign direct investment (FDI) and technology transfer from Japan to these countries. The ITPO undertakes a variety of activities to achieve this objective, including a delegate programme through which government officials of developing countries are invited to Japan; technology transfer programmes to identify and promote the transfer of Japanese technologies, especially in the field of energy and environment; as well as seminars, events and exhibitions at trade fairs to promote various countries and industrial sectors. In addition, the ITPO also supports the establishment of business linkages between Japanese and foreign companies, inter alia by facilitating overseas business missions by Japanese firms.

The geographical coverage of the ITPO Tokyo extends to the whole developing world. Recently the office has increased its focus on Africa and least developing countries in other continents. Its activities cover many sectors of manufacturing industry, including agro-based industries, and environment and energy related industries, as well as the promotion of small and medium-sized enterprises (SMEs).

Expectations are growing for Japan's contribution to these areas, based on the country's broad experience in business and technology development and promotion.

The Advisory Programme for Africa is particularly fruitful in this regard, as the ITPO has already supported 30 Japanese companies in seeking new investment opportunities in

Ethiopia alone, in diverse sectors such as medical equipment, pharmaceuticals, energy, finance, trading, and infrastructure. Likewise, UNIDO is cooperating with Japanese Embassies, JETRO and JICA in those countries to exchange information on sector of interest to Japanese companies in Africa, especially in agro and leather industries, forestry, fisheries, healthcare, engineering, construction and energy.

Excellencies, Distinguished Delegates,

UNIDO's global connectedness and Japanese high-tech innovation are a winning combination, as is evidenced by the results of our cooperation. During the 18 months between mid-2013 and the end of 2014, ITPO Tokyo realized 15 investment projects totaling USD \$430 million, creating over 2,000 jobs. The ITPO is currently implementing projects with an investment value of USD \$15 million, which are expected to yield almost 600 new jobs. We can thus see that our relationship is a mutually-reinforcing and beneficial one.

Moreover, Japan's historical experience of the transformative economic and social effects of industrialization dovetail with UNIDO's mandate of promoting inclusive and sustainable industrial development, as given to us in the landmark Lima Declaration adopted unanimously by the Organization's Member States at our 15th General Conference in December 2013.

But the question remains: what is inclusive and sustainable industrial development? What are its parameters and how do we implement it on the ground? In order to answer these questions, we must first provide some historical context to explain the genesis of the ISID paradigm.

Throughout modern history, industrialization has been the most powerful driver of economic and social transformation. No country has ever transitioned from a developing country to a developed country without having undergone a period of industrialization. This is also evident in the case of Japan in the late 19th century, and again in the mid-20th century, when the post-war drive to industrialize helped not only to reconstruct the country, but to propel it to one of the highest performing world economies in little over two decades. Moreover, industrial production has been proven to provide stable employment, increases in income and lessened inequality throughout modern history.

Thus, it is certainly true that industrial development can bring increased economic competitiveness and can create shared prosperity. However, all too often, the economic returns of greater industrial productivity have come at the expense of the environment. The Industrial Revolution in 18th and 19th century England yielded unparalleled productivity growth in industry and modernization of infrastructure, but it is undeniable that this was accompanied by significant levels of environmental degradation and social inequality.

It is vital that the industrialists and entrepreneurs of today learn the lessons of history in this regard; "business as usual" is simply not an option for the post-2015 era. Today, sustainability must be the foremost consideration of any industrial development process.

UNIDO strongly emphasizes the sustainability imperative in all of its interactions with private sector partners, industrialists and entrepreneurs. Quite simply put, environmentally-friendly companies are often the most efficient companies, and will last longest in increasingly competitive global markets. Green industry, favouring production processes

which reduce emissions, energy input and wastage of resources, not only lessen the impact on the environment, but also reduce the financial costs of industrial production in the long-run.

In the post-2015 development era, industrial production must be cleaner and greener. UNIDO bases its sustainability policies and operations upon three pillars:

(1) At the policy level we support the development of green industry policies and provide capacity building and training seminars, working with the UN and other partners. In terms of multilateral policies, UNIDO is playing a lead role in the “Partnership for Action on Green Economy” (PAGE) which is a joint response to the Rio+20 Outcome by five UN agencies, supporting an increasing number of countries in their transition to a green economy.

(2) UNIDO also supports the greening of existing industries, usually in clusters of enterprises. One especially successful programme in this regard has been UNIDO’s promotion of resource efficient and cleaner production (RECP) through a dedicated network of National Cleaner Production Centres. These Centres focus particularly on improving environmental standards in the areas of water resources, energy and materials use management.

(3) The Organization also works towards the creation of new green industries, especially in the domains of waste management, renewable energy, and the establishment of new eco-industrial parks. Eco-industrial parks are, in particular, a key element of our Program for Country Partnerships to implement ISID, which I shall elaborate on a little later.

However, we cannot act alone if we wish to achieve less environmental degradation: the input and commitment of other segments of society, including United Nations sister organizations, national governments, private industry, the research community and civil society organizations, are vital to achieving the necessary transformation. It is only through such multi-stakeholder partnerships that we can harness the respective strengths of all sectors to make the breakthrough we need to eradicate poverty.

UNIDO already brings significant experience to bear in convening such diverse partnership coalitions. Together with UN Global Compact, UNIDO co-led the private sector engagement strand of a series of post-2015 consultations on behalf of the whole United Nations system. Here, industrialists, SMEs, entrepreneurs, public sector representatives, academics and others provided their views on the modalities for increasing private participation in the future SDG framework.

Likewise, UNIDO cooperates with the United Nations Environment Programme to convene the Green Industry Platform. This is a global, high-level, multi-stakeholder partnership and forum to catalyze, mobilize and mainstream action on Green Industry around the world. It provides a framework to bring governmental, business and civil society leaders together to secure concrete commitments and action in support of the Green Industry agenda, i.e. greening the manufacturing process *and* creating green industries for the production of goods and services for domestic use or export.

Participants in this network pledge to prioritize a number of concrete and measurable actions to reduce the environmental footprint of industrial production processes.

UNIDO has concluded a partnership agreement with the Japanese city of Kita-kyushu in order to promote the concept of eco-cities in developing countries. The eco-town concept is based on a zero-emissions approach and seeks to utilize, insofar as possible, the waste generated by domestic and industrial activities as the raw material for other industries. As part of this innovative sustainability model, the city of Kita-kyushu has adopted a collective measure for the treatment of Persistent Organic Pollutants (POPs), which is based on complete waste management and recycling of POPs, including segregation, collection, treatment and disposal.

Such cooperation initiatives have borne fruit in the past, both for Japanese investors and for the target countries. In Nigeria, the cooperation between UNIDO and Kitakyushu has led to the opening of a car-recycling investment project. Elsewhere, an e-waste project is being negotiated for Tatarstan, Russian Federation, and eco-town projects are being prepared for the Visaya province of the Philippines, and for South Africa.

It is through such actions that we can move closer to “the World We Want” by 2030, in close cooperation with our colleagues across the development community. An ISID approach must prioritize environmental protection as a matter of urgency if we are to achieve our goals.

Ladies and Gentlemen,

Avoiding the sort of environmental degradation that accompanied industrialization in the past is a must. However, industrial development cannot focus on safeguarding the environment alone; it must also provide solutions for the billions of poor citizens who continue to languish in undeserved misery today. After all, eliminating poverty is the overriding priority of the Sustainable Development Agenda that the international community is seeking to construct for the post-2015 era — the era that will follow the scheduled end of the Millennium Development Goals this year.

Industrial development is an unparalleled driver of the type of transformative change required to drive social mobility, through the provision of stable employment, decent jobs and increased incomes. This has been proven time and time again throughout modern history: in the United Kingdom in the 18th century, in the USA in the 19th century, and in Japan in the 20th century, a focus on industrial development has triggered a dramatic expansion of GDP. However, we must ensure that the prosperity brought through industrialization is evenly distributed. There is no doubt that in previous eras industrial progress led to a widening of social inequality, as the works of Charles Dickens demonstrate vividly. Even though considerable strides have been made in reducing extreme poverty globally in recent years, too many citizens continue to languish in poverty. This is true of both high and middle-income and developing countries.

In developed countries, an overdependence on service industries, particularly financial services, has led to structural weaknesses in many economies, and especially to an increased vulnerability to exogenous shocks. As a matter of fact, policies that prioritize services over industry have often reduced opportunities for stable, long-term employment, particularly for young people and women.

This has been vividly illustrated by the recent global recession, in which unemployment in developed countries has persisted and millions of people depend on precarious, low-paid employment. Likewise, young people and women have been disproportionately affected by rising unemployment in high income countries. A focus on high technology production, innovation and scientific industries would yield greater job creation, higher incomes and reduced dependence on the public purse for millions of citizens in the developed world. It is no coincidence that the countries which took such a policy approach over the past number of decades have seen the lowest unemployment rates in the western world since the crisis.

Through the Millennium Development Goals framework, significant progress has been made in halving extreme poverty at the global level. At least 700 million people were lifted out of extreme poverty between 1990 and 2010. Despite this enormous success, one of five persons in developing regions, particularly in Least Developed Countries, survives on less than \$1.25 a day.

Where poverty remains, development gains are difficult to achieve and even harder to sustain. Where poverty and inequality are entrenched, instability and conflict are far more likely to erupt.

This is why the Post-2015 development agenda not only seeks to complete the unfinished business of the Millennium Development Goals, but also to pursue a more ambitious,

universal agenda. Where the MDGs sought to halve extreme poverty, the Sustainable Development Goals seek to eradicate it entirely.

Friends and Colleagues,

A proactive policy approach is needed to tackle such pressing challenges. UNIDO implements pro-poor business initiatives through inclusive and sustainable industrial development, aimed at boosting national capacities for the growth of small and medium enterprises in developing countries, especially Least Developed Countries. These activities are implemented predominantly in agro-industrial production, food security, textiles and rural development.

Similarly, UNIDO assists a number of states, such as Egypt, Cabo Verde, Namibia, Rwanda, Tunisia and others across Africa and many other developing regions, with the development of entrepreneurship curricula, targeted towards young people and women. The role of private sector partners is especially vital to these programmes, given their know-how and expertise.

Such initiatives are truly a win-win proposition: they allow private companies to broaden their horizons and gain access to untapped markets and potential recruits, while participants gain new knowledge, enhanced skills and potential employment. One successful example of such a project is the Learning Initiative for Entrepreneurs (LIFE) programme implemented by UNIDO in cooperation with Hewlett Packard, which has given young people in Tunisia an opportunity to acquire the skills needed to start their own businesses or find employment in existing enterprises.

In line with the Government's strategy to promote private sector development through the creation of SMEs in vulnerable regions, the project aims to open sustainable employment opportunities for Tunisian youth in four cities. The project will enhance the capacity of regional and local business support institutions, training centres, universities and vocational training institutes to provide instruction in enterprise creation and development and will provide direct support to targeted enterprises in the four regions. By the time the project is completed at the end of this year, it is expected that 800 young men and women will have been trained in enterprise creation, 1,000 aspiring entrepreneurs will have attended enterprise promotion seminars, and 8,400 aspiring and existing entrepreneurs will have been empowered with information technology tools to increase their business efficiency. Business counselling will be offered to 146 "LIFE" trainees following their training.

Similarly, UNIDO is working together with Komatsu, one of the world's leading manufacturers of heavy equipment, and with the support of the Government of Japan, to promote youth employment in the mining, construction and agriculture sectors of Liberia. Liberia has a history of 14 years of civil war and is currently experiencing a transition from post-conflict peace-building toward long-term development. As the use of Liberia's natural resources is essential to increase the economic capacity for the country, the mining sector provides a huge potential for youth employment. To fill the skills gap in the use of modern machinery and heavy equipment, UNIDO and Komatsu have established a facility to train equipment operators and maintenance personnel and gain practical skills for immediate employment opportunities. When Liberia was suddenly hit by the Ebola Virus Disease outbreak last year, UNIDO promptly re-oriented the project to support Ebola Virus Disease operations: the hydraulic excavator was used by the project trainers to support the construction of an Ebola Treatment Unit in Monrovia.

Yet another project, implemented in cooperation with the retailing company Aeon, aimed at increasing the availability of safe and sustainable food products in Japan while at the same time facilitating the access of small-scale producers to international markets.

Based on successful experiences with similar projects in Egypt, India and the Russian Federation, UNIDO has been implementing a “Sustainable Supplier Development Programme” in Malaysia with a focus on food safety, quality, productivity, corporate social responsibility and sustainability, which are stringent market requirements that often make it difficult for small-scale suppliers to sell their products abroad. By meeting these quality criteria, Malaysian producers are able to supply high-quality food products to Aeon for sale in the Japanese market.

Likewise, UNIDO has partnered with several Japanese companies to promote green technology solutions, most prominently in the areas of water treatment, mercury waste recycling, and nanotechnology and industrial coatings, waste water and bottled water recycling. Such innovations are at the forefront of the battle to advance green industry. The cooperation in this field was also made visible at the United Nations Conference on Sustainable Development, the so-called Rio+20 Conference in Brazil, where UNIDO showcased six Japanese environmental technologies for both the greening of existing industries and the creation of green industries. Projects such as these are yielding greater opportunities for broader segments of the population. Thus, such examples show us that industrialization can indeed be inclusive, as well as sustainable; it is indeed possible for prosperity to be shared throughout society.

Excellencies, Ladies and Gentlemen,

While intergovernmental negotiations on the Post-2015 development agenda are still in train, we expect that the present proposal of 17 sustainable development goals submitted by the Open Working Group will remain broadly intact. The Second Committee of the United Nations General Assembly has already underlined its support for ISID by ratifying a strong biennial resolution on industrial development cooperation last autumn. Thus, significant political capital exists to apply the ISID concept for the development needs of the future. Distinguished delegates,

In the meantime, UNIDO has been earnestly developing the conceptual framework for operationalizing ISID, in cooperation with its Member States. This approach is based on carefully coordinated operations both within UNIDO and with external providers of development services, with the aim of enhancing the synergies and overall development impact of these services. Over the coming years, the new approach—to be implemented through a series of Programmes for Country Partnerships (PCPs), aligned to national industrialization plans in programme countries—will run concurrently with UNIDO’s traditional service delivery modalities while it is tested and fine-tuned through its implementation in a gradually expanding number of pilot countries. It will eventually form the basis of the Organization’s entire service delivery, replacing mere technical cooperation with a more comprehensive and holistic approach to industrial development.

The new partnership approach was developed in close consultation with a large number of existing and potential partners and counterparts. Two meetings, the First and Second ISID Forums, were held with these partners in Vienna in June and November 2014 respectively, to provide a platform for the joint conceptualization and realization of this new collaborative approach. The first forum brought together around 300 representatives of government, industry, academia and the private sector to consider appropriate partnership strategies and policies, with a special focus on the potential of special economic zones and industrial business parks to act as hubs for investment and economic transformation.

The Second ISID Forum in November was attended by the Secretary-General of the United Nations and the Prime Ministers of Ethiopia and Senegal and saw the launch of the ISID Programme for Country Partnerships in these two countries. The forum had been preceded by extensive efforts during August and September to examine partnership opportunities and

modalities of cooperation with government counterparts and other local and international partners in both countries.

The full-scale implementation of these pilot programmes was launched in early 2015. Participants commended the technical assistance delivery of UNIDO, that had made a concrete impact on the ground and continued to be a crucial mechanism for enhancing development and progress.

I have recently visited Ethiopia to meet with Prime Minister Hailemariam Desalegn to monitor progress of the inaugural PCP, and am pleased with the initial developments. A High Level Steering Committee has been established to provide strategic guidance on the implementation of the PCP, while a National Task Force will coordinate between various government ministries and the private sector. For one project opportunity, UNIDO will also undertake a feasibility study, along with the Government of Ethiopia and the European Investment Bank, concerning a possible Leather City venture in Modjo.

A number of banks and development finance institutions have expressed interest in upscaling investments under the PCP framework, while the World Bank's International Finance Corporation is also investigating funding opportunities for a textile plant under PCP.

Moreover, several UNIDO Member States in the region have enquired about the possibility of becoming the next PCP pilot countries.

While these are still early days for the PCPs, we are already seeing green shoots of potential for revolutionizing the industrial base in these countries. I sincerely hope that we will also be able to attract the interest and support of the Government and private sector of Japan for this exciting and innovative new partnership-based approach to promoting inclusive and sustainable industrial development. Japan has a lot to offer in this regard, and Japan's private sector in particular also has the potential to gain significant benefits by partnering with UNIDO in this effort.

Excellencies, Ladies and Gentlemen,

Inclusive and sustainable industrial development is a promising paradigm for delivering results across the three dimensions of development policy: economic, environmental and social. The PCPs intended to operationalize the ISID concept are already yielding new infrastructural and industrial projects in the two pilot countries in which we have initiated this approach.

But, ladies and gentlemen, let me reiterate that UNIDO cannot promote the necessary industrial transformation of developing countries on its own. In order to successfully implement ISID, we will have to draw on the support and respective strengths of all development practitioners in multi-partner coalitions, including UN Member States and partners in the private sector, the research community and civil society.

The dynamic role of the private sector in providing trading opportunities, investment, employment and infrastructural development will be crucial to revitalizing the economies of developing and developed countries alike. UNIDO already has a long established and strong relationship with the Japanese Government and business community, and we very much anticipate the continuance of this partnership in exploring new horizons and projects for future growth.

Likewise, UNIDO Member States continue to provide the strategic guidance and resources for the Organization to execute its mandate.

We are glad that the PCP concept has gained such unqualified political support from Member States at the ISID Forums, and we look forward to cooperating closely with the Government of Japan, in particular, to implement such initiatives in future.

However, making the transition from mere technical cooperation to the broader and more holistic approach engrained in the PCPs will pose significant challenges to the Organization, especially in terms of mobilization of resources and project execution. We thus hope that UNIDO Member States and private industry will continue to explore innovative and efficient

pathways of collaborating with us, and thus lend UNIDO the support needed to achieve the untapped potential of ISID.

Ladies and Gentlemen,

Japan has long been a shining example of the transformative power of industry. Japanese innovation and production continue to compete at the very highest level globally. However, there is still considerable potential for growth in emerging markets.

Through the PCPs, UNIDO hopes to achieve economic transformation in countries with a high potential for growth and investment. Through its historical experience of structural transformation, and through its tradition of dynamic entrepreneurship, Japan has much to offer these processes.

We thus look forward very much to continued and intensified cooperation with all of the colleagues present here in the audience today.

It is often said that a good start is half the battle won. The initial steps of the ISID campaign have been taken and shown to be a success. UNIDO is confident that together with our partners, ISID can yield a decisive victory over extreme poverty.

Ladies and Gentlemen,

I look forward to hearing the contributions of this distinguished panel;

Thank you for your attention.