

WORLD BANK – KIITMUN 2021

AGENDA: Creating a roadmap to decide the role of the World Bank, IMF and its stakeholders in Global Financing to address - Extension of support to countries/organizations to better achieve Climate Change Goals with special focus on adoption of Greener Energy Sources whilst using it as a medium of tackling unemployment and technological disparity across the world.

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Welcome Message to the Committee:

Dear Delegates,

It gives us immense pleasure to welcome people back after the pandemic. We are all relatively safer now compared to what we were facing 12 months ago. Our heart goes out to every person who has faced hardships due to the pandemic and we hope you are holding up okay!

It would have been a lovely experience meeting you all in person but it looks like we are one more edition away from that bright day. On that note, we the Executive Board of the World Bank would like to warmly welcome you to this excitingly technical committee. The agenda is a long one and a very complex one too. We need find ways and means of covering all the discussions in 3 days. It could be very tight but we will all pull through!

Some ground rules for this committee:

1. We will be running flexible Rules of Procedure (RoP) in this committee. So please don't miss the RoP briefing on Day 1. We can't stress more on how important it is. This will not be a standard UNAUSA or UN4MUN RoP.
2. This committee is purely education and learning driven. Awards do not come in the forefront and the RoP will ensure that you will forget about your awards and learn more on how to work on consensus building exercises.

But otherwise, we are super friendly chairpersons and you can approach both of us at any point in time for any clarifications whatsoever.

Coming down to your research, this is a very technical agenda. It would require you to put in atleast 15-20 hours of research to understand the committee and the agenda. Hence, please do your research thoroughly and make this committee a super interesting one!

We hope to see you all soon and we sincerely hope that you will have a great learning experience above anything else!

Regards,

The Executive Board (World Bank) – Emilija and Pradeep

Introduction to the World Bank:

The world bank, in simple terms, is a financial body which takes of providing finances to less-developed countries and developing countries primarily in the form of loans and grants in order to help countries invest in economic building activities such as capital projects (infrastructure developments, public welfare projects, etc)

There are 5 larger bodies in the ambit of the World Bank Group. We will focus on 3 different bodies: The IFC, the IBRD and the IDA. Take a moment to head to the WBG website to see what the three of them are responsible for. This is super important for the discussions in the committee.

Now the world bank created a body called the CTF which is now called Clean Investment Funds in order to combat climate change. The body exists till date and its primary function is to decide where the World Bank needs to focus on in terms of financing for renewable sources of energy and how to find cleaner ways to generate power. The body also takes care of something called a Strategic Climate Fund which ties in the SDGs and the vision of the world bank with climate change issues.

Membership:

Just like the IMF, the World Bank has nearly all countries globally as its members barring 5. The countries need to be a part of the IBRD primarily to get membership in other WBG bodies such as the IDA. They also have weighted voting powers depending on number of capital stocks held by the country)

That's enough of a background about the committee. The rest can be referred to from the WBG Website. It is comprehensive in nature,

Introduction to the IMF:

Well, for starters, consider the IMF to be a place where countries come together to discuss broader economic problems which affect both countries and the global macro/micro economic situation. It is also a place where countries have the right to borrow money in the form of SDR's as later spoken about to finance their policy executions to stabilize macroeconomic imbalances. Sounds too complex already? Excellent, we were in the same confused headspace too someday.

To recognize how global economics work, we need to understand fundamentals of economics – Micro and Macro Economics. The names are pretty self-explanatory. Micro economics tends to factor in how economics works at an individual level right from individual income, consumption, supply and demand at a micro level. It aims to show people a picture from a bottom-up approach in understanding a country's economy. On the contrary, macroeconomics tends to focus on countries as a whole and what happens at a national level including how net output from the country is generated.

So to make life easier, if I am talking about the household affairs of somebody living in Istanbul, then we are in the microeconomics space while if there is a discussion happening around what is happening to the GNP or GDP of turkey itself then we are dealing with macroeconomics. Simple enough explanation?

To get an understanding of who is a part of the IMF and what roles they have to play, keep reading further. Trust us, it is going to get a whole lot interesting!

What is the constitution of the IMF?

Let us say, the entire world? Well, almost. Take a look at this picture:



There are a handful of countries which are not a part of the IMF. Cuba, Liechtenstein, Monaco and DPRK (North Korea) would be some examples. Being a part of the IMF allows countries to get a sense of what every other country is doing in terms of its economic policies. They can also nudge countries to make certain economic decisions which may impact the region or have a bilateral/multilateral influence.

Alright, that's more than enough background of why the IMF exists. Now let us talk about the most crucial part, which is global financing and how the IMf can play a critical role in ensuring that climate change battles come out with positive results.

Our recommendation here would be to pause reading this guide for 5 minutes and go understand from the IMF website as to how the three levels of financing works within the

IMF: Quotas, NABs (Multilateral Borrowings) and BBAs (Bilateral Borrowings). Furthermore, understand how countries are allocated money. These are governed by a policy called Special Drawing Rights (SDR's). We are attaching some links for your reading.

1. <https://www.imf.org/en/About/Factsheets/Where-the-IMF-Gets-Its-Money>
2. <https://www.imf.org/en/About/Factsheets/IMF-Lending>

Alright. Back to guide now.

Your biggest question now would be: Why are we talking about the IMF when we are sitting in the World Bank. Well, every stakeholder is tied to the conversation. Although IMF lends to satisfy balance of payments and not project financing, we need to know how each country is placed macro and micro economically to meet their environmental goals.

Vested Interest of Countries and Global Finance:

Let us get to the crux of global politics now. The WBG is accountable for handling and lending money to different countries for economic development activities. Each country has its say in the WBG bodies based on their net contribution (capital stocks held). Different countries have different interests and larger countries have far more muscle power than the smaller ones.

Large, developed countries have different opinions in terms of switching to sustainable forms of generating energy and carbon offsetting compared to smaller countries. In Layman terms, industrialization began in Europe and United States far earlier than in several South American, African and Asian Countries. For years, climate change issues were never addressed on global forums. Smaller countries believe they have an unfair playing condition. These countries have just started developing and hence will be home to more emissions

compared to larger countries which now seem to care about the world after having caused sufficient climate change issues over the past 200 years. Hence, larger countries could well be uncomfortable where finances are going and for what reason they are going. Hence, the biggest challenge of this committee is to see where the mid-point is between expectations of both sets of countries and find amicable solutions to solving the issue of problematic global financing.

Section 2: Diving Deep into the Agenda itself:

Climate Change Goals

To fully understand Climate Change Goals and why they're important, we must understand what Climate Change is. Climate Change represents long-term changes in weather and global temperatures. The human impact of Climate Change has been enormous since the Industrial Revolution. This has, so far, resulted in the rise of the average global temperature by 1.1°C since the 1800s, and is estimated to rise to 2.7°C by the end of the 21st century if we don't take immediate action. The main reason for all of this happening is the usage of fossil fuels, as they have been producing up to 89% of global CO₂ emissions, however, fossil fuels are, still, used to produce 80% of the world's energy. The usage of non-renewable energy is not only dangerous for humanity because we're going to run out of them, but also because of the devastating impacts that they've had on Earth so far.

Greenhouse gas emissions create something called a Greenhouse effect, as these are gases that consist of CO₂, methane, nitrous oxide, and more. However, the Greenhouse effect is not only caused by these gases, but also the Sun's radiation, and the clouds. Now how this happens is by clouds' and gases' ability to keep the radiation in our atmosphere and direct it back to Earth, while also releasing some from our atmosphere. Yet, the Earth's surface is

getting almost twice as much radiation from its' atmosphere, as directly from the Sun. Still, the Earth is receiving radiation from the atmosphere even when the Sun shines on a different part of the world, as the Greenhouse gases keep the heat in our atmosphere.

Climate Change Goals include lowering the usage of non-renewable energy, lowering CO2 emissions, switching to a sustainable way of life. Paris Agreement was the agreement in place before the COP26 (26th United Nations Climate Change Conference of the Parties) conference, which took place from the 31st of October to the 13th of November, 2021, and was held in order to accelerate action towards the goals of Paris Agreement and the United Nations Framework Convention on Climate Change.

COP26 Goals

1. Secure global net-zero by mid-century and keep 1.5°C within reach
 - a. To ensure this, countries will have to accelerate the phase-out of coal, curtail deforestation, speed up the switch to electric vehicles, and encourage investment in renewables
2. Adapt to protect communities and natural habitats
 - a. Countries need to work together to: protect and restore ecosystems, build defences, warning systems and resilient infrastructure and agriculture to avoid loss of homes, livelihoods and even lives.
3. Mobilise Finances
4. Work together to deliver all the goals planned.

Here are the Outcomes of the COP26:

<https://ukcop26.org/the-conference/cop26-outcomes/>

Summarised:

The creation of the Glasgow Climate Pact, which has explicit intentions to cut down the usage of coal, however, changed the pledge “phase out”, to “phase down” for the usage of coal. Ministers have agreed to meet again next year to present stronger 2030 emissions targets to help halt the global average temperature rise from going beyond the 1.5°C, as well as urged well-developed countries to provide more resources to the countries in need of immediate change in combatting the Global Warming.

Aside from the Glasgow Climate Pact, countries have made statements about turning deforestation around, aligning the finance to net-zero by 2050, and curbing methane emissions.

However, the United Nations stance regarding COP26 is that the effort that we’ve made so far shows progress, but not enough to save our planet.

The role of UNFCCC

The United Nations Framework Convention on Climate Change entered into force in 1994 and was created to combat “dangerous human interference in the climate system” and keep the global temperature, as well as the greenhouse gas emissions at a level that would

prevent dangers for humanity. Some of the important documents made are Kyoto Protocol (1997) and Paris Agreement (2016). The COP (Conference of the Parties) is the supreme decision-making body of UNFCCC and meets annually to combat Climate Change on a global level. One of the ways of doing this is to encourage well-developed countries to lead the way by acting on “home ground” first.

Focus points for Annex A and Annex B countries

Annex A and Annex B countries represent two different groups of UNFCCC signatories, which were divided into these categories by the Kyoto Protocol. Annex A countries are developed countries that have a clear target on combatting Climate Change, while Annex B countries are less-developed countries that cannot meet satisfactory targets on their own. The UNFCCC Kyoto Protocol has come to terms with the Annex A countries doing the best they can to meet their yearly targets in combatting Climate Change on their “home ground”, and not limiting any of the Annex B countries in trying to do so on their ground, but also have the responsibility to help them achieve their goals too.

Global cooperation and partnerships between Annex A and Annex B countries is crucial for reaching their targets together. Annex A countries, taking into consideration they influence Annex B countries, and in a way lead us into the future, should carefully invest in cutting down the Greenhouse Gas emissions, using renewable energy resources, help stop deforestation worldwide, save wildlife and biodiversity, stop littering drinkable water, etc.

The role of SDGs 7/11/12/13/14/17

The most relevant Sustainable Development Goals for our topic are Goals 7, 11, 12, 13, 14 and 17.

Goal 7 - Affordable and Clean Energy

Energy is becoming more sustainable and widely available as it efficiently continues to improve. The access to power in poorer countries has begun to accelerate, but it is still not sustainable enough. Goal 7 advocates for ensuring access to affordable, reliable, sustainable and modern energy all around the globe. Almost 9 out of 10 people on Earth have the access to electricity, while about 789 million people lack access to electricity.

What countries should do is invest in renewable energy resources, as well as prioritise energy-efficient practices and adopt clean energy technologies and infrastructures.

Goal 11 - Sustainable Cities

The goal of this Sustainable Development Goals is to make cities safe, inclusive, resilient and sustainable as the world is becoming increasingly urbanised.

Since 2007, more than half of the world's population has been living in cities, but over half of those cities faced worsening air pollution, inadequate infrastructure and services, and unplanned urban sprawl.

Inequality and the levels of urban energy consumption and pollution are some of the biggest challenges for people living in cities.

These issues will eventually affect every citizen, Pollution deteriorates everyone's health and affects workers' productivity and therefore the economy. Natural disasters have more potential to disrupt people's lifestyles.

To achieve this goal, we must take an active interest in the governance and management of our cities, develop visions for buildings. Streets, neighbourhoods, and act on those visions, because the better the conditions are in communities, the better the quality of life.

Goal 12 - Responsible Consumption and Production

Worldwide consumption and production rest on the use of the natural environment and resources that continue to have destructive impacts on the planet. The goal is to ensure sustainable consumption and production patterns.

Electronic waste grew by 38%, but less than 20% is being recycled. What we can do is encourage governments and businesses to invest more in recycling, not producing more than we need, using non-sold goods instead of creating waste by throwing away usable products (including food, hygienic products, medical drugs, clothes, etc), but also change the way we, individuals, consume. As little as carrying a reusable bag, refusing plastic straws and cups and recycling plastic bottles could help.

Goal 13 - Climate Action

The goal for the Climate Action was adopted by the Paris Agreement in 2015 and aims to strengthen the global response to the threat of Climate Change.

The goal is to take urgent action to tackle Climate Change and its' impacts worldwide as soon as possible, as our current way of living and using our resources will undoubtedly result in a climate catastrophe.

2011-2020 was the warmest decade ever recorded, causing massive wildfires, hurricanes, floods, and such.

We must urgently limit Global Warming (as called for in the Paris Agreement), and Greenhouse Gas emissions must begin falling by 7.6% yearly.

Goal 14 - Life Below Water

This goal dictates to conserve and sustainably use the world's ocean, seas and marine resources, as the ocean absorbs around 23% of annual CO2 emissions generated by human activity, as well as absorbs more than 90% of the excess heat in the Climate Change.

Because of this, ocean heat is currently at a record, which is causing widespread marine heatwaves. The world is also facing increasing levels of debris in the world's oceans, which is causing great economic and environmental impacts. Further noting that about 89% of plastic litter is found in the ocean grounds.

To tackle this crisis, we need to increase international cooperation to protect vulnerable habitats, select certified products, eliminate plastic usage as much as possible, and make efforts in cleaning the beaches.

Goal 17 - Partnership for the goals

All of the Sustainable Development Goals can be realized only with strong global partnership and cooperation.

Goal 17 advocates for the revitalization of global partnerships for sustainable development.

What we can do is join or form groups in our local communities that seek to mobilize action on the implementation of the Sustainable Development Goals, as well as encourage the Government/s to partner with businesses for the implementations of the prior mentioned. To achieve the Agenda as partners, it needs to mobilize both existing and additional resources.

We are in desperate need of strong global partnerships to solve the world's top problems now.

Countries contributions to tackling Climate Change

Climate Change is something that affects the whole world, or, in other words, every single country in the world, and while some countries historically contributed to the worsening effects of Climate Change, all have to fight it.

Some of the best Climate Change fighting countries are, as you might expect, the most economically stable ones, such as Sweden, Denmark, Morocco and UK. The Climate Change Performance Index (CCPI) is an organisation that tracks developed and developing countries contributions to tackling Climate Change. Some of the countries that aren't getting close to the goal (out of these), are the US and Canada. An official statement from the CCPI in 2020 stated that no country met its' target and is not on track to reduce the average global temperature of rising to 2°C.

What is also notable is the efforts that the US and China are making to work together and with other countries to fight the climate crisis.

The role of politicians and scientists:

Scientists have been the ones to realise that Climate Change is happening, find causes, develop ways to slow it down and prevent catastrophes. They have been vocal about this for almost a century, but no one seemed to take an interest until it became our biggest problem.

On the other hand, politicians have been warned for decades, but they never seemed to follow scientific explanations and proposals, thinking that drastic changes that have been proposed cannot be implemented in the complex everyday life that we've so far made.

Why is this happening?

After the Industrial Revolution, humankind has started using the cheapest and most effective materials as their resources with which they can supply the world with all the goods they need, from using fossil fuels for driving cars, heating a building, to producing plastic, which makes one of the Earth's top polluters today, because it's impossible to decompose. Changing the way of living that we're used to is psychologically very demanding, if we can continue to live just as we do now, Humankind can't imagine what life is going to look like after our generations are no longer alive, so we never tried to make the effort to change our bad habits. However, scientists have warned us about everything that is

happening to us now, and it seems that the politicians are only now trying to adapt to a completely new way of production and resource management, and they're slow.

It is of the highest importance that science and politics become more intertwined than ever to fight this battle together, with all the knowledge that we now have, and to strive towards constant improvement.

Section 3: The way forward

Green Energy Generation:

Green Energy Generation refers to spreading the usage of renewable resources, adapting to a lower waste lifestyle (including eating less meat, limiting the use of plastic, abolishing single-use products, putting hyperproduction under control, limiting the negative impacts of fast fashion,...), switching to lower GHG options for transportation (using public transportation more, switching to electric vehicles), etc.

One of the goals for humanity is to produce most of its' primary energy from renewable resources, and ways do to it include hydropower, solar, wind, geothermal, bioenergy, wave and tidal. In 2019, Norway and Iceland scored highest on the Our World in Data BP statistic showing how much of countries' primary energy comes from renewable energy resources, with Iceland dominating with 79,08% and Norway with 66,18%. Altogether, in 2019, about 11% of global primary energy came from renewable resources.

Electric Vehicles and Net-Zero Carbon Emissions:

Having understood the difficulty to stop using cars and transferring to public transportation, which, at first, seemed like the best option to stop the pollution made by cars, which there are billions of, humankind turned to a new solution - electric vehicles (acronym - EV).

EVs are very similar to the cars that we're used to now, but they have fewer moving parts, and work on very little or no fossil fuels at all (petrol, diesel). So far, there are two types of EVs, fully electric, and plug-in hybrids.

BEV (Battery Electric Vehicles) have about 99% fewer moving parts that need maintenance, create very little noise, and can be charged overnight. BEV charging time varies from 30 minutes to more than 12 hours, and it all depends on batteries and power stations, but as EV became popular, these issues are being addressed day by day.

PHEV(Plug-in Hybrid Electric Vehicles) are vehicles that both have a battery and can run on fossil fuels, meaning they're good for longer distances, as the driver can switch to fossil fuels at any time. However, these vehicles have the same problems as fossil fuels run vehicles.

What is good about EVs is that they also have no exhaust emissions and lower emissions overall.

In 2020, 4.6% of cars sold were PHEV cars, and Tesla Model 3 became the first EV to pass 1 million sales in 2021.

Net-Zero Carbon Emission refers to a balance between GHG emissions produced and GHG emissions taken out of the atmosphere. This means that we have to extremely lower the production of GHG emissions here on Earth and get as close as we can to the real zero, meaning that we have to stop using fossil fuels immediately and switch to renewable resources.

Net-Zero Carbon Emissions goal is of highest importance for our survival because even if/when we stop producing GHG emissions, the CO₂ will stay in our atmosphere and heat the Earth for years and years to come, meaning that we will then have to combat the existing CO₂ and have to lower the damages that were made by previous generations.

The number of countries taking the pledge to achieve Net-Zero Emissions is rapidly rising, but what they're doing, for now, doesn't seem to be enough to achieve Net-Zero Emissions by 2050 and keep the Earth's temperature below 1.5°C. What is unfortunate is, after many countries' pledges and efforts to lower GHG emissions, CO₂ emissions saw a rise of 60% in the energy and industry from the 1992 UN Framework Convention on Climate Change. Current Net-Zero plans include 400 milestones to be reached within three decades to slower and eventually stop the human impact on Climate Change.

Focus on disparity between countries:

In the time of globalisation, disparity between countries, and even regions inside countries, is a problem that needs to be tackled more than ever. Having taken into consideration that the fight for reversing Climate Change is a global battle, we mustn't let the greediness of

countries that wish for power overrule the verdict for our future. This is a time for strong international institutions, partnerships, equal global financing in terms of getting closer to the goals of Climate Change, halt of developed countries exploiting less-developed countries and regions, a time for unity and all-around cooperation. Inequality in terms of incomes even within the countries, the quality of life, the living standards all need to improve.

Incentivization for renewable energy

There are many incentives for switching to renewable energy, from the desire to stop and reverse air pollution, to lowering the effects of Climate Change, to bettering our health, the quality of life, preventing economic crises that are ahead of us if we continue using fossil fuels.

Financial Incentives are, beyond the incentives of our dream life, not that easy to make, as they require stability and security to even be made.

Clean Energy Financial Incentives provide a form of monetary benefit to support the deployment of renewable energy and energy sufficiency technologies.

These incentives include:

- Tax measures provide tax deductions or credits, and/or lessen or eliminate certain taxes to support renewable energy and energy efficiency deployment
- Rebates, grants, and performance-based incentives provide a direct cash incentive to support energy efficiency and renewable energy and do not require repayment

- Loan programs, guarantees, and credit enhancements are often designed to provide lower interest loans and/or reduce the risk associated with loans for renewable energy and energy efficiency technologies and projects.

Section 4: Tackling unemployment and technological disparities:

There are two very distinct issues to address:

Global unemployment rates have hit record high number especially after the pandemic.

There are several reasons attributed to it:

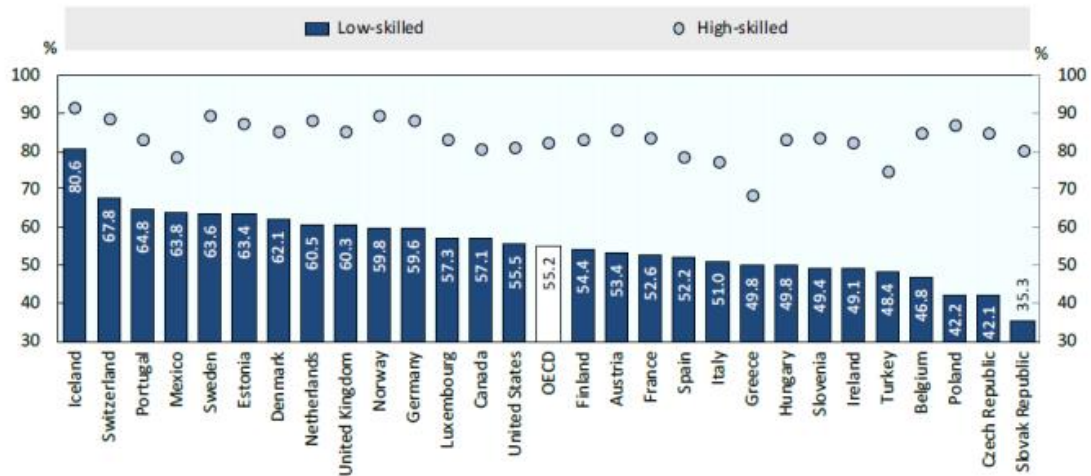
1. The reduction in net output of countries as a consequence of lesser sectors operating in COVID affected environments
2. Reverse-Migration and people quitting their jobs
3. Reliance on the unorganized sector for livelihood
4. Less skilled labour not being preferred by organizations during recruitments and they have lesser value add.

Now, the first 3 factors will auto-correct once the pandemic and its impacts ease off.

However, the last part is concerning. It is a trend that will possibly stay. Here is a small study by the OECD which shows employment rates between high and low skilled labourers:

Employment rate of low-skilled, 2015 Q3

As a percentage of the low-skilled population aged 25 to 64



Note: OECD is the weighted average of 28 OECD countries (excluding Australia, Chile, Israel, Japan, Korea and New Zealand).
 Low skill corresponds to less than upper secondary educational attainment. High skill corresponds to tertiary level educational attainment.
 Source: OECD estimates based on national labour force surveys.

In such an environment, we need to see how climate change actions can serve as a method to not only save earth from further issues but also use this as a new method to upskill, reskill and generate more jobs. Each project undertaken by governments can easily help harness the requirement for more employees. The role of this committee would be to understand some of the following things:

1. How much would it cost for companies/organizations/government bodies to ensure more people are trained on jobs related to greener energy generation?
2. If so, what is the method of financing and in what phases would countries need help to benefit the population?
3. What can be net reduction in % of unemployment?
4. How can countries work with institutions to create engagement and skill-developing programs and what would you as a committee suggest?

The second bit of discussion comes down to technological disparity:

Several large countries are able to benefit from their research and development capabilities.

The money required to set up R and D labs for identifying and manufacturing cleaner energy generating equipment is massive. Several smaller countries do not even have access to resources to set up the infrastructure needed for some fundamental understanding.

We see two potential roadblocks:

1. Governments have better areas to invest resources in smaller countries. How can we as a committee ensure that provisioning is made, and smaller countries use the funds exclusively for capital development projects?
2. The current cost associated with procurement of materials, setting up factories, finding economies of scale, competition from foreign players in global markets, etc., is impacting smaller countries and smaller manufacturers. What can we as a global country do ensure these barriers are brought down?

Our role is to encourage more open technological sharing. Countries and organizations have not come up with defined/economical methods to do the same and we could go a long way if we identify these partnership opportunities.

In summary:

Overall we have put together a broad set of topics that could help us look at the problem from multiple angles. The role of the committee is simple. We need to understand how all global parties, member states and organizations can come together to ensure there is better actioning at a country level to tackle climate change and at the same time ensure that

countries and their economies largely prosper as a consequence of better technology and human capital!

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