

Saint Ignatius College Prep

SIMUN XVI

Saint Ignatius Model United Nations



Chicago, IL

November 4, 2017

Hello delegates,

Welcome to the United Nations Capital Development Fund! My name is Anne Austin, and I'll be your chair for SIMUN XVI. I'm a junior here at Ignatius, and have been involved in SIMUN since my freshman year. I love American and international politics, economics, and public policy, so Model UN was the perfect choice for me. Last year I served as a Vice Chair for the UN Commission on the Status of Women, and this will be the first committee I've chaired. Outside of SIMUN, I'm a fellow at the Democratic National Committee and an intern on a local congressional campaign. I've been in many economic committees before and look forward to hearing your ideas!

In regards to position papers, please no more than a page per topic. I'd prefer to see a three paragraph paper with your country's past actions/stance, current actions/programs and involvement, and a brief outline of your resolution ideas. All position papers are due to me hard copy at the beginning of the committee. If you would additionally email me the papers before the conference, it would be appreciated, but not required. You must submit position papers to win an award. Frequent speeches, sponsorship of and writing on a strong and feasible resolution, and leadership in unmoderated caucuses will put you on your way to an award. Additionally, you must stay on policy. I myself have researched your countries' stances, and while reasonable compromises are rewarded, you are here to represent your nation, no matter how unpopular their policy.

Please keep in mind that SIMUN is a training conference. I know this may be your first time in committee, and in your preparation if you have any questions about the logistics of this committee or your individual research, please email me! I want to see delegates who are engaged in research in advance, and aren't afraid to ask questions. My vice chair, Maya, and I cannot wait to see you all this November!

Best,

A handwritten signature in black ink that reads "Anne Austin". The signature is written in a cursive, flowing style.

anne.austin@students.ignatius.org

Dear Delegates,

Hello! Welcome to SIMUN VI. I am Maya Goyal and I will be your vice chair for UN Capital Development Fund Committee. I am a sophomore at Saint Ignatius College Prep and I have been participating in Model UN for one year. I am very excited to be a vice chair for this committee and I hope we can have an enlightening and creative conversation regarding new opportunities for poor people and their communities. I hope we work cohesively to combat poverty. However, this committee will be most enjoyable and productive if every delegate is willing to participate and be active, so come prepared I hope you are all excited for this conference and the chair, Annie Austin, and I cannot wait to see what great ideas you all have to offer.

Sincerely,

Maya Goyal

Topic 1: Microfinance Reform

Microfinance is defined as when small, micro loans are given to the poorest of poor, many of whom don't have access to, or would've been neglected by, banks. These loans are traditionally given to groups to subsidize risk and incentivize recipients. Additionally, microfinance also serves small businesses and entrepreneurs in areas without access to banks. Nearly three billion in the developing world have little to no access to formal financial services, so microfinance can play a key role in alleviating poverty in these regions. As microfinance has



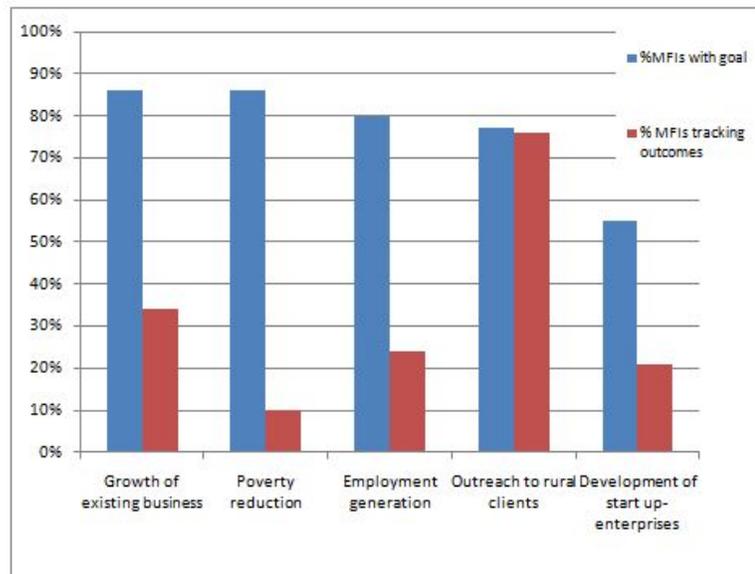
grown and the world has become more interconnected, microfinance is more generally used to reference the financial needs of the poorest of the poor, and goal of many banks and financial firms for global financial inclusion. As many key regions like Asia and Africa see populations rising, financial inclusion is more important than ever in ensuring stable markets around the world. Microfinance has also been keen in including women in business sectors. The godfather of modern microfinance, Dr. Mohammad Yunus, who would go on to win a Nobel Peace Prize, started making small loans to women in Bangladesh making furniture. In a study conducted by the Trust Bank Program of Sinapi Aba Trust, it was found that "when women have their own capital or have access to cash credit[micro loans], they have considerably more power and prestige in the

marketplace." Financial inclusivity is one of the core goals on the United Nations Capital Development Fund, and microfinance is how many firms are trying to achieve these goals.

However, there are many downfalls to microfinance, especially for those receiving loans. Microfinance institutions(MFIs) have weak regulations in the nations they operate in, and the absence of other widely established credit bureaus allow for risky lending practices, like borrowers obtaining multiple loans, and for MFIs to coerce repayment in an unethical manner. These institutions can also fail to adequately disclose interest rates, which in some cases can reach over 100 percent. Additionally, the growing number of MFIs, both not-for-profit and for-profit, is leading to the volume of microfinance in the marketplace being maximized, or the over saturation of the market. Some microfinance institutions track outcomes, while some are goal-oriented. Those MFIs with goals outperform MFIs that track outcomes in every field, and MFIs with goals are

usually not-for-profits. Without government regulation, relief programs, and the close monitoring of local government, debt can reach unsustainable levels. In an area of India without any of these key elements, dozens

of debt-related suicides occurred, all linked to MFIs with coercive collection methods. In spite



its flaws, many financial analysts believe that the system is worth fixing, and that through reform, micro loans can bring the poorest of the poor to markets to achieve financial inclusivity.

Where Regions Stand

Africa: African nations are still largely developing, but will be key strategic investments, as the UN predicted more than half the world's population growth will take place in the region. The spread of microfinance, combined with the spread of technology, had strengthened markets in countries like Côte d'Ivoire, Ghana, Mali, and Senegal.

East Asia and the Pacific: The East Asia Pacific regions (EAP) contains 27% of the world's population and 26% of the world's poor, while containing many of the world's emerging and potential democracies. The EAP region is on the rise, especially in MFI's portfolios, with investments growing 25.6% in 2015, totaling \$922 million.

Europe and Central Asia: Although many countries in Europe and Central Asia are developed, those that are developing will be important for European markets, but only 12% of the poor in the region have reported receiving a loan from the financial institution.

Latin America and the Caribbean: The microfinance sector in this region is booming- some 600 institutions have lent around 12 billion dollars to more than 10 million borrowers in the region, with institutions' portfolios totaling 40 billion dollars.

Middle East and North Africa: In the MENA region, about 12% live below the poverty line of 2 USD per day. The large population of youth (30% of population under the age of

14) will be important for markets of the future. Bank account ownership is up, but women are disproportionately left out of the financial sector.

South Asia: Microfinance began in Bangladesh and India's markets have grown at an exponential rate, but political turbulence in the region and lack of MFI regulation has caused the markets in the region to be unstable.

Questions to Consider:

1. Is your country developed or developing? What are poverty rates in your country like? Is there a dependence on or need for microfinance in your country?

2. Are there any microfinance institutions operating out of your country, and if so, does your country put any regulations on them?

3. If there aren't any microfinance institutions in your country, or regulations on them, what are the regulations surrounding small business loans? Are they similar to other countries' regulations on micro loans? If not, could these regulations be applicable?

Terms to Know:

MFI- microfinance institution, organizations that disburse and collect microloans that targets borrowers that have a need and are likely to repay the loan, also known as field partners

interest rates- the proportion of a loan that is charged as interest to the borrower, typically expressed as an annual percentage of the loan outstanding

co-signer- Someone who's name appears on loan documents and whose income and credit history are used to qualify for the loan. They are legally obligated to help repay the loan if necessary. Important because most micro loans are to groups of two or more co-signers.

Sources/ Useful Websites

<http://www.cgap.org/>

<http://databank.worldbank.org/data/reports.aspx?source=1228>

<http://www.investopedia.com/terms/m/microfinance.asp>

<http://www.asbaweb.org/E-News/enews-41/Archives2/fininc/2fininc.pdf>

<http://economicstudents.com/2014/04/the-problems-and-promise-of-microfinance/>

http://s3.amazonaws.com/academia.edu.documents/5353418/empowerment.pdf?AWSAccessKeyId=AKIAIWOWYYGZ2Y53UL3A&Expires=1500837600&Signature=xASZVMk29XMwkO2Heid6%2B1O2amU%3D&response-content-disposition=inline%3B%20filename%3DEmpowering_women_through_microfinance.pdf

https://www.smefinanceforum.org/sites/default/files/IFC_Factsheets_EAP_rgb_ONLINE_r2_1.pdf

Topic 2: Creating Jobs through Developing Infrastructure

Infrastructure development is a crucial element in all nations- developed and developing. Even in the wealthiest nation, infrastructure development is seen as a crucial mean of creating jobs and revenue and boosting tourism. For the developing world, infrastructure can be the key factor in if the nation can import and export goods crucial to both the well being of its citizens and the nation's economy.



Roads and bridges, while important, aren't the only elements of infrastructure. Full time electricity, running water, sanitation, reliable phone service, and the

internet are all

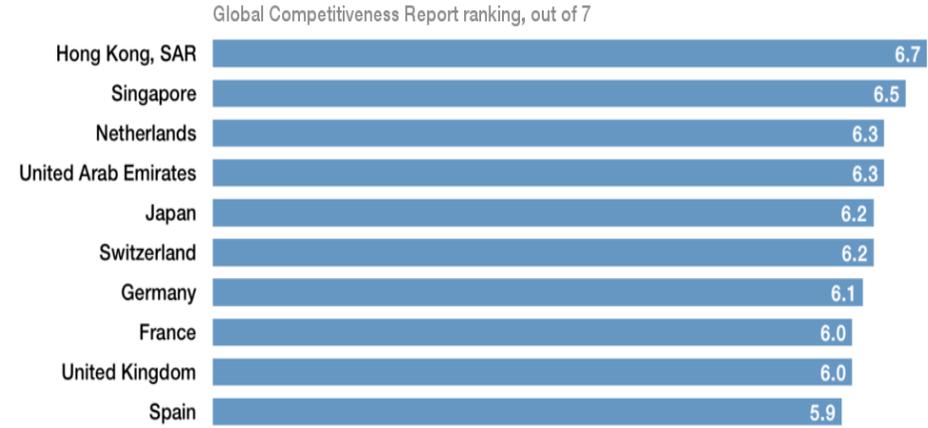
forms of infrastructure that billions lack access to worldwide. This lack of infrastructure is a key barrier to economic opportunity, especially when attracting businesses for job growth. The United Nations Capital Development Fund is steadfast in its belief that investing in infrastructure in developing countries will benefit the global community as a whole.

In the 2000, a group of wealthy nations invested in developing infrastructure in emerging markets, and in 2004, those markets had produced 1.7 trillion USD, a trove the *Financial Times* called "a foundation stone in the global economy for a decade." While most developed countries have little room for notable growth in infrastructure, developing countries, with growing populations and emerging markets, offer room for exponential growth while improving the quality of lives of the citizens of these nations and including them in the global workforce.

Infrastructure development is desperately needed across the globe. 1 billion people don't have phones, 1.2 billion people don't have electricity, 2.4 billion people don't have access to adequate sanitation, and 4.4 billion don't have access to the internet, leaving a large part of the global population out of the interconnected 21st century. When large swaths of the global population are left behind, the results are disastrous for the economy.

Countries with the best infrastructure, like Switzerland, Singapore, and Finland, also are found to provide the highest quality of life for citizens, and have

These economies have the best infrastructure



Source: World Economic Forum, Global Competitiveness Report 2015-16

strong, robust economies, meanwhile regions with hindered economic growth like parts of Africa and Asia are also found to have poor infrastructure.

Even in developing regions, nations with more infrastructure, like South Africa in the developing African region, draw in more business, have stronger economies, and lower unemployment rates. Employment in developing nations is crucial to their economic growth, and investments in job training programs has been prove effective in training natives to build infrastructure in their own communities. By including citizens of developing nations in the infrastructure projects in their own communities, it works to lower unemployment rates and draw businesses to trained employees.

Where Regions Stand

Africa: Africa is in desperate need of strengthened infrastructure, and will be a critical region for infrastructure development. With low levels of intra-regional economic exchange and small global exchange levels, Africa is the least integrated region of the world.

East Asia and the Pacific: The East Asia Pacific (EAP) region is an emerging region for strategic international development, and infrastructure growth in expected to remain steady until 2018, and beyond, granted markets are stable.

Europe and Central Asia: Infrastructure development in Europe and Central Asia is stable, but improvements are frequently debated in parliamentary bodies.

Latin America and the Caribbean: Nations in Latin America and the Caribbean are playing catch-up in developing infrastructure to nations of similar GDPs, but through stable markets and inclusive job markets, nations will be on track.

Middle East and North Africa: The MENA region is full of historical landmarks, and ancient infrastructure, and in some countries, wars have destroyed most regional landmarks. Infrastructure development will diversify markets in the region outside of crude oil.

Questions to Consider:

Does your country supply foreign aid, or need it? Do they have agencies like USAID, or high enrollment rates in programs like Teachers without Borders?

What is the infrastructure in your country like? Are roads safe to drive down, and do people have cars? Are there electric grids? Are there widespread sanitation systems and running water? How many people don't have access to cell service or the internet?

What is the education system like in your country? How much school is required? Is there a high graduation rate? Is higher education affordable? How widespread are apprenticeship programs? How well prepared are students for jobs?

What industries are important in your country and how many jobs do those industries supply? What is the unemployment rate in your country? Is there a demographic where unemployment is extremely high, like young people?

Would your country benefit from new infrastructure, either in first time advances or new improvements?

Helpful Websites/ Sources

<https://www.brandsouthafrica.com/investments-immigration/business/economy/south-africa-s-competitive-advantage-in-the-developing-world>

http://www.huffingtonpost.com/alexis-crow/invest-infrastructure-developing-countries_b_7971916.html

<http://www.worldbank.org/en/news/press-release/2016/10/04/world-bank-stable-growth-outlook-for-east-asia-pacific-in-2016-18>

<https://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/programme-for-infrastructure-development-in-africa-pida/>

https://webcache.googleusercontent.com/search?q=cache:jW1x64LpBpEJ:https://www.imf.org/~media/Websites/IMF/imported-flagship-issues/external/np/blog/dialogo/_060916pdf.ashx+&cd=1&hl=en&ct=clnk&gl=us

Countries in United Nations Capital Development Fund

Australia

Austria

Belgium

Benin

Brazil

Chile

China

Denmark

Egypt

France

Germany

Ghana

India

Italy

Laos

Liechtenstein

Luxembourg

Mexico

Myanmar

Oman

Russia

South Korea

Sweden

Switzerland

Turkey

Nigeria

Uganda

United Kingdom

United States Of America

Zimbabwe