

## SRMUN Charlotte 2016 The United Nations at 70: Addressing the Changing Landscape of Peace Security & Stability March 31 - April 2, 2016 <u>undp\_charlotte@srmun.org</u>

Greetings Delegates,

Welcome to SRMUN Charlotte 2016 and the United Nations Development Programme- Executive Board (UNDP-EB). My name is Desiree Kennedy, and I will be serving as your Director for the UNDP-EB. This will be my third conference as a SRMUN staff member. Previously, I served as the Director of the African Union in SRMUN Atlanta 2015, as well as served as an Assistant Director for the Human Rights Council at SRMUN Charlotte 2015. I am currently a graduate student at George Washington University and hold a Bachelors of Arts in Legal Studies and a Bachelors of Science in Political Science from Nova Southeastern University. Our committee's Assistant Director will be Daniel (Dan) Adjei. This will be Dan's first time as a staff member but he is not new to the SRMUN scene as he has previously been a delegate at two SRMUN conferences. Dan is a graduate of Pace University where he received a Bachelors of Arts in Biology and Mathematics and minored in Chemistry and Political Science.

The United Nations Development Programme (UNDP) has been regarded as the "centre" of the UN's global poverty reduction efforts and has been active in more than 177 Member States and territories. The UNDP is overseen by the UNDP-EB, comprising of 36 Member States elected by the Economic and Social Council (ECOSOC) to serve three-year terms. The UNDP-EB is responsible in implementing policy derived from the General Assembly (GA) but in "coordination and guidance" from ECOSOC, as well as receives, gives, and monitors the guidance of each UNDP programme and fund.

By focusing on the mission of the UNDP-EB and the SRMUN Charlotte 2016 theme of "*The United Nations at 70: Addressing the Changing Landscape of Peace, Security and Stability,*" we have developed the following topics for the delegates to discuss come conference:

- I. Promoting the Use of Microfinance for Rural Development
- II. South-South Cooperation: Enhancing Initiatives in Aid Effectiveness

The background guide provides a strong introduction to the committee and the topics and should be utilized as a foundation for the delegate's independent research. While we have attempted to provide a holistic analysis of the issues, the background guide should not be used as the single mode of analysis for the topics. Delegates are expected to go beyond the background guide and engage in intellectual inquiry of their own. The position papers for the committee should reflect the complexity of these issues and their externalities. Delegations are expected to submit a position paper and be prepared for a vigorous discussion at the conference. Position papers should be no longer than two pages in length (single spaced) and demonstrate your Member State's position, policies and recommendations on each of the two topics. For more detailed information about formatting and how to write position papers, delegates can visit srmun.org. <u>All position papers MUST be submitted no later than Friday, March 11, 2016 by 11:59 p.m. EST via the SRMUN website.</u>

Dan and I are enthusiastic about serving as your dais for the UNDP-EB. We wish you all the best of luck in your conference preparation and look forward to working with you in the near future. Please feel free to contact Deputy Director-General Michael Oleaga, Dan, or myself if you have any questions while preparing for the conference.

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### History for the United Nations Development Programme Executive Board

The United Nations (UN) General Assembly (GA) established the United Nations Development Programme (UNDP) in 1965, based on the merger of the UN Expanded Programme of Technical Assistance and the UN Special Fund.<sup>1</sup> The UNDP has been regarded as the "centre" of the UN's global poverty reduction efforts and has been active in more than 177 Member States and territories.<sup>2</sup> The UNDP's work includes reducing inequalities and exclusion levels.<sup>3</sup> The organization also engages Member States to craft institutional capabilities, leadership skills and policy development.<sup>4</sup>

While the UNDP has operated in more than 177 Member States, only 36 Member States are responsible for overseeing the UNDP's activities.<sup>5</sup> Known as the UNDP Executive Board (UNDP-EB), the 36 Member States represent five regional groups, each with a varied number of Member States: 12 Member States from Western Europe and Other States, eight Member States from Africa, seven Member States from Asia and the Pacific, five Member States from Latin America and the Caribbean, and four Member States from Eastern Europe.<sup>6</sup> The 36 Member States serve on a rotating basis.<sup>7</sup> The Economic and Social Council (ECOSOC) elect the UNDP-EB members, each year, to serve three-year terms.<sup>8</sup> The Western Europe and Other States group, however, has a separate and internal rotation scheme.<sup>9</sup>

In accordance with A/RES/48/162, the UNDP-EB is responsible in implementing policy derived from the GA but in "coordination and guidance" from ECOSOC.<sup>10 11</sup> The UNDP-EB is also tasked to receive, give, and monitor the guidance of each UNDP programme and fund.<sup>12</sup> The executive board also decides on administrative and financial budgets for each fund and programme.<sup>13</sup> Furthermore, the UNDP-EB has to submit an annual report to ECOSOC during its substantive session, which may outline recommendations where field-level coordination improvement may be needed.<sup>14</sup>

Within the UNDP-EB, the executive board elects a "Bureau" consisting of a President and four Vice-Presidents, while taking into account the need "to ensure equitable geographical representation."<sup>15</sup> The UNDP-EB Bureau members are eligible to serve a second consecutive term, but the Presidency should rotate annually to ensure that

<u>http://www.undp.org/content/undp/en/home/operations/executive\_board/overview.html</u> (accessed November 21, 2015).
 <sup>8</sup> "Overview: Information note about the Executive Board of UNDP, UNFPA and UNOPS," The United Nations Development Programme.

9 Ibid.

<sup>&</sup>lt;sup>1</sup> "Overview: Frequently Asked Questions," The United Nations Development Programme, <u>http://www.undp.org/content/undp/en/home/operations/about\_us/frequently\_askedquestions</u> (accessed November 21, 2015).

<sup>&</sup>lt;sup>2</sup> Ibid.

<sup>&</sup>lt;sup>3</sup> "Overview: A world of development experience," The United Nations Development Programme,

http://www.undp.org/content/undp/en/home/operations/about\_us.html (accessed November 21, 2015).

<sup>&</sup>lt;sup>4</sup> Ibid.

<sup>&</sup>lt;sup>5</sup> "Overview: Executive Board," The United Nations Development Programme,

http://www.undp.org/content/undp/en/home/operations/executive\_board/overview.html (accessed November 21, 2015). <sup>6</sup> "Members of the Executive Board," The United Nations Development Programme,

http://www.undp.org/content/undp/en/home/operations/executive\_board/membership/ (accessed November 21, 2015). <sup>7</sup> "Overview: Executive Board," The United Nations Development Programme,

www.undp.org/content/undp/en/home/operations/executive\_board/information\_noteontheexecutiveboard.html (accessed November 21, 2015).

<sup>&</sup>lt;sup>10</sup> A/RES/48/162. Further measures for the restructuring and revitalization of the United Nations in the economic, social and related fields. The United Nations General Assembly.
http://www.up.grs/decuments/second/28/162.htm (second Nationship)

http://www.un.org/documents/ga/res/48/ares48-162.htm (accessed November 21, 2015).

<sup>&</sup>lt;sup>11</sup> Rules of Procedure of the Executive Board of the United Nations Development Programme, of the United Nations Population Fund and of the United Nations Office for Project Services. The United Nations Development Programme. <u>www.undp.org/content/dam/undp/library/corporate/Executive%20Board/Rules\_of\_Procedure\_E.pdf</u> (accessed November 21, 2015)

<sup>&</sup>lt;sup>12</sup> Ibid.

<sup>&</sup>lt;sup>13</sup> Ibid.

<sup>14</sup> Ibid.

<sup>&</sup>lt;sup>15</sup> Ibid.

each of the five regional groups is represented once every five years.<sup>16</sup> The Bureau members do not have the exclusive authority to determine any decision of a substantive matter.<sup>17</sup> The UNDP-EB Bureau Members, as of 2015, are Vice-Presidents Sahak Sargsyan of Armenia, María José del Águila of Guatemala, Kelebone Maope of Lesotho and Durga Prasad Bhattarai of Nepal, while Japan's Hiroshi Minami serves as President ad interim.<sup>18</sup>

As an executive board, the UNDP-EB can create ad-hoc working groups and determine its functions, such as if the group has to develop a study or report.<sup>19</sup> The executive board's conduct of business grants each speaker to speak up to five minutes, unless decided otherwise.<sup>20</sup> During 2015, the UNDP's projects have been working on a budget of USD 5.3 million, accepting donations from Member States and other donors.<sup>21</sup> The UNDP-EB's financial assistance is only provided with a governments' collaboration on projects and programmes.<sup>22</sup> The executive board does not grant financial assistance to companies, private groups or individuals.<sup>23</sup>

The UNDP-EB's decision-making process encourages a consensus, but it is not required for a decision's passage.<sup>24</sup> The UNDP-EB's rule of voting procedures follows the same structure as ECOSOC.<sup>25</sup> As a result of A/RES/48/162 and A/RES/50/227, Member States who are not on the UNDP-EB are allowed to attend executive board meetings.<sup>26</sup> <sup>27</sup> The admittance of non-UNDP-EB Member States in executive board meetings are part of an effort to enhance participation, but these Member States are not given voting rights.<sup>28</sup> The UNDP-EB may also invite UN Secretariat representatives, any UN organization, specialized agencies, international financial institutions, and regional development banks, when appropriate, to further advance a topic's discussion.<sup>29</sup> Non-governmental organizations (NGOs) and intergovernmental organizations (IGOs), with "consultative status" from ECOSOC, may also be invited to UNDP-EB's deliberations but are not granted voting rights.<sup>30</sup>

The following UNDP-EB Member States are offered at SRMUN Charlotte 2016:

# ANGOLA, ANTIGUA AND BARBUDA, ARMENIA, AUSTRALIA, BULGARIA, CHINA, CONGO, CUBA, DENMARK, ECUADOR, ETHIOPIA, FIJI, GERMANY, GUATEMALA, GUINEA, ICELAND, INDIA, IRAN,

<sup>16</sup> Ibid.

<sup>26</sup> A/RES/48/162. Further measures for the restructuring and revitalization of the United Nations in the economic, social and related fields. The United Nations General Assembly.

http://www.un.org/documents/ga/res/48/ares48-162.htm (accessed November 21, 2015).

- <sup>27</sup> A/RES/50/227. Further measures for the restructuring and revitalization of the United Nations in the economic, social and related fields. The United Nations General Assembly. <u>http://www.un.org/documents/ga/res/50/ares50-227.htm</u> (accessed November 21, 2015).
- <sup>28</sup> Rules of Procedure of the Executive Board of the United Nations Development Programme, of the United Nations Population Fund and of the United Nations Office for Project Services. The United Nations Development Programme. www.undp.org/content/dam/undp/library/corporate/Executive%20Board/Rules\_of\_Procedure\_E.pdf (accessed November 21, 2015).

<sup>&</sup>lt;sup>17</sup> Ibid.

<sup>&</sup>lt;sup>18</sup> "Members of the Executive Board," The United Nations Development Programme,

http://www.undp.org/content/undp/en/home/operations/executive\_board/membership/ (accessed November 21, 2015).
 <sup>19</sup> Rules of Procedure of the Executive Board of the United Nations Development Programme, of the United Nations Population Fund and of the United Nations Office for Project Services. The United Nations Development Programme.
 www.undp.org/content/dam/undp/library/corporate/Executive%20Board/Rules\_of\_Procedure\_E.pdf (accessed November 21, 2015).

<sup>&</sup>lt;sup>20</sup> Ibid.

<sup>&</sup>lt;sup>21</sup> "Our Projects," The United Nations Development Programme, <u>http://open.undp.org/#2015</u> (accessed November 22, 2015).

<sup>&</sup>lt;sup>22</sup> "Frequently Asked Questions," The United Nations Development Programme, <u>http://www.undp.org/content/undp/en/home/operations/about\_us/frequently\_askedquestions</u> (accessed November 21, 2015).

<sup>&</sup>lt;sup>23</sup> Ibid.

<sup>&</sup>lt;sup>24</sup> Rules of Procedure of the Executive Board of the United Nations Development Programme, of the United Nations Population Fund and of the United Nations Office for Project Services. The United Nations Development Programme. <u>www.undp.org/content/dam/undp/library/corporate/Executive%20Board/Rules\_of\_Procedure\_E.pdf</u> (accessed November 21, 2015).

<sup>&</sup>lt;sup>25</sup> Ibid.

<sup>&</sup>lt;sup>29</sup> Ibid.

<sup>&</sup>lt;sup>30</sup> Ibid.

ITALY, JAPAN, LESOTHO, LIBYA, MONTENEGRO, NEPAL, NETHERLANDS, NIGER, NORWAY, PAKISTAN, RUSSIAN FEDERATION, SPAIN, UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, UNITED REPUBLIC OF TANZANIA, UNITED STATES OF AMERICA, VENEZUELA, and YEMEN.<sup>31</sup>

## I. Promoting the Use of Microfinance for Rural Development

#### Introduction

Microfinance has become an influential and growing tool to provide financial services to less-developed populations.<sup>32</sup> Through microfinance, low-income populations may receive supplies of loans, savings, and other basic financial services.<sup>33</sup> The term "microfinance" helps to differentiate other financial services from those that formal banks provide.<sup>34</sup> Microfinance is also been regarded as a "sustainable" method of poverty alleviation, leading to long-term development.<sup>35</sup> With financial services and tools, such as microfinance and with adequate training, aspiring entrepreneurs can build businesses, support families, and transform their communities.<sup>36</sup>

The United Nations Development Programme (UNDP), in cooperation with stakeholders, has been committed to improve its work in microfinance.<sup>37</sup> Leading into the 21st Century, the UNDP has acknowledged more than 80 percent of households across developing Member States did not have access to institutional banking services.<sup>38</sup> As a result, businesses and households relied on "informal sources," such as family, friends, and moneylenders.<sup>39</sup> Non-governmental organizations (NGOs) and banks from developing or underdeveloped Member States have been credited for pioneering the concept of microfinance such as Bangladesh's Grameen Bank, the Kenyan Rural Enterprise Programme, Bank Rakyat Indonesia and the Banco Solidario of Bolivia.<sup>40</sup> According to the UNDP, NGOs and the aforementioned banks helped develop a new lending mechanism that allows least developed populations in rural areas to repay loans on time.<sup>41</sup> The new mechanism "included providing very small loans without collateral at full-cost interest rates that were repayable in frequent installments. They demonstrated that the poor majority, who are generally excluded from the formal financial sector, can, in fact, be a market niche for innovative banking services that are commercially sustainable."<sup>42</sup> But even within some Member States with a strong microfinance service, many low-income families, particularly populations in rural areas, still lack financial services that would allow them to continue building businesses or basic needs, such as education and healthcare.<sup>43</sup>

#### **History**

The Grameen Bank has been recognized for crafting the idea of giving small quantities of money, or microfinancing, to low-income populations.<sup>44</sup> It's a concept that has since been adopted by other NGOs and even UN agencies as a

- <sup>32</sup> "Essentials on Microfinance," The United Nations Development Programme,
- http://web.undp.org/evaluation/documents/Essential-on-microfinance.pdf (accessed December 26, 2015).
- <sup>33</sup> "About Microfinance," Kiva, <u>http://www.kiva.org/about/microfinance</u> (accessed December 26, 2015).

<sup>35</sup> "Approach to Microfinance," Opportunity International, <u>http://opportunity.org/what-we-do/microfinance/</u> (accessed December 26, 2015).

<sup>36</sup> "Essentials on Microfinance," The United Nations Development Programme,

http://web.undp.org/evaluation/documents/Essential-on-microfinance.pdf (accessed December 26, 2015). <sup>37</sup> "UNDP Microfinance Policy," The United Nations Development Programme,

<sup>43</sup> "Social Funds: Microfinance," The World Bank,

http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALPROTECTION/EXTSF/0,,contentMDK:2061 7496~menuPK:1561930~pagePK:148956~piPK:216618~theSitePK:396378,00.html (accessed December 30, 2015).

<sup>&</sup>lt;sup>31</sup> "SRMUN Charlotte-Nations," SRMUN, Inc. <u>http://www.srmun.org/charlotte/nations.php</u> (accessed November 21, 2015).

<sup>&</sup>lt;sup>34</sup> Ibid.

http://info.undp.org/global/documents/partnerships/UNCDF\_Microfinance\_Policy.pdf (accessed December 26, 2015). <sup>38</sup> "Essentials on Microfinance," The United Nations Development Programme,

http://web.undp.org/evaluation/documents/Essential-on-microfinance.pdf (accessed December 26, 2015).

<sup>&</sup>lt;sup>39</sup> Ibid.

<sup>&</sup>lt;sup>40</sup> Ibid.

<sup>&</sup>lt;sup>41</sup> Ibid.

<sup>&</sup>lt;sup>42</sup> Ibid.

<sup>&</sup>lt;sup>44</sup> "Microfinance: What role in Africa's development?" The United Nations,

building block to reduce poverty levels. Mohammed Yunus, founder of Grameen Bank in 1976 and later a Nobel Prize laureate, provided small amounts of money to villagers engaged in voluntary work.<sup>45</sup> The villagers worked to support anyone struggling to repay a loan, otherwise risking future loan opportunities from a bank. Yunus's idea was based on establishing "close social bonds" within the community, often relying on peer pressure to guarantee a loan was repaid on time.<sup>46</sup> The Grameen Bank founder's idea expanded across the international community, and covered a broader range of financial services, in addition to microcredit, such as savings and insurance services for low-income households.<sup>47</sup> By the conclusion of 2007, microfinance's reach, mostly in Asia, included more than 150 million clients utilizing the financial service of microcredit; more than 100 million were "among the poorest in their societies."48

The UNDP has acknowledged that microfinance recipients, often referred to as microentrepreneurs, have numerous purposes in utilizing the small loan.<sup>49</sup> Often, microfinance lenders do not closely monitor their clients' loans, usually because lenders understood the need for the loan is for survival. A UNDP evaluation report identified microentrepreneurs would often use loans on household operations and family businesses rather than focus on one activity.<sup>50</sup> The evaluation report noted microentrepreneurs investing all on one activity would be "too risky," adding "if the single activity or enterprise failed, the consequences of this would be much greater than if they had several sources of income."51

Among rural areas, financial services, such as microfinance, is reported to help the rural poor and helps diversify their livelihood resources.<sup>52</sup> Rural economies have been found to require a "wide range" of financial services and microfinance is best suited for short-term needs of farmers and low-income populations but not for large businesses or for the expectation to accumulate capital.<sup>53</sup> Along with donors and governments, financial service providers, however, are often viewed to not have a good understanding about rural populations' financial behaviors, needs, and usage, which affect the effectiveness of rural outreach.54

#### **Current Situation**

Following an audit on its microfinance models, the UNDP was found to have successful models of microfinance loans, but there is room for improvement.<sup>55</sup> The UNDP started to follow the UN Capital Development Fund (UNCDF) MicroStart model when it funds, or administers the funds of others. Among the key elements for the UNDP's microfinance policies is to have a project monitored by a technical service provider (TSP) – who has a "proven track record" in producing sustainable microfinance and after a UNCDF screening.<sup>56</sup> UNDP-support microfinance institutions are also tasked to provide quarterly reports, which outline programme budgets, indicators, and cost recovery.<sup>57</sup> The UNDP's regional bureaus have the responsibility of tracking the quality of the microfinance programming within respective regions. With the UNCDF, a UNDP regional bureau will select qualified microfinance experts to help support respective Member States' programming, which may refer to Yunus's concept of building "close social bonds" in the community.<sup>58</sup> According to the UNDP's policy, microfinance

http://www.un.org/africarenewal/magazine/august-2011/microfinance-what-role-africas-development (accessed December 26, 2015). <sup>45</sup> Ibid. <sup>46</sup> Ibid. <sup>47</sup> Ibid. <sup>48</sup> Ibid. <sup>49</sup> "Essentials on Microfinance," The United Nations Development Programme, http://web.undp.org/evaluation/documents/Essential-on-microfinance.pdf (accessed December 26, 2015). <sup>50</sup> Ibid. <sup>51</sup> Ibid. <sup>52</sup> "Ensuring financial inclusion for smallholder farmers," OECD, <u>http://oecdinsights.org/2015/05/07/ensuring-financial-</u> inclusion-for-smallholder-farmers (accessed December 26, 2015). <sup>53</sup> Ibid. <sup>54</sup> "Ensuring financial inclusion for smallholder farmers," The United Nations Capital Development Fund, http://www.uncdf.org/en/ensuring-financial-inclusion-smallholder-farmers (accessed December 26, 2015). <sup>55</sup> "UNDP Microfinance Policy," The United Nations Development Programme, http://info.undp.org/global/documents/partnerships/UNCDF Microfinance Policy.pdf (accessed December 26, 2015). <sup>56</sup> Ibid.

<sup>&</sup>lt;sup>57</sup> Ibid.

<sup>58</sup> Ibid.

programmes "should generally exceed USD 500,000 in the aggregate and should target programme budgets of more than USD 1 Million. This is to assure that the programmes have sufficient scale and resources to attract skilled technical experts and also to have sustainable impact."<sup>59</sup>

The UNDP does maintain a general rule in regards to loans managed within a community.<sup>60</sup> Citing "very" poor results, the UNDP no longer funds community-managed revolving loan funds, which would involve external loan funds from community-based groups, "where a credit fund for members operates without substantial oversight and management from professional staff of a specialized financial institution."<sup>61</sup> The UNDP's microfinance policy incorporates the UNCDF to serve as a policy advisor for all UNDP microfinance matters.

Microfinancing is considered "vital" to the development agendas, referring to the Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs).<sup>62 63</sup> Taking into account the microfinance movement's success in Bangladesh, where 20 million micro-borrowers helped alleviate millions from poverty, China is also considered as another Member State that has seen positives from microfinance. Prior to 2005, China did not allow microfinancing institutions (MFIs), but the Chinese government had begun experimenting with microfinance as a poverty reduction tool. When China allowed MFIs, Chinese industries grew "exponentially," especially in rural areas, where most of the 400 million population, living on less than USD 2 per day, reside.<sup>64</sup>

Sub-Saharan African governments have also begun experimenting or witnessing the impacts of microfinance. Africa has seen a microfinance growth since 2000, with customers or depositors growing from three million to 20 million between 2002 and 2012.<sup>65</sup> Based on a report published on August 2015, an average loan to a sub-Saharan enterprise is approximately USD 150 per month.<sup>66</sup> Microfinance has been viewed as a "lifeline" for low-income earners, namely populations in Benin, Rwanda, Senegal and Tanzania. In rural Benin, farmers, food processors, and small-scale traders have urgently relied on microcredit, resulting in Benin creating the National Microfinance Fund, aimed to combat rural poverty by expanding on small loans.<sup>67</sup> In Rwanda, the microfinance sector has surpassed the official banking sector.<sup>68</sup>

Despite microfinance's gains in Africa, critics acknowledge that the small loans may still be expensive for some borrowers and not enough to help non-basic household needs.<sup>69</sup> A majority of MFIs in Africa are considered "highly undercapitalized" and, therefore, forced to "spread risk by offering only small loans to many people at absurd interest rates."<sup>70</sup> More capital, or funds, may allow MFIs in Africa to provide larger loans at lower interest rates.<sup>71</sup> African governments and cooperation from development partners could help transform the microfinance sector, suffering from "structural weaknesses," by providing appropriate legal frameworks, policies, and regulations.<sup>72</sup>

The UNDP has also supported the notion that governments should allow an environment for microfinance, which should include political stability, low inflation rates, and "no ceilings" on interest rates.<sup>73</sup> The UNDP has called on governments and policymakers to ensure financial regulation does not repress financial services, which may take the

<sup>62</sup> "Microfinance: What role in Africa's development?" The United Nations, <u>http://www.un.org/africarenewal/magazine/august-2011/microfinance-what-role-africas-development</u> (accessed December 26, 2015).

<sup>59</sup> Ibid.

<sup>&</sup>lt;sup>60</sup> Ibid.

<sup>&</sup>lt;sup>61</sup> Ibid.

<sup>&</sup>lt;sup>63</sup> "Microfinance: Good for the poor?" The United Nations, <u>http://www.un.org/africarenewal/magazine/august-2015/microfinance-good-poor</u> (accessed December 26, 2015).

<sup>&</sup>lt;sup>64</sup> Ibid.

<sup>65</sup> Ibid.

<sup>66</sup> Ibid.

<sup>&</sup>lt;sup>67</sup> Ibid.

<sup>68</sup> Ibid.

<sup>&</sup>lt;sup>69</sup> Ibid. <sup>70</sup> Ibid.

<sup>&</sup>lt;sup>71</sup> Ibid.

<sup>&</sup>lt;sup>72</sup> "Microfinance: What role in Africa's development?" The United Nations, <u>http://www.un.org/africarenewal/magazine/august-</u>

<sup>2011/</sup>microfinance-what-role-africas-development (accessed December 26, 2015).

<sup>&</sup>lt;sup>73</sup> "Essentials on Microfinance," The United Nations Development Programme, <u>http://web.undp.org/evaluation/documents/Essential-on-microfinance.pdf</u> (accessed December 26, 2015).

form of subsidized credit, interest rate ceilings, and tax structures that dissuades investments in microfinance.<sup>74</sup> In some instances, MFIs could mobilize within a Member State but the Member State has yet to establish the legal, regulatory, and supervisory structures. Under such circumstances, MFIs and donors should alert regulatory authorities.<sup>75</sup>

#### Conclusion

The UNDP has worked to ensure its microfinance efforts are sustainable with the goals to alleviate poverty levels and rural development. The UNDP has even allowed an independent review of its microfinance models, and despite positive results, the organization cooperates with the UNCDF to ensure improved microfinance transparency, policy, and monitoring. Most microfinance experts have recognized that microfinance services are best when short term, not for long-term projects, and most borrowers intend on using the small sum loans for survival purposes, such as family needs, education, and healthcare. With survival purposes, microfinance has helped rural communities to expand development. From Asia to Africa, governments, NGOs and other partners have seen microfinance as a poverty reduction tool for low-income families, but the financial service still has its limitations. For some lowincome families, the microfinance loans may still be too expensive or not enough adequate to meet other basic household needs. In order to improve microfinance policies, governments, NGOs, donors and development partners may need to collaborate on improving structural frameworks and regulations and increase microfinance capital. For decades, and as the UN advances with the SDGs, the UNDP has encouraged talks among governments and MFIs to address potential setbacks or obstacles and better expand opportunities.

#### **Committee Directive**

Following the Great Recession and its effects on the international community, delegates should identify if microfinance and related financial services have seen a negative or positive impact for their Member State. How has the delegates' Member States utilized microfinance prior to the Great Recession? Are there microfinance policies for purpose of rural communities and its development? If there are microfinance policies for rural development, what are the lessons Member States can share? If there hasn't been microfinance for rural development, why not? Are there steps for its development? Delegates should come prepared knowing the partnership between the UNDP and UNCDF, including the microfinance and financial service practices.

<sup>74</sup> Ibid.

<sup>75</sup> Ibid.

## **II. South-South Cooperation: Enhancing Initiatives in Aid Effectiveness**

"As we embark on efforts to achieve the Sustainable Development Goals, we need to accelerate development momentum across the South, including by building resilience and mitigating risk." – Secretary-General of the United Nations, Ban Ki-moon<sup>76</sup>

#### Introduction

South-South Cooperation (SSC) is an initiative taken by the governments of Member States and negotiated and organized between the Member States themselves.<sup>77</sup> However, the coordination and cooperation that takes place is multilevel, amongst public and private sector institutions, non-governmental organizations (NGOs), and individuals.<sup>78</sup> SSC is a term identifying a structural framework for cooperation amongst Member States of the South.<sup>79</sup> The South-South framework encourages collaboration between Member States in political, economic, social, cultural, environmental, and technical spheres.<sup>80</sup> By encouraging collaboration and cooperation of Member States in the global South, these developing Member States are better equipped to further develop and become integrated into the international realm.

SSC is a multilevel initiative, encouraging collaboration at the bilateral, regional, sub-regional, and interregional basis.<sup>81</sup> Through SSC, Member States may share information, technologies, knowledge, and lessons learned with each other to help one another better achieve their developmental goals.<sup>82</sup> An additional level of SSC is referred to as "triangular cooperation." Traditionally, there are three roles involved in triangular cooperation: facilitator, focal point, and recipient.<sup>83</sup> Triangular cooperation involves donor Member States and multilateral organizations in the SSC framework.<sup>84</sup> Triangular cooperation is centered on the premise that a traditional donor Member State, an emerging donor in the South, and a Member State in need of aid in the South collaborate in the exchange of knowledge, technology, and ideas, ultimately to the benefit of each of the parties.<sup>85</sup> While triangular cooperation is a relatively new idea on the international cooperation spectrum, the main premise is that by involving a Member State in need, another Member State can work with a multilateral organization to assist in aid and development through the exchange of knowledge and organizational initiatives.

All SSC initiatives are aimed at promoting the independence and self-sustainability of Member States, while encouraging the attainment of state developmental goals and the Millennium Developmental Goals (MDGs).<sup>86</sup> The primary objectives of SSC are to: "foster the self-reliance of developing countries by enhancing their creative capacity to find solutions to their development problems in keeping with their own aspirations, values and special needs" and "enable developing countries to achieve a greater degree of participation in international economic

<sup>&</sup>lt;sup>76</sup> "United Nations Day for South-South Cooperation," United Nations, September 12, 2011. http://www.un.org/en/events/southcooperationday/ (accessed December 17, 2015)

<sup>&</sup>lt;sup>77</sup> "What is South-South Cooperation," United Nations Office for South-South Cooperation, 2015. http://ssc.undp.org/content/ssc/about/what is ssc.html (accessed December. 17 2015)

<sup>&</sup>lt;sup>78</sup> Ibid.

<sup>&</sup>lt;sup>79</sup> Ibid.

<sup>&</sup>lt;sup>80</sup> Ibid.

<sup>&</sup>lt;sup>81</sup> Ibid.

<sup>82</sup> Ibid.

<sup>&</sup>lt;sup>83</sup> "Triangular Cooperation as the meeting point between two paradigms," *Report on South-South Cooperation in ibero-America* 2015, ISSUU. <u>http://issuu.com/segibpdf/docs/ch1-report-coop-south-south-2015-en?e=18375375/14353246</u> (accessed December 17 2015)

<sup>&</sup>lt;sup>84</sup> Ibid.

<sup>&</sup>lt;sup>85</sup> "Triangular Cooperation: Opportunities, Risks, and conditions for effectiveness," World Bank Institute.

http://siteresources.worldbank.org/WBI/Resources/213798-1286217829056/ashoff.pdf (accessed December 17, 2015) <sup>86</sup> Ibid.

activities and to expand international cooperation for development."<sup>87</sup> Furthermore, in regards to aid effectiveness, the United Nations Development Programme (UNDP) focuses on aid quality, transparency, and accountability.<sup>88</sup>

The purpose of the UNDP aid is to contribute to reducing poverty in Member States of the global South and assist in the achievement of the MDGs internationally.<sup>89</sup> There are four functions that UNDP is charged with fulfilling in regards to aid effectiveness: "Support the development of national policy frameworks, institutional capacities for effective aid management and mutual accountability at the country level; Facilitate country engagement in the regional and global aid effectiveness discourse; Ensure the United Nations (UN) development system is better equipped to support countries in adapting to changing aid modalities and development finance contexts; and Provide a systematic and accessible body of evidence and tools to support capacity development for aid effectiveness for development practitioners."<sup>90</sup>

#### History of South-South Cooperation

The history of SSC dates back to 1949, when the Economic and Social Council (ECOSOC), in an attempt to lighten the burden of those living in developing Member States, created the first United Nations (UN) technical program.<sup>91</sup> Throughout the early 1950s, as colonialism began to fade out and numerous African and Asian Member States became independent, the idea for economic cooperation between developing states materialized.<sup>92</sup> Ultimately, in 1965, the UNDP was created with a mandate to support Member States as they progress on their developmental paths, and to ensure that individual Member States are working towards the implementation of UN Resolutions.<sup>93 94</sup>

After seven years, in 1972, the UN General Assembly (GA) further realized the need to focus on promoting cooperation, specifically technical cooperation, among developing Member States.<sup>95</sup> In 1972, the UNDP created a Working Group to focus on just that, called the Technical Cooperation Amongst Developing Countries (TCDC).<sup>96</sup> Two years later, through GA Resolution A/3251 (XXIX), TCDC became a permanent special unit of the UNDP.<sup>97</sup> The objective of the TCDC is to integrate technical cooperation throughout the UNDP and ensure that the actions of the UNDP do everything possible to promote technical cooperation.<sup>98</sup> Essentially, TCDC is charged with the task of guaranteeing that the work of the UNDP does, in fact, promote cooperation amongst developing Member States.

In 1978, Buenos Aires, capital of Argentina, hosted a conference of the global South to discuss TCDC and its best path forward.<sup>99</sup> At this conference, the Buenos Aires Plan of Action for Promoting and Implementing TCDC (BAPA) was created.<sup>100</sup> BAPA identified 15 critical focal areas for TCDC, as well as the necessity to focus on those

<sup>92</sup> Ibid.

<sup>&</sup>lt;sup>87</sup> "What is South-South Cooperation," United Nations Office for South-South Cooperation, 2015. <u>http://ssc.undp.org/content/ssc/about/what is ssc.html</u> (accessed December 17, 2015)

<sup>&</sup>lt;sup>88</sup> "Aid and Development Effectiveness," United Nations Development Programme. http://www.undp.org/content/undp/en/home/ourwork/capacitybuilding/focus\_areas/focus\_area\_details1.html (accessed December 17, 2015)

<sup>&</sup>lt;sup>89</sup> Ibid.

<sup>&</sup>lt;sup>90</sup> Ibid.

<sup>&</sup>lt;sup>91</sup> "Background," United Nations Office for South-South Cooperation. <u>http://ssc.undp.org/content/ssc/about/Background.html</u> (accessed December 17, 2015)

<sup>&</sup>lt;sup>93</sup> Ibid.

<sup>&</sup>lt;sup>94</sup> "UNDP's Mandate," United Nations Development Programme.

http://www.undp.org/content/undp/en/home/mdgoverview/mdg\_goals/progress.html (accessed December 17, 2015) <sup>95</sup> "Background," United Nations Office for South-South Cooperation. <u>http://ssc.undp.org/content/ssc/about/Background.html</u> (accessed December 17 2015)

<sup>&</sup>lt;sup>96</sup> Ibid.

<sup>&</sup>lt;sup>97</sup> Ibid.

<sup>98</sup> Ibid.

<sup>&</sup>lt;sup>99</sup> "The Buenos Aires Plan of Action," Special Unit for TCDC New York, November 1994. <u>http://ssc.undp.org/content/dam/ssc/documents/Key%20Policy%20Documents/BAPA.pdf</u> (accessed December 17, 2015)

<sup>&</sup>lt;sup>100</sup> "Background," United Nations Office for South-South Cooperation. <u>http://ssc.undp.org/content/ssc/about/Background.html</u> (accessed December 17, 2015)

Member States who are strategically disadvantaged, namely the Member States that are the least developed, have limited or no natural resources, or are landlocked.<sup>101</sup>

In 2004, the TCDC was renamed the Special Unit for South-South Cooperation (SU/SSC) in A/RES/58/220.<sup>102</sup> The new name highlights the importance of and the duty of the SU/SSC to focus on all-encompassing cooperation between developing Member States.<sup>103</sup> Additionally, it was also declared that the 19 of December, the date that BAPA was enacted, would be celebrated as the UN Day for South-South Cooperation.<sup>104</sup> Each year, this day serves not only as a commemoration to the importance of BAPA and SSC, but also to remind the international community that there is still progress to be made in regards to SSC.

#### History of UNDP and Aid Effectiveness

Aid and Development Effectiveness is one of five focus areas that the UNDP works continuously. The United Nations Development Programme Executive Board (UNDPEB) is charged with the task of overseeing and supporting the mission of the UNDP across the globe.<sup>105</sup> That not only means ensuring that the UNDP is acting according to principles and values of the UN, but also that the body is responsive to and proactive in attending to the ever-changing needs of Member States.<sup>106</sup> Through decisions of its own on an annual basis, the UNDPEB can evaluate and decide which focal areas, as well as individual Member States, needs more or less attention.<sup>107</sup> These decisions generally regard shifts in the strategy of developmental assistance. Shifts in strategy typically shift funding and aid from one area to another or generate funding for a new area of concern, such as empowering women or gender equality in Member States.<sup>108</sup>

There are a number of individual programs and initiatives that perform integrated and simultaneous work with the UNDP to ensure the maximum efficiency and effectiveness of aid. First and foremost, the UN Development and Cooperation Forum (DCF), a body under the ECOSOC created at the 2005 World Summit, meets biennially to discuss progress in and the establishment of a framework for development cooperation and aid regarding a number of issues including climate change, food security, and policy coherence. <sup>109 110</sup> Ultimately, the DCF is the primary focal point for international development, and through its efforts has improved the quality and extent of the impact of the UNDP aid efforts.<sup>111</sup> For example, in 2010, the DCF determined that Goal 8 of the MDGs was not being advanced enough amongst the international community.<sup>112</sup> As such, the DCF discussed the issue, and included in its final report ways to better implement at the 2010 meeting.<sup>113</sup> Additionally, the DCF serves as a forum for Member

<sup>113</sup> Ibid.

 <sup>&</sup>lt;sup>101</sup> "The Buenos Aires Plan of Action," Special Unit for TCDC New York, November 1994.
 <u>http://ssc.undp.org/content/dam/ssc/documents/Key%20Policy%20Documents/BAPA.pdf</u> (accessed December 17, 2015)

<sup>&</sup>lt;sup>102</sup> "Background," United Nations Office for South-South Cooperation. <u>http://ssc.undp.org/content/ssc/about/Background.html</u> (accessed December 17, 2015)

<sup>&</sup>lt;sup>103</sup> Ibid.

<sup>&</sup>lt;sup>104</sup> Ibid.

<sup>&</sup>lt;sup>105</sup> "Executive Board," United Nations Development Programme.

http://www.undp.org/content/undp/en/home/operations/executive\_board/overview.html (accessed December 17, 2015)

<sup>&</sup>lt;sup>107</sup> "Decisions of the Executive Board," United Nations Development Programme. <u>http://www.undp.org/content/undp/en/home/operations/executive\_board/decisions\_of\_theboard/</u> (accessed December 17, 2015)

<sup>&</sup>lt;sup>108</sup> "Decisions adopted by the Executive Board in 2015," Executive Board of the UN Development Programme, the UN Population Fund, and the UN Office for Project Services, <u>http://www.undp.org/content/dam/undp/library/corporate/Executive%20Board/2016/First-regular-session/dp2016-</u>

<sup>&</sup>lt;u>2e.pdf</u> (accessed December 17, 2015)

<sup>&</sup>lt;sup>109</sup> "Development Cooperation Forum," United Nations Economic and Social Council.

http://www.un.org/en/ecosoc/newfunct/develop.shtml (accessed December 17, 2015)

<sup>&</sup>lt;sup>110</sup> Ibid.

<sup>&</sup>lt;sup>111</sup> Ibid.

<sup>&</sup>lt;sup>112</sup> "Key messages from the meeting of the advisory group of the Under-Secretary General on the Development Cooperation Forum," United Nations,

http://www.un.org/en/ecosoc/newfunct/pdf/key messages of the advisory group meeting 23 march.pdf (accessed December 17, 2015)

States to hold another accountable.<sup>114</sup> If a Member State promised aid to another Member State and has not provided said aid, discussion through the DCF is one way to increase aid effectiveness and deliverance.

Secondly, the International Aid Transparency Initiative (IATI) was created in 2008 at the Accra High Level Forum to work with international aid organizations and increase the availability and accessibility of both qualitative and quantitative aid information available.<sup>115</sup> The UNDP is a member of the IATI Secretariat, meaning that the UNDP is involved in supporting developing Member States and encouraging their engagement with IATI through its aid work.<sup>116</sup>

Third, the Climate Change Finance and Development Effectiveness organization is a body of the UNDP Asia-Pacific Regional Center, which works to support Asia-Pacific Member States in their developmental aid programs, with a focus on climate change.<sup>117</sup> The organization, aided directly by the UNDP, works to promote SSC and triangular cooperation through dialogues in the Asia-Pacific region, and does engage in aid beyond climate change.<sup>118</sup>

Fourth, the Learning Network on Capacity Development (LenCD) is an organization that brings together a network of individuals and organizations to promote extended dialogue and increased information exchange regarding development.<sup>119</sup> Essentially, LenCD works to promote an understanding of the best practices for aid use regarding capacity development.

Finally, the Global Partnership for Effective Development Cooperation (GPEDC) creates a dialogue platform for "governments, private sector entities, civil society, and others to increase the effectiveness of development cooperation" internationally.<sup>120</sup> GPEDC serves as an advocate for implementing UNDP policies, forging new partnerships, and maintaining open, free, and transparent dialogue.<sup>121</sup>

These programs have historically worked together to promote successful approaches for the use of aid and developing Member States in the global South. By encouraging dialogue amongst the Member States themselves, UNDP both encourages and lays the framework for independence for these Member States regarding their economic and international future. Furthermore, UNDP tracks its progress and initiatives through an annual report, released each year. Each report evaluates the UNDP's work at the global level, UNDP's success in engaging with the previously mentioned bodies to further its goals, and the extent of UNDP's engagement at the local and regional levels.<sup>122</sup> In 2014, the report stressed the ever-changing international development landscape. With this changing landscape come new challenges, as well as new donors, and the need to increase coordination efforts to ensure that each need is met and each donor is given the opportunity to help.<sup>123</sup>

<sup>&</sup>lt;sup>114</sup> Ibid.

<sup>&</sup>lt;sup>115</sup> "About IATI," International Aid Transparency Initiative, <u>http://www.aidtransparency.net/about</u> (accessed December 17, 2015) <sup>116</sup> "Aid and Development Effectiveness," United Nations Development Programme,

http://www.undp.org/content/undp/en/home/ourwork/capacitybuilding/focus\_areas/focus\_area\_details1.html (accessed December 17, 2015)

<sup>&</sup>lt;sup>117</sup> "About Us," Governance of Climate Change Finance, <u>http://climatefinance-developmenteffectiveness.org/about/about-us</u> (accessed December 17, 2015)

<sup>&</sup>lt;sup>118</sup> Ibid.

<sup>&</sup>lt;sup>119</sup> "About LenCD," LenCD, <u>http://www.lencd.org/about</u> (accessed December 17, 2015)

<sup>&</sup>lt;sup>120</sup> "2014 Annual Status Report: Global Project on Capacity Development for Aid effectiveness," United Nations Development Programme, July 6 2015, <u>http://www.undp.org/content/dam/undp/library/developmentimpact/2014% 20UNDP% 20Global% 20Project% 20on% 20Capacity% 20Development% 20for% 20Aid% 20Effectiveness</u> .pdf (accessed December 17, 2015)

<sup>&</sup>lt;sup>121</sup> Ibid.

<sup>&</sup>lt;sup>122</sup> "Review 2014 Annual Status Report: Global Project on Capacity Development for Aid effectiveness," United Nations Development Programme. <u>http://www.undp.org/content/undp/en/home/librarypage/development-impact/effective-development-cooperation/2014-annual-status-report-undp-global-project-on-capacity-develo.html</u> (accessed December 17, 2015).

<sup>&</sup>lt;sup>123</sup> "2014 Annual Status Report: Global Project on Capacity Development for Aid effectiveness," United Nations Development Programme, July 6, 2015. <u>http://www.undp.org/content/dam/undp/library/developmentimpact/2014%20UNDP%20Global%20Project%20on%20Capacity%20Development%20for%20Aid%20Effectiveness .pdf (accessed December 17, 2015).</u>

Additionally, the report calls for a shift from aid effectiveness to developmental effectiveness, a strategy that focuses on Member State-led "approaches for managing cooperation and partnerships for maximum development impact."<sup>124</sup> This initiative shifts the focus from ensuring that aid reaches the area where it is most needed, to ensuring that the aid is being used in ways to help Member States develop more effectively. Through this strategy, Member States are charged with the responsibility to find new and innovative ways to manage and guide new partnerships, as well as diversify their partnerships.<sup>125</sup> In the end, the goal is for the new and diverse partnerships and avenues of cooperation to lead to better control of developmental challenges, allowing Member States to better manage their resources and emerge into the international arena.<sup>126</sup> Ultimately, the 2014 report proposes that the best way to move forward is by focusing more aid on development to strengthen Member State internal systems, leading to better internal resource management and more developmental independence.<sup>127</sup>

#### **Current Situation**

In 2014, the Department of Economic and Social Affairs conducted a survey of UN resident coordinators to determine the most prevalent requests amongst developing Member States.<sup>128</sup> The primary request among Member States engaged in SSC is not for more aid, but instead for better use of the aid. These Member States requested greater access to the knowledge and expertise of other engaged Member States, as well as information that would provide the ability to identify strategic partners throughout the South.<sup>129</sup> Therefore, while Member States are requesting more aid, they more often request that the aid be more effectively tied to their needs of developmental assistance.

Thus, currently a primary focus of aid effectiveness in regards to SSC is that of developmental capacity building in Member States.<sup>130</sup> Member States of the South are beginning to create their own institutions for SSC. For example, the New Development Bank launched in July 2015 is managed and controlled by Brazil, Russia, India, China, and South Africa (BRICS) as an alternative to the World Bank and International Monetary Fund.<sup>131</sup> Furthermore, the Asian Infrastructure Development Bank is currently being constructed, and will eventually add to this diversification of Member State resources.<sup>132</sup> The institutions, by offering sources of diversified funding, present new opportunities for the future of sustainable development through SSC.<sup>133</sup>

Additionally, current trends reflect more developing Member States turning to the UN for aid and support so that they can maximize the use of SSC initiative in their Member State.<sup>134</sup> Approximately 80 percent of UN resident coordinators in 2014 received requests from governments for increased aid to assist in their cooperation with other Member States of the South.<sup>135</sup> The growing number of Member States seeking help in developing national

<sup>&</sup>lt;sup>124</sup> Ibid.

 <sup>&</sup>lt;sup>125</sup> Ibid.
 <sup>126</sup> "2014 Annual Status Report: Global Project on Capacity Development for Aid effectiveness," United Nations Development
 <sup>126</sup> "2014 Annual Status Report: Global Project on Capacity Development for Aid effectiveness," United Nations Development impact/2014%20UNDP%20Global%20Project%20on%20Capacity%20Development%20for%20Aid%20Effectiveness .pdf (accessed December 17, 2015).

<sup>&</sup>lt;sup>127</sup> Ibid.

<sup>&</sup>lt;sup>128</sup> "Statement of Mr. Jorge Chediek," United Nations Office for South-South Cooperation, October 12, 2015. http://ssc.undp.org/content/dam/ssc/documents/Statements/Statement%20of%20Jorge%20Chediek.pdf (accessed December 17, 2015).

<sup>129</sup> Ibid.

<sup>&</sup>lt;sup>130</sup> A/70/344. State of South-South Cooperation. UN General Assembly. (accessed December 17, 2015).

<sup>&</sup>lt;sup>131</sup> "About the NDB," New Development Bank. <u>http://ndbbrics.org/</u> (accessed December 17, 2015).

<sup>&</sup>lt;sup>132</sup> "Statement of Mr. Jorge Chediek," United Nations Office for South-South Cooperation, October 12, 2015, http://ssc.undp.org/content/dam/ssc/documents/Statements/Statement%20of%20Jorge%20Chediek.pdf (accessed December 17, 2015).

<sup>&</sup>lt;sup>132</sup> Ibid. <sup>133</sup> Ibid.

<sup>&</sup>lt;sup>134</sup> "General Assembly Consider the State of South-South Cooperation," United Nations Office for South-South Cooperation. http://ssc.undp.org/content/ssc/news/articles/2015/general-assembly considers state of south-south cooperation.html (accessed December 17, 2015)

<sup>&</sup>lt;sup>135</sup> "Statement of Mr. Jorge Chediek," United Nations Office for South-South Cooperation, October 12, 2015. http://ssc.undp.org/content/dam/ssc/documents/Statements/Statement%20of%20Jorge%20Chediek.pdf (accessed December 17, 2015)

structures and agendas to better improve their developmental status is both a sign that SSC is a widespread and successful operation, as well as the need for more direct, mandated use of aid given for the purpose of SSC.

The UN Office for SSC has based its plans and foundation for post-2015 initiatives on the aforementioned 2014 survey, as well as the report on the *State of South-South Cooperation of 2014*.<sup>136</sup> Since the release of this report, UN organizations and bodies have begun designing and incorporating policies into their daily activities with the intent of promoting the use of aid for developmental capacities in Member States.<sup>137</sup> Additionally, there has been an attempt to increase the dialogue regarding SSC amongst Member States involved in SSC, as well as Member States not yet engaged but that could be.<sup>138</sup>

Furthermore, accompanying the push to shift the use of aid to increase developmental capacities, there is also a push to utilize SSC to address varying issues and problems throughout the globe that are experienced by and affect most Member States engaged in SSC. Issues such as youth underemployment, food security, and energy security are beginning to become more a part of the dialogue.<sup>139</sup> Particularly of interest are the problems caused by climate change and international disasters.<sup>140</sup> As developing Member States are affected by natural disasters such as hurricanes, earthquakes, tsunamis, and the adverse affects of climate change, more aid then is needed and often more than not it is not provided. To limit the amount of aid needed to recover from these occurrences, planning is required.<sup>141</sup> Strengthening resilience in the adverse conditions of a natural disaster or climate change requires prior and strategic planning. Strategic planning can be done by bodies assigned to address the problems, which will follow naturally from progressing development. By focusing aid on development of Member States, the problems of natural disaster, climate change, and many others will be better addressed. Therefore, with a push towards new issues, the shift to using aid for developmental strategies becomes even more essential. Overcoming the challenges of SSC, such as limited interaction amongst UN bodies on the subject, and little exchange of best practices and lessons learned amongst those Member States engaged in SSC, is entirely dependent on aid effectiveness and UN involvement in the process.

Aid effectiveness and the shift toward developmental effectiveness can take many shapes and forms. For example, as Colombia moves towards ending its internal conflict, it is using some of the aid it receives as a participant of SSC to conduct a study with Azerbaijan, El Salvador, the Philippines and Rwanda as to the most effective ways to build and establish lasting peace.<sup>142</sup> Developmental progression rarely occurs in a warring society. Therefore, Colombia has taken the aid that it has received and continues to receive to establish a society in which developmental progress can take place, and Colombia can stabilize and grow.

Additionally, in Ibero-America in 2013, the levels of developmental effectiveness and aid effectiveness increased dramatically from previous years. In 2013 alone, 576 SSC initiatives were begun, and 399 actions to improve these initiatives were taken.<sup>143</sup> Out of these projects, nearly 60 percent focused on developmental progress in areas such as the national economy, strengthening government institutions, and creating better infrastructure throughout the respective Member State.<sup>144</sup>

From 2011-2014, the growth of SCC was stagnant.<sup>145</sup> SSC has since begun to rebound itself, climbing towards success in multiple regions across the globe. Colombia and Ibero-America are only two examples of the many areas

<sup>&</sup>lt;sup>135</sup> Ibid.

<sup>&</sup>lt;sup>136</sup> A/70/344. *State of South-South Cooperation*. UN General Assembly. August 27, 2015. (accessed December 17, 2015)

<sup>&</sup>lt;sup>137</sup> Ibid.

<sup>&</sup>lt;sup>138</sup> Ibid.

<sup>&</sup>lt;sup>139</sup> Ibid.

<sup>&</sup>lt;sup>140</sup> "Strengthening resilience to natural disasters crucial," Prevention Web, October 19, 2015.

http://www.preventionweb.net/english/professional/news/v.php?id=46299 (accessed December 17, 2015)

<sup>&</sup>lt;sup>142</sup> "South-South experience to support Colombia's peace process," South-South Opportunity, November 25, 2015. <u>http://www.southsouth.info/profiles/blogs/south-south-experience-colombia-peace-process-consultancies</u> (accessed December 17, 2015)

 <sup>&</sup>lt;sup>143</sup> "Report on south-South Cooperation in Ibero-America 2015 Statement," Secretary General Iberoamerica.
 <u>http://www.informesursur.org/wp-content/uploads/2015/07/QA\_South-South.pdf</u> (accessed December 17, 2015)

<sup>144</sup> Ibid.

<sup>&</sup>lt;sup>145</sup> A/70/344. State of South-South Cooperation. UN General Assembly. August 27 2015. (accessed December 17, 2015)

in which SSC is bringing stability and encouraging growth. However, the shift in focus from aid effectiveness to developmental effectiveness in the post-2015 era will present the UNDP and UN Office of SSC with challenges moving forward, and further complicate some of the challenges currently experienced.

#### Conclusion

One of the primary problems regarding SSC and aid effectiveness is the fact that while SSC is mentioned in a number of ECOSOC reports and GA resolutions, there has been no success in garnering a specific UN mandate regarding SSC and the best way to further improve the programs around the globe.<sup>146</sup> Although challenging to create, specific UN mandates could assist in the utilization of preexisting UN channels and organization, such as UN agencies already established in Member States, for more effective aid use and developmental strategies.<sup>147</sup> Additionally, a UN SSC mandate would be useful in encouraging the sharing of knowledge garnered from individual SSC initiatives in Member States or regions, and therefore could promote the efficiency of SSC programs worldwide.<sup>148</sup>

Ultimately, at this point in time, there is little to no understanding of the extent of SSC among the international community.<sup>149</sup> Moving forward, for SSC to continue to remain an effective way for Member States to receive aid and developmental assistance, the SSC process in which Member States are involved needs to be systemized in some shape or form. The program has proven that it can be an effective way to increase independence of developing Member States, as well as assist and strengthen their developmental progression. However, for the upward trend to continue, further action must be taken to encourage optimal communication, knowledge sharing, and ultimately developmental effectiveness.

#### **Committee Directive**

The UNDP-EB is charged with creating real and promising enhancements in regards to SSC. Delegates must be fully aware of the actions their respective Member States has taken in relation to SSC, as well as potential areas for future collaboration. What efforts has a Member State made to promote SSC? What action(s) has a Member State taken that could inhibit collaboration? What aid has their Member State received or given? Are there domains in their Member States where receiving more aid could be beneficial? As the UNDP-EB, delegates are given the task of improving SSC, not for the Member States that they represent, but all Member States. The success of SSC relies in large part on the effectiveness of aid allocation and distribution. Furthermore, it is the priority of delegates to ensure that the decisions made to guide the following year of SSC do so in a manner that promotes efficiency and success.

<sup>&</sup>lt;sup>146</sup> "Triangular Cooperation as the meeting point between two paradigms," *Report on South-South Cooperation in ibero-America* 2015, ISSUU. <u>http://issuu.com/segibpdf/docs/ch1-report-coop-south-south-2015-en?e=18375375/14353246</u> (accessed December 17, 2015)

<sup>&</sup>lt;sup>147</sup> Ibid.

<sup>&</sup>lt;sup>148</sup> Ibid.

<sup>&</sup>lt;sup>149</sup> "Report on South-South Cooperation in Ibero-America 2015 Statement," Secretary General Iberoamerica. <u>http://www.informesursur.org/wp-content/uploads/2015/07/QA\_South-South.pdf</u> (accessed December 17, 2015)

## **Technical Appendix Guide**

## I. Promoting the Use of Microfinance for Rural Development

"Microfinance as a Poverty Reduction Tool— A Critical Assessment," Anis Chowhury, United Nations – Department of Economic and Social Affairs, DESA Working Paper No. 89, ST/ESA/2009/DWP/89, December 2009, <u>http://www.un.org/esa/desa/papers/2009/wp89\_2009.pdf</u>

Considering the topic at hand, the above article written by Anis Chowhury, is a great read for delegates to further understand Microfinance. The paper here gives the reader a critical analysis on the debate on the effectiveness of microfinance as a tool for universal poverty reduction and further discusses the rise of microfinance such as political landscape and change of economic systems. This paper is more of an abstract read.

What We Do- Microfinance, United Nations Relief and Works Agency, <u>http://www.unrwa.org/what-we-do/microfinance</u>

The link provided here shows a direct example of Microfinance in action within the most vulnerable populations in Palestine, namely refugees, the poor and those marginalized from society. The website further gives details as to what fields microfinance tends to work best for them, discusses outreach, branches and provides other on hand accounts about the successes of individual persons with microfinance.

Papers Presented at the United Nations Commission on International Trade Law International Colloquium on Microfinance, 12-13 January, 2011, Vienna, http://www.uncitral.org/uncitral/en/commission/colloquia/microfinance-2011-papers.html

The website provided here is a great tool for delegates in their research as it gives different presentations/ papers by different persons of different international organizations and their take on microfinance. Some of the sub-topics discussed included the legal and regulatory aspects of microfinance, proportionate regulation and supervision of microfinance and the overall policy context for enabling inclusive finance.

Papers Presented at the United Nations Commission on International Trade Law Colloquium on Microfinance, *Creating an Enabling Legal Environment for Microbusiness*, Vienna, 16-18 January 2013, <u>http://www.uncitral.org/uncitral/en/commission/colloquia/microfinance-2013-papers.html</u>

The second installment of the colloquium, held in 2013, was focused yet again on microfinance. The context of the papers/presentations at the 2013 meeting were focused on creating a legal framework for microfinance and once again incorporated different mindsets cross UN agencies, cross cultures, etc. The sub-topics of the meeting included but did not limit, an enabling environment for microbusiness and the rule of law, setting up an effective alternative dispute resolution mechanism for micro-entrepreneurs, and legal issues relating to access to credit for micro-business, small and medium-sized enterprises.

Integrating Health Education and Microfinance to Empower Women and Reduce Poverty, United Nations Population Fund, 2005, <u>http://www.unfpa.org/sites/default/files/pub-pdf/microfinance.pdf</u>

The publication listed here by the United Nations Population Fund serves as an advocacy booklet for the integration of reproductive health education with microfinance services in developing Member States. Microfinance is mostly correlated with reducing poverty, but this document aligns microfinance with women's health and is a great read for those delegates wishing to take a human rights twist. Lastly, it provides delegates with eight recommendations for action which again is a great starting point especially for position papers.

#### JORDAN Human Development Report 2011: Small Businesses and Human Development, Human Development Reports, United Nations Development Programme, http://hdr.undp.org/sites/default/files/jordan\_nhdr\_2011.pdf

The report mentioned above highlights the significance of micro, small and medium enterprises in Jordan and the correlation that these enterprises have with human development in said Member State. The document here lists four main pillars for the Member States growth but the section that is of most importance to delegates will be Chapter VI: The Role of Microfinance in Empowering the Less Advantaged which begins on page 121. This section has sub-topics such as outreach, interest rates, microfinance and the eradication of poverty, and microfinances relevance to women. This publication obviously will not be useful to all delegates considering their assigned Member State but can give insight to the drawbacks and successes.

Establishment of the Global Financial Microfinance Framework, 14<sup>th</sup> Meeting of the Intergovernmental Committee of Experts (ICE), Kigali, Rwanda, 15-18 March 2010, Theme: "Enhancing Food Security in the Eastern African Sub-Region," ECA/SRO-EA/ICE/2013, United Nations Economic Commission for Africa, <u>http://www.uneca.org/sites/default/files/PublicationFiles/13\_establishment\_of\_a\_regional\_microfinance\_fr</u> <u>amework\_ice14\_2010.pdf</u>

The study provided here by the Economic Commission for Africa highlights the Great Lakes Region and the issues therein, namely poverty and the lack of access of its population to production. Although the document discusses microfinance in the context of the Millennium Development Goals, the study itself is still highly pertinent to the issues as it provides a regional type of collaboration which is often unseen or unheard of. Lastly, this is a great read as it places interest in 10 notable Member States and attempts to resolve the issue at hand which again can be a great starting point for delegates in a solution to the matter.

2009 World Survey on the Role of Women in Development: Women's Control over Economic Resources and Access to Financial Resources, including Microfinance, Department of Economic and Social Affairs – Division for the Advancement of Women, ST/ESA/326, United Nations, New York, 2009, http://www.un.org/womenwatch/daw/public/WorldSurvey2009.pdf

The 2009 World Survey provided here showcases the importance of women's access to economic and financial resources in a broad sense and correlates these gains to economic growth, poverty eradication and the general well-being of families and communities. Chapter V: Access to financial services specifically highlights microfinance and assesses the strengths and weaknesses associated with it. Lastly, this document is also important to those delegates who wish to either focus on current economic wellbeing as the survey provided here is written during the timeframe of the Great Recession of 2008/2009 or can also be used for those delegates wishing to focus on vulnerable populations, i.e. women.

## **II. South-South Cooperation: Enhancing Initiatives in Aid Effectiveness**

"Global South-South Development Expo," United Nations Office for South-South Cooperation, http://ssc.undp.org/content/ssc/services/expo/2013.html

This page offers information about the 2013 SSC Expo hosted by the UN. The goal of the expo was to showcase a number of SSC programs across the globe, as well as encourage discussion as to the best way to improve existing programs. Delegates will find resources on current SSC programs here.

"High-Level Conference on South-South Cooperation," Group of 77, http://www.g77.org/marrakech/

This site provides information regarding a conference hosted by the UN Group of 77 on how to make SSC effective. The site provides both an overview of the conference, the reason for hosting the conference, and the outcome documents of the conference. The documents provide background information on SSC, and the foundation for a number of SSC programs around the world.

"Improving Aid Effectiveness in Somalia," United Nations Development Programme,

http://www.so.undp.org/content/somalia/en/home/ourwork/democraticgovernance/successstories/a ideffectiveness-dad.html

This page offers a summary of current SSC initiatives in Somalia. Through a case study such as this one, delegates will be provided a close-up look to SSC, how it works, and the primary problems that those initiating SSC are faced with.

"South-South and Triangular Cooperation," United Nations Industrial Development Organization, http://www.unido.org/south-south.html

Given the task at hand for the committee, garnering exposure to the number of SSC programs that currently exist is essential for delegates. The United Nations Industrial Development Organization focuses on industrial development in regards to SSC and is engaged in a number of projects around the globe. This site offers insight into a number of currently existing SSC programs, as well as the background behind them.

"South-South Cooperation," World Intellectual Property Organization, http://www.wipo.int/cooperation/en/south\_south/

SSC is an initiative that encompasses a wide range of issue areas, from technological development to government stabilization. To determine the best way to improve aid effectiveness, delegates should be aware of the array of aid that will be affected by their actions. Therefore, knowledge of a variety of programs, including those SSC programs dedicated to protecting intellectual property, and the work they do is essential to a successful committee.

# "Strengthening Aid Effectiveness: UNDP in Former Yugoslavia," United Nations Development Programme,

http://www.mk.undp.org/content/the\_former\_yugoslav\_republic\_of\_macedonia/en/home/operations/project s/poverty\_reduction/strenghtening-aid-effectiveness.html

This page offers a summary of current SSC initiatives in former Yugoslavia, as well as provides a report on the current aid effectiveness situation in the aforementioned Member State. Through a case study such as this one, delegates will be provided a close-up look to SSC, how it works, and the primary problems that those initiating SSC are faced with.

"UNEP South-South Cooperation," United Nations Environmental Programme, http://www.unep.org/south-south-cooperation/

> The United Nations Environmental Programme maintains a body to oversee SSC in regards to environmental development and protection. Through this site, delegates will gain exposure to the numerous applications of SSC, and find information on the array of programs and implementation strategies of SSC.

"UN System Aid Effectiveness in Mozambique." United Nations Development Programme, January 2010. <u>http://www.undp.org/content/dam/mozambique/docs/UN%20Aid%20Effectiveness%20in%20Mozambique.pdf</u>.

This report offers a summary of current SSC initiatives in Mozambique, as well as its current aid effectiveness situation. Through a case study such as this one, delegates will be provided a close-up look to SSC, how it works, and the primary problems that those initiating SSC are faced with.