



# The added value of UNIDO membership Denmark

## Summary

The draft Finance act for 2016 proposes a reduction of DKK 2.3 billion on spending for development cooperation, and entails the full withdrawal of membership from the United Nations Industrial Development Organization (UNIDO) effective 1 January 2017.

Should this proposal be accepted, it would be the first time in the history of Denmark that this founding member and historically strong supporter of the UN system would leave an organization of the UN family. This would come shortly after world leaders have adopted the 2030 Sustainable Development Agenda in a historic summit of the UN General Assembly chaired by Denmark.

The Danish 2016 contribution to UNIDO regular budget amounts to DKK 6.1 million or approximately 0.04% of the total proposed Danish development cooperation budget in 2016 (DKK 14.8 billion).

The work that UNIDO has been undertaking since its inception is fully in line with the new priorities of the government of Denmark to *“work towards meeting the developing countries demand for trade, investments, and technology so as to promote economic growth [...] further the conditions of developing countries and a sustainable business community that creates jobs and economic prosperity”* as outlined in the 2016 development cooperation budget proposition (p.6).

The same budget proposal also foresees *“setting aside resources to international organizations working in the area of trade and development in order to strengthen the capacity of developing countries to benefit from access to existing and new markets”*, an area where UNIDO was particularly praised by the Norwegian Agency for Development Cooperation (NORAD) in 2015 for its contributions in the area of trade capacity-building as *“centre of excellence, [...] playing a special and somewhat unique role in this field”*.

Following a formal invitation by the Danish Government in May 2015, UNIDO is currently in the process of establishing a UNIDO Nordic Office in the UN City Copenhagen by the end of 2015.

#### MANDATE OF UNIDO

- UNIDO is the only UN specialized agency mandated to promote inclusive and sustainable industrial development (ISID). UNIDO takes a holistic approach in this regard: it provides technical cooperation and policy advisory services that are based on its own in-house expertise, analysis and research.

#### ROLE OF UNIDO AND THE SDGs

- Poverty remains the central challenge of our world, and is closely related to issues such as migration, peace and security.
- Historical evidence and comprehensive analysis demonstrate that sustainable industrialization is indispensable to address these issues.
- UNIDO's approach is about "teaching how to use a fishing rod" rather than "handing out fish" (example of the UNIDO programme for the local pharmaceutical manufacturing of essential drugs in Africa vis-à-vis the humanitarian approach of distributing medication)
- Inclusive and sustainable industrial development is an unparalleled driver of economic growth, transformative change and social progress, through the provision of stable employment, decent jobs and increased incomes.
- UNIDO's role in international development has never been more relevant than today. UNIDO's goal of achieving *inclusive and sustainable industrial development (ISID)* is explicitly recognized in the 2030 Agenda for Sustainable Development, adopted by all world leaders on 25 September 2015, specifically in SDG goal 9 "Build resilient infrastructure, promote sustainable industrialization and foster innovation".

#### WHAT WE DO

- UNIDO's work is targeted at poverty reduction through job and wealth creation, trade capacity-building, food security, gender equality, and energy and environment.
- Example agri-business to address food security and reduce poverty: a large share of agricultural produce in developing countries does not undergo local processing, thus implying substantial post-harvest loss and food waste. UNIDO provides a variety of services to assist developing countries in adding value to agricultural produce, while generating employment opportunities for rural communities. UNIDO also helps establish value chains and links between resources and markets.
- Example renewable energy and energy efficiency: UNIDO's energy-related programme portfolio includes the promotion of energy efficiency policies, technologies and practices, as well as renewable sources of energy for the facilitation of productive activities. UNIDO also has an established convening role in this area, it is the founder of the Vienna Energy Forum, a leading global event on climate change issues organized every second year since 2009.
- Example climate change: UNIDO responds to the increasing demand for innovative partnerships and integrated solutions to address climate change, energy and development challenges simultaneously. UNIDO harnesses the potential of SMEs, start-ups and entrepreneurs for the promotion of climate policies while also strengthening the comparative advantage and competitiveness of the industrial sector. Concrete examples include the sustainable transport and sustainable cities programme, the gender-energy nexus programme, the small islands energy nexus programme, carbon capture, storage solutions, smart grids, etc.
- UNIDO also has a strong record of post-crisis interventions aiming at the restoration of livelihoods and productive capacities devastated by armed conflicts and natural disasters, as well as at building resilience by creating economic opportunities and fostering self-reliance of the affected people.
- While political instability and war may be one reason for large numbers of refugees making their way to Europe, the lack of job opportunities and income as well as extreme poverty is recognized as the other main cause for migration. Through the above-mentioned projects and

programmes, UNIDO addresses the root causes of social instability, with targeted local interventions to improve food security, job and wealth creation and energy access as those issues that contribute to social stability and peace.

- UNIDO fully recognizes that gender equality and the empowerment of women have significant positive impacts on sustained economic growth and sustainable industrial development, which are drivers of poverty reduction and social integration, and therefore uses gender mainstreaming as a key strategy in all of its projects for achieving gender equality and the empowerment of women.  
According to the vision of inclusive and sustainable industrial development (ISID) “no one should be left behind” and “prosperity should be shared with all” — particularly with youth and women. UNIDO is convinced that employment and entrepreneurship will help bringing women out of isolation and foster social inclusion, while at the same time improving their livelihoods.
- With its presence in the field UNIDO covers 116 countries and manages technical cooperation projects in all regions of the world, with specific emphasis on Africa and the Least Developed Countries (LDCs).
- UNIDO is one of the most effective and efficient UN organizations. The Organization’s increased efficiency is highlighted by a 240% increase in its technical cooperation delivery over the past ten years. At the same time, UNIDO has also substantially increased its mobilization of voluntary financial resources, testifying to the growing international recognition of the Organization as an effective provider of development services. This increase has been accomplished with virtually stable staff levels and a reduced regular budget over the past 15 years.

#### BUDGET

- The assessed contribution of Denmark to the UNIDO regular budget for 2016 amounts to DKK 6.1 million. The approximate annual expenditure for core staff members with Danish citizenship amounts to DKK 3.8 million (figure of 2014, excluding experts and consultants). Moreover, procurement returns to Danish industry and consulting companies averaged an annual DKK 6.7 million over the past five years.

#### UNIDO IN COPENHAGEN

- UNIDO is already showing presence in Copenhagen with an office of the Climate Technology Centre and Network (CTCN) in the UN City in Copenhagen.
- Based on an offer by the Government of Denmark in May 2015, UNIDO’s management has taken the decision to expand its local representation by establishing a UNIDO Nordic office in the UN City Copenhagen. Based on initial exploratory talks in June 2014 and further to the visits of the UNIDO Director General in October 2014 and March 2015, UNIDO is currently finalizing preparations for the establishment of such an office, which is planned to be opened at the end of 2015.

#### INVESTMENT PROMOTION AND PRIVATE PUBLIC PARTNERSHIPS

- UNIDO also promotes investments and technologies of advanced industrialized countries to developing countries and aims at enhancing trade between the “North” and the “South”. The UNIDO Nordic Office is also planned to contribute to promoting the interests of Danish industries and consulting companies in the developing world.
- UNIDO takes a lead role within the UN system for cooperation with the private sector. In October 2012, for example, UNIDO entered into a partnership with the Carlsberg Group, the world’s third largest brewing company, and its subsidiary Baltika Breweries for a project to reduce natural resource and water consumption, pollution and greenhouse gas emissions.

#### TRADE CAPACITY-BUILDING

- UNIDO is one of the largest providers of trade-related development services, offering customer-focused advice and integrated technical assistance in the areas of competitiveness, trade policies, industrial modernization and upgrading, compliance with trade standards, testing methods and metrology.
- The Norwegian development agency Norad recently reviewed UNIDO's trade capacity-building programme and called UNIDO a leading implementing agency within the Aid-for-Trade family "playing a special and somewhat unique role" and "widely recognized as a centre of excellence in this area".

#### OTHER RECENT EVALUATIONS

- UNIDO's competencies have also repeatedly been recognized by the European Commission, which is funding several large scale regional and national programmes, notably in West and Central Africa, and has become one of the largest donors towards UNIDO's programmes of technical cooperation. Overall, voluntary contributions towards trade capacity-building programmes of UNIDO exceeded USD 42 million in 2014 alone.
- The European Commission commended UNIDO in its 2015 Pillar Assessment as an efficient and effective Organization in line with EC standards.
- The Japanese government came to a similar conclusion after a review of 64 entities in August 2015, ranking UNIDO as one of only four Organizations with the highest ranking.
- UNIDO is an implementing agency of the Multilateral Fund for the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer: out of 13 evaluations since 2001, UNIDO was ranked 11 times as the top implementing agency, and second only twice (in 2002 and 2007).

