

# *Japan*

## Permanent Mission of Japan to the International Organizations in Vienna

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### **Statement on behalf of the Japanese delegation at the 38<sup>th</sup> Session of the Industrial Development Board 24-26 November 2010**

Please check against delivery

<Morning of 24 November>

Mr. President,

It gives me a great pleasure to see you presiding over the current session. Your commitment and able leadership are sure to make this session of the Board a success.

#### Agenda item 2: Report of the Programme and Budget Committee

Mr. President,

To begin with, I would like, on behalf of the Government of Japan, to pay tribute to Dr. Yumkella for his strong leadership in the delivery of UNIDO's mandate in meeting the challenges of our world today. UNIDO's continued focus on 1) poverty reduction through productive activities, 2) trade capacity building, and 3) energy and environment reflects the current needs of the world and Japan welcomes Dr. Yumkella's service-oriented approach in addressing these issues.

I do not wish to repeat our statement at the last Programme and Budget Committee, but still would like to briefly touch upon three points, which we

think are significant issues for UNIDO to consider in order to become a more effective organization.

First of all, some concerns, as raised in the External Auditor's Report, still remain with regard to the reporting system of UNIDO. We note with appreciation that UNIDO's technical cooperation deliveries in 2009 amounted to 139.7 million US dollars, a record high since 1992. We congratulate UNIDO's delivery efforts. At the same time we would like to kindly request UNIDO to deliver more timely and substantial reports on its activities, including specific outcome or progress indicators. In this view, Japan hopes that the UNIDO management will fully respond to the External Auditor's recommendation for better reporting systems, and looks forward to an improved performance by the next reporting occasion.

Mr. President,

Our second point is related to the unutilized balances of appropriations and the Programme for Change and Organizational Renewal, or change management initiative. Japan takes note of the steady progress that has been made on the change management initiative following the General Conference. Recalling the intense discussions that took place in the last General Conference, a variety of views on the means of funding the change management initiative was presented. Japan, for example, insisted on the need for due consideration to be given to national legislation and the budgetary system of Member States. Having said that, Japan supports the change management initiative as an important step for UNIDO to become more efficient and effective as well as accountable. With this in mind, we rely on the leadership of Dr. Yumkella to present us with a constructive proposal which utilizes existing resources. Japan considers it important not to stop, but to keep the momentum for the change. UNIDO's proposal could be approved by Japan, with the understanding that it is an exceptional measure, as described in the conference paper IDB 38/9/Addendum 2.

Because this is a new proposal, we have some specific comments and would like to pose some questions to UNIDO:

First, how can you ensure that the Organization will not be exposed to the risks of currency fluctuations in the future? May we suggest looking into the practices of other UN organizations to find out the appropriate level of reserves needed for UNIDO.

Second, what was the actual cause of the increase in the funding needed for the change management initiative? What specific efforts has UNIDO made to reduce the cost? UNIDO needs to clarify to the Member States the rationale behind requesting the increase in the funding which was approved by General Conference.

Third, how much do you estimate for the follow-up costs after the introduction of Enterprise Resource Planning?

Last but not least, we regret the late arrival of the related conference document on this important issue, and encourage UNIDO to submit the full document in a timely manner in the future so that Member States can hold thorough discussions.

Mr. President,

My last point addresses the resource mobilization. Japan highly values UNIDO's continued funds mobilization efforts, with the volume of these extra-budgetary funds mobilized in the year 2009 having increased to 183.4 million US dollars, which is the highest level ever recorded in UNIDO's history. In addition, Japan commends the continued expansion of UNIDO's access to international funds, such as the Global Environment Facility, the Multilateral Fund for the Implementation of the Montreal Protocol, and the UN Trust Fund for Human Security.

Japan also appreciates the close relationship with UNIDO. To mention some recent developments in the area of environment, the signed agreement in June this year with the Mayor of Kitakyushu-City to spread Japanese green city know-how is still a fresh memory. Also, Japan's contribution to a UNIDO youth training project in Côte d'Ivoire amounting to 3.5 million US dollars is noteworthy. We look forward to further strengthening our

cooperation.

Japan considers that the successful mobilization of resources should coincide with the good performance record, as stated earlier. Japan also believes that it is vital to explore additional ways of performance monitoring other than the quantity of technical cooperation funding. Japan hopes that the change management initiative will thus encompass the establishment of effective indicators and a methodology to evaluate the performance of technical cooperation activities in terms of quality.

Mr. President,

To conclude my remarks, Japan has been placing high value on the close dialogue between UNIDO and Member States. We keep encouraging UNIDO to provide the Member States with information on its activities in a timely manner so that we can in turn provide valuable input to the UNIDO Secretariat.

Thank you.

<Afternoon of 24 November>

Agenda item 8: UNIDO support in fostering local pharmaceutical industry in developing countries

(no statement)

Agenda item 3: Multilingualism

(no statement)

<Morning of 25 November>

Agenda item 4. Progress report on regional programmes

Mr. President,

Japan takes note of the information contained in the document IDB.38/12, and thanks the Secretariat for the comprehensive update on UNIDO's implementation of the regional programmes, as well as the analysis of the global and regional trend regarding industrial development. We welcome the positive status report that shows the recent activities and achievements of UNIDO within the three thematic priorities and on cross-cutting issues.

Mr. President,

Taking this opportunity, and in accordance with decision IDB.1/Dec.29, which invites Member States to inform the Board of their work for the Organization, I would like to briefly touch upon recent developments in UNIDO-Japan cooperation efforts.

We are pleased to note that UNIDO's youth employment programme in Mano River Union countries, financed by the Japanese Government, has extended significant support to young people in the region. As reported in the document, over 5,000 young people have been trained in entrepreneurship skills; fourteen youth groups have been assisted with grants for business ventures; and four virtual communication hubs have been established in the countries to exchange information and experiences. Following the successful implementation of the Mano River Union programme, Japan financed 3.5 million US dollars for another UNIDO project in Côte d'Ivoire in August this year. Under this project, UNIDO will rebuild a centre that will offer training for 3,000 youth including ex-combatants and women, in order to acquire new skills in the construction, manufacturing and service sector.

Japan highly appreciates these activities delivered by UNIDO, because we believe that jobs and income can be generated through teaching vocational and entrepreneurship skills to vulnerable or marginalized people, especially those in rural areas who depend on agriculture, and that this will consequently lead to the economic growth of the whole country through industrialization. This growth, in turn, contributes vastly to the peace and prosperity of a nation. As a donor committed to the effort in poverty reduction and peace building, Japan appreciates the important role that UNIDO plays in this area. In light of this conviction, I am pleased to announce that the Japanese Government is envisaging further contribution to UNIDO projects in some African and Asian countries that provide vocational and entrepreneurship training for vulnerable people. We look forward to providing more information after the funding is approved by the Diet.

Green industry is another area Japan attaches great importance to. In June this year, during the Director-General's visit to Japan, UNIDO and Kitakyushu-City concluded an agreement to spread Japanese green city know-how to developing countries. In addition to that, as introduced in the current document, the Japanese Government has been discussing with UNIDO to co-host a conference on the Green Industry Initiative in Asia, to follow up on the Manila Declaration and to review the progress made since then. Japan is proud of its green and resource efficient industrial technologies, which could contribute to the effort in tackling climate change and promoting sustainable economic development. In this regard, we welcome these collaborations with UNIDO.

Mr. President,

To conclude my remark, I would like to reiterate our request to UNIDO for continuing the timely, efficient and effective implementation of high-quality programmes. For that purpose, due attention should be paid to fostering synergy among the activities of UNIDO, as well as among the activities of UN organizations. At the same time, we emphasize that proper monitoring is critical to ensure the appropriate management of programmes by capturing the disbursement of funds and keeping track of the

development of activities. We would like to ask the Secretariat to keep the Member States informed, and look forward to the next update.

Thank you.

Agenda item 5. Aligning the medium-term programme framework reporting cycle with the comprehensive policy review of operational activities for development of the United Nations system

Mr. President,

Japan takes note of the information provided by IDB.38/6-PBC.26/6 and considers it appropriate for the existing Medium-term Programme Framework 2010-2013 to remain in force until its scheduled expiry in 2013 with a midterm review to be conducted in 2011. Japan recalls that the present Medium-term Programme Framework 2010-2013 focuses clearly on the three presently prioritized areas with some emphasis on the environment, which Japan supports. Performance indicators are also provided in view of the results-based management, which may be able to assist Member States in properly monitoring UNIDO programmes in the upcoming midterm review in 2011.

With regard to the resource requirement stated in the document IDB.38/6-PBC.26/6, Japan echoes the importance of balancing between organizational needs and the burden placed on Member States, as the current global financial and economic crises affect us all and bring upon us new complex challenges. Careful examinations should be conducted before considering any increase of the regular budget.

Thank you.

Agenda item 6. Decentralization and UNIDO field representation

Mr. President,

Japan takes note of the information contained in the document IDB.38/13., including recent and expected developments in strengthening the UNIDO field representation.

We believe that a certain presence and capacity in the field are critical in order for UNIDO to keep delivering high-quality technical cooperation activities and to provide solutions to Member States, in a responsive, effective, and efficient manner. With this in mind, Japan welcomes the Secretariat's endeavor to become more orientated to the field.

Mr. President,

While assuring our general support, I would like to touch upon some points that should be considered so that UNIDO's ongoing efforts in decentralization and increasing the field representation will result in success.

First of all, a clear and realistic vision is necessary to illustrate the final goal, namely, which responsibilities the field offices and headquarters will have respectively and how UNIDO as a whole can function in the most efficient and effective way. The picture must not be an entire copy of another organizations' business model. Instead, in this exercise, consideration should be given to identifying the features of UNIDO's operations that distinguish the Organization as a reliable expert.

The design of the concrete system and organizational structure must be realistic as well. As we have stated in the past, a cost-effective approach within existing resources should be considered to ensure financial sustainability in the long term. Therefore we expect that, as described in the document, selection of the new field location will be based on strategic consideration using the established criteria, and further, the field network will be analyzed regularly for necessary adjustments.



While strong leadership is a critical requirement to realize drastic change, I would like to point out that a big change cannot be achieved without involving stakeholders, such as Member States and staff members of the Secretariat. To motivate them and win their support, and thus to establish a new system that genuinely functions, inclusive and transparent processes and timely information sharing are imperative.

We encourage the Secretariat to keep the Member States informed of the developments in the future.

Thank you.

<Afternoon of 25 November>

Agenda item 7: UNIDO contributions to achieving the MDGs

(no statement)

Agenda item 9: UNIDO activities in the field of energy and environment

(no statement)

<Morning of 26 November>

Agenda item 10: Matters related to intergovernmental, non-governmental, governmental and other organizations

(no statement)

<Afternoon of 26 November>

Agenda item 11: Provisional agenda and date of the thirty-ninth session

(no statement)

Adoption of decisions

Agenda item 12: Adoption of the report

(no statement)