World Bank

WB

MUNUC 37

Model United Nations of the University of Chicago

Chair Letters

Dear delegates,

Welcome to MUNUC 37! I am Kevin Gu, and I am excited to be serving as one of your co-chairs for the World Bank (WB). This committee will focus on the topics of how the World Bank can deal with the challenges that come with the rise of digital finance, as well as how the World Bank can support developing nations with international trade and sustained economic growth. These topics will blend together the complexity of such a specialised agency with aspects of politics and economics that you, as delegates, will have to navigate. I cannot wait to see how these discussions will unfold.

A little bit about me: My name is Kevin, and I am a third-year student at the University of Chicago studying Economics and Public Policy. When I was a high schooler, I attended several Model UN conferences while they were in-person, and, during MUNUC 35, I was an assistant chair for a crisis committee, Cabinet of Florvil Hyppolite, Haiti 1889. In addition to chairing OPEC at MUNUC 36, I have also served as a crisis director for ChoMUN, UChicago's collegiate conference in the spring. Outside of Model UN, I participate in several business clubs, and I am also an avid member of intramural basketball and frisbee teams.

Through this committee, we hope that you will not only engage in meaningful discussions about the topics we have outlined, but also seek to expand your knowledge about the importance of international agencies like the World Bank in the workings of our world. As that is something that you navigate, we also hope that you have fun! I am very much looking forward to having a meaningful, yet enjoyable, weekend with all of you, and hope that this background guide can provide a good basis of information to catapult your experience at MUNUC. Please feel free to reach out if you have any questions, and I am excited to get started!

Your Chair,

Kevin Gu

kevingu@uchicago.edu

Dear Delegates,

Welcome to MUNUC 37! I'm Alex Zou, and I am super excited to be one of your co-chairs for the World Bank (WB) committee! I know you all have been eagerly preparing to address some of the greatest challenges of our day as part of the World Bank. As part of the committee, you will navigate everything from international trade in developing nations to generating economic growth—all in the hopes of making the world a more sustainable and connected global community. Though complicated as a subject, I am excited to see how your discussions will progress!

To introduce myself a bit more: I'm currently a third-year student at the University of Chicago studying Economics and Public Policy. In high school, I directed and competed at multiple Model UN conferences, so I'm really excited to help lead this committee! Previously, I have been an assistant chair for the crisis committee Cabinet of Florvil Hyppolite, Haiti 1889, and at several ChoMUN (UChicago's collegiate conference in the spring) conferences as well. Outside of MUN, I'm a member of a couple research clubs, intramural sports teams, and a big fan of Chicago sports.

Through this committee, we hope that you will not only engage in meaningful discussions about the topics we have outlined, but also seek to expand your knowledge about the importance of international agencies like the World Bank in the workings of our world. As that is something that you navigate, we also hope that you have fun! I am very much looking forward to having a meaningful, yet enjoyable, weekend with all of you, and hope that this background guide can provide a good basis of information to catapult your experience at MUNUC. Please feel free to reach out if you have any questions, and I am excited to get started!

In this committee, we hope you'll engage in exciting, didactic, and most of all, fun, discussions about the topics we've outlined to broaden your understanding of the importance of international agencies like the World

Bank in global affairs. I'm excited to have a great weekend and an enjoyable conference with all of you and I hope that our background guide can provide you with a solid understanding for the conference. If you have any questions, don't hesitate to reach out anytime!

Your Chair,

Alex Zou

alexzou456@uchicago.edu

History of the Committee

The World Bank, initially named the International Bank for Reconstruction and Development (IBRD), was established in 1944 at the Bretton Woods Conference in New Hampshire, alongside the International Monetary Fund (IMF). The primary purposes of the World Bank were to help rebuild European countries devastated by World War II and to promote economic development in less developed countries. In the early years, the World Bank focused on providing loans for large infrastructure projects such as dams, highways, and power plants. In fact, the first loan––250 million dollars––was granted to France in 1947 for post-war reconstruction. In the 1950s and 1960s, the Bank expanded its lending to developing countries—particularly in Latin America and Asia—to support industrialization and modernization efforts.

The World Bank underwent significant changes in the 1970s under the leadership of Robert McNamara, who served as President from 1968 to 1981. The Bank shifted its focus to poverty alleviation, emphasizing rural development, health, and education projects. During this period, the Bank also established the International Development Association (IDA) to provide concessional loans and grants to the poorest countries.

In the 1980s and 1990s, the World Bank faced criticism for its structural adjustment programs, which required borrowing countries to implement economic reforms, such as reducing government spending, privatizing state-owned enterprises, and liberalizing trade. These policies were often seen as harmful to the poor and detrimental to social welfare. In response to these criticisms, the World Bank began to focus more on social and environmental issues in the late 1990s and early 2000s. The Bank introduced safeguard policies to minimize the adverse impacts of its projects on people and the environment. It also increased its support for initiatives aimed at promoting good governance, fighting corruption, and strengthening institutions in developing countries.[1]

[1] "Explore History," World Bank, accessed September 29, 2024, https://www.worldbank.org/en/about/history.

In recent years, the World Bank has prioritized climate change mitigation and adaptation, as well as supporting countries in achieving the Sustainable Development Goals (SDGs).[2] The Bank has also played a crucial role in responding to global crises, such as the 2008 financial crisis and the COVID-19 pandemic, by providing financial assistance and policy advice to affected countries.[3]

Today, the World Bank Group consists of five institutions: the IBRD, the IDA, the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID).[4] The World Bank continues to be a major source of financial and technical assistance for developing countries, working to reduce poverty, promote shared prosperity, and support sustainable development.[5]

[2] IFC World Bank, "World Bank Group Climate Change Action Plan 2016-2020," World Bank, June 17, 2016, https://documents.worldbank.org/en/publication/documents-reports/documentdetail/755721468011421594/world-bank-group-climate-change-action-plan-2016-2020.
[3] "The World Bank Group's Response to the COVID-19 Pandemic," World Bank, accessed September 29, 2024, https://www.worldbank.org/en/who-we-are/news/coronavirus-covid19.
[4] "Who We Are," World Bank, accessed September 29, 2024, https://www.worldbank.org/en/who-we-are.
[5] World Bank, "The World Bank Annual Report 2018," World Bank, September 28, 2018, https://documents.worldbank.org/en/publication/documents-reports/documentdetail/630671538158537244/the-world-bank-annual-report-2018%0A.

TOPIC A: DIGITAL FINANCE

Digital finance is redefining economic activities by driving growth and enhancing financial inclusion through novel technological channels. According to McKinsey, widespread adoption could boost the GDP of emerging economies by $3.7 trillion by 2025.[6] By increasing efficiency, reducing costs, and accelerating commerce, these services support the growth of small and medium-sized enterprises (SMEs), the backbone of local economies.[7]

Financial inclusion is the main driver behind the rise of digital finance in developing countries. M-Pesa, launched in Kenya in 2007, is transforming mobile banking and financial inclusion. By 2016, M-Pesa had 25 million active users across 10 countries, significantly improving access to financial services for the unbanked.[8] Mobile banking, online payment systems, and digital wallets have enabled millions of previously unbanked individuals to save, invest, and manage their finances more effectively, even amid geopolitical instability.[9]

The financial technology landscape is dynamic and rapidly evolving. In 2021, the global fintech market was valued at approximately $112 billion and is expected to grow at a compound annual growth rate (CAGR) of 23.41% from 2021 to 2026.[10] Regions like Africa, Asia, and Latin America are witnessing significant growth in

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[6] "Digital finance for all: Powering inclusive growth in emerging economies." McKinsey & Company. September 2016. https://www.mckinsey.com/industries/financial-services/our-insights/digital-finance-for-all-powering-inclusive-growth-in-emerging-economies.
[7] "The impact of digital finance on economic growth." Journal of Economic Development, Environment and People. 2017. https://jedep.spiruharet.ro/view.php?doi=10.26458/jedep.v8i1.596.
[8] "M-Pesa: The mobile money success story of Africa." World Economic Forum. May 2017. https://www.weforum.org/agenda/2017/05/m-pesa-mobile-money-success-africa/.
[9] "The promise of fintech and financial inclusion." Brookings Institution. October 2016. https://www.brookings.edu/research/the-promise-of-fintech-financial-inclusion-in-the-post-covid-19-era/.
[10] "Global FinTech Market - Growth, Trends, COVID-19 Impact, and Forecasts (2021 - 2026)." Mordor Intelligence. 2021. https://www.mordorintelligence.com/industry-reports/global-fintech-market.

mobile money services. For example, GCash in the Philippines grew its user base from 20 million in 2019 to over 46 million by 2021.[11]

Delegate speaks at a Digital Finance Roundtable.[12]

Technological advances are key in this process too: AI and machine learning are being used to personalize services and improve customer experiences. In 2019, JP Morgan launched COiN, an AI-powered platform that interprets commercial loan agreements, saving 360,000 hours of work annually.[13] Blockchain technology, with its decentralized and secure nature, is being explored for applications in payments, smart contracts, and regulatory compliance.[14]

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[11] "GCash sees strong growth as cashless payments boom." BusinessWorld. August 2021. https://www.bworldonline.com/editors-picks/2021/08/05/387201/gcash-sees-strong-growth-as-cashless-payments-boom/.

[12] "Digital Finance Roundtable." Google image result for https://live.staticflickr.com/4335/36612955694_e7af4a501f_b.jpg. Accessed September 4, 2024. https://www.google.com/imgres?q=digital+finance&imgurl=https%3A%2F%2Flive.staticflickr.com%2F4335%2F36612955694_e7af4a501f_b.jpg&imgrefurl=https%3A%2F%2Fwww.flickr.com%2Fphotos%2Fitupictures%2F36612955694&docid=LeLi6Jnm0fiGFM&tbnid=xhcJl-u4ynTvTM&vet=12ahUKEwi5ncGigqqIAxVwkYkEHXMjCGcQM3oECG8QAA..i&w=1024&h=683&hcb=2&ved=2ahUKEwi5ncGigqqIAxVwkYkEHXMjCGcQM3oECG8QAA.

[13] "JP Morgan's COiN: An AI-Powered Platform." JP Morgan. 2019. https://www.jpmorgan.com/commercial-banking/insights/coin-machine-learning.

[14] "Blockchain technology in financial services: Risks and rewards." Deloitte. 2018. https://www2.deloitte.com/us/en/pages/advisory/articles/blockchain-technology-in-financial-services.html.

Despite significant strides, challenges remain in improving accessibility. According to the World Bank's Global Findex Database 2017, about 1.7 billion adults globally remain unbanked.[15] In many parts of the world, especially rural and remote areas, internet connectivity and smartphone penetration are still low. Initiatives like India's Aadhaar-enabled Payment System (AePS), launched in 2016, aim to address these issues by using biometric data to provide banking services in rural areas.[16]

To ensure all population segments have access to financial services, financial inclusivity is a major topic being explored by global communities. The United Nations' Better Than Cash Alliance, established in 2012, works with governments and companies to accelerate the transition from cash to digital payments, ensuring even marginalized groups can benefit.[17] Fintech companies and financial institutions need to design products that cater to diverse groups, ensuring ease of use and accessibility.

Cybersecurity has become a critical concern as FinTech becomes in vogue, as financial institutions and companies are prime targets for cyberattacks. The Equifax data breach in 2017, which exposed the personal information of 147 million people, highlighted the need for robust cybersecurity measures.[18] Implementing encryption, multi-factor authentication, and regular security audits is essential to protect sensitive financial data.[19] The use of AI and machine learning to detect suspicious activities and prevent fraud in real-time is becoming

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[15] "Global Findex Database 2017." World Bank. 2018. https://globalfindex.worldbank.org/.
[16] "Aadhaar-enabled Payment System (AePS)." National Payments Corporation of India. 2016. https://www.npci.org.in/what-we-do/aeps/product-overview.
[17] "Better Than Cash Alliance Annual Report 2020." United Nations. 2020. https://www.betterthancash.org/tools-research/reports/annual-report-2020.
[18] "Equifax Data Breach Settlement." Federal Trade Commission. 2019. https://www.ftc.gov/enforcement/cases-proceedings/refunds/equifax-data-breach-settlement.
[19] "Cybersecurity in digital finance: Managing threats and securing data." Financial Stability Board. 2020. https://www.fsb.org/2020/10/cybersecurity-in-digital-finance-managing-threats-and-securing-data/.

increasingly common.[20] In 2020, PayPal reported that its AI-driven fraud detection system helped reduce fraud loss rates by 50%.[21]

The regulatory landscape for fintech is complex and varies significantly across regions. The European Union's Revised Payment Services Directive (PSD2) in 2018 is an example of new frameworks developed to accommodate digital financial services.[22] Ensuring compliance with these regulations is essential for financial institutions and fintech companies to operate legally and maintain customer trust. The General Data Protection Regulation (GDPR) in the European Union, which came into effect in 2018, is an example of comprehensive legislation aimed at protecting individuals' data privacy rights.[23] Financial institutions must implement strong data governance practices and ensure transparency in how they collect, use, and store customer data to build trust and comply with regulatory requirements.[24]

1990s – 2000s

The foundations of digital finance were laid in the late 1990s and early 2000s with the advent of online banking. This period marked a significant shift in how financial services were delivered and accessed, particularly in developed countries. The concept of electronic banking began to take shape in the 1980s with the introduction of phone banking and ATMs. However, it was the rapid growth of the internet in the 1990s that truly

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20 Ibid.
21 "PayPal Q3 2020 Investor Update." PayPal. October 2020. https://www.paypalobjects.com/digitalassets/c/website/marketing/global/pages/stories/pdf/paypal_q3_2020_investor_update.pdf.
22 "Revised Payment Services Directive (PSD2)." European Commission. 2018. https://ec.europa.eu/info/law/payment-services-psd-2-directive-eu-2015-2366_en.
23 "Digital finance and its regulation: New developments and challenges." OECD. 2019. https://www.oecd.org/finance/Digital-Finance-New-Developments-and-Challenges.pdf.
24 "Data privacy in the age of digital finance." McKinsey & Company. 2019. https://www.mckinsey.com/business-functions/risk/our-insights/data-privacy-in-the-age-of-digital-finance.

revolutionized the banking industry. In October 1994, Stanford Federal Credit Union became the first financial institution to offer internet banking services to all its customers, allowing them to view account balances and transaction histories online. Following this breakthrough, major banks quickly began to develop their own online banking platforms. In 1995, Wells Fargo became the first U.S. bank to add account services to its website, allowing customers to check balances online. By 2000, 80% of U.S. banks were offering internet banking services. The early 2000s saw a rapid expansion of online banking capabilities; banks began offering more sophisticated services such as online bill payment, fund transfers, and loan applications. This period also saw the emergence of online-only banks, which operated without physical branches, offering lower fees and higher interest rates due to reduced overhead costs. The adoption of online banking grew steadily during this period. This growth was driven by increased internet access, improved security measures, and the convenience offered by online banking services.[25] However, this digital transformation was not without challenges. Banks had to invest heavily in cybersecurity to protect against emerging threats such as phishing and identity theft. Additionally, there were concerns about the digital divide, as access to these services was limited to those with internet access and digital literacy.

2008 – 2010

The global financial crisis of 2008 served as a catalyst for reassessing the global financial system, including the importance of financial inclusion. In the wake of this crisis, the World Bank significantly intensified its focus on financial inclusion, recognizing it as a crucial factor for economic stability, poverty reduction, and sustainable growth. The crisis highlighted the vulnerabilities of the global financial system and the need for a more inclusive approach to finance. Many policymakers and international organizations, including the World Bank, realized that expanding access to formal financial services could help build resilience against economic shocks, particularly for

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[25] Alice Ivey, "A Brief History of Digital Banking," Cointelegraph, April 20, 2023, https://cointelegraph.com/news/a-brief-history-of-digital-banking.

low-income individuals and small businesses. In response to these realizations, the Group of Twenty (G20) countries, at their Pittsburgh Summit in September 2009, committed to improving access to financial services for the poor. They recognized the World Bank's expertise in this area and asked the institution to take a leading role in advancing the financial inclusion agenda globally. This led to the establishment of the Global Partnership for Financial Inclusion (GPFI) in 2010, with the World Bank Group as a key implementing partner. The GPFI was designed as an inclusive platform for all G20 countries, interested non-G20 countries, and relevant stakeholders to carry forward work on financial inclusion. This period marked a significant shift in the World Bank's approach to financial sector development, with financial inclusion becoming a core part of its strategy. The Bank recognized that access to financial services was not just about banking, but also about providing a range of appropriate financial products and services to all segments of society, including savings, credit, insurance, and payments.[26] In addition, in 2010, The World Bank supported the establishment of the AFI, a global network of financial policymakers from developing and emerging countries. This alliance has been instrumental in sharing knowledge and best practices in digital financial services.

2013 – 2018

In 2013, the World Bank Group announced an ambitious goal to achieve Universal Financial Access (UFA) by 2020. This initiative aimed to enable adults worldwide to have access to a transaction account or electronic instrument to store money and send and receive payments. The UFA 2020 goal was a cornerstone of the World Bank's broader financial inclusion efforts. Key aspects of the UFA 2020 goal included focusing on 25 priority countries where 73% of all financially excluded people live, leveraging technology, particularly mobile phones and digital payment systems, to expand access rapidly, and partnering with the private sector to develop

[26] "About GPFI," GPFI, accessed July 21, 2024, https://www.gpfi.org/about-gpfi.

innovative financial products and delivery mechanisms. In 2015, the World Bank's flagship World Development Report focused on "Digital Dividends," examining the impact of digital technologies on economic development. The report highlighted the transformative potential of digital technologies, including in finance, while also warning about the risk of growing inequalities. In 2018, the World Bank released its Global Findex Database, which revealed significant progress in financial inclusion. The data showed that 515 million adults had opened accounts between 2014 and 2017, many thanks to digital technology and mobile money services.[27] In the same year, the World Bank and IMF launched the Bali Fintech Agenda to help countries harness the benefits of financial technology. This agenda provided a framework for policymakers and the international community to assess the opportunities and risks associated with fintech developments.

2020 – Present

The COVID-19 pandemic served as a catalyst for the rapid adoption of digital financial services globally. As governments implemented lockdowns and social distancing measures, digital finance became crucial for maintaining economic activities and delivering financial support to vulnerable populations. The World Bank played a significant role in supporting countries' digital finance responses to the pandemic. In the wake of the pandemic and the accelerated shift towards digital finance, the World Bank has intensified its focus on Central Bank Digital Currencies (CBDCs). CBDCs are digital forms of a country's fiat currency, issued and regulated by the national central bank.[28] The World Bank's work on CBDCs is ongoing, reflecting the rapidly evolving nature of this field and its potential to significantly reshape the global financial landscape.

[27] Demirguc-Kunt,Asli; Klapper,Leora; Singer,Dorothe; Ansar,Saniya; Hess,Jake Richard. *The Global Findex Database 2017 : Measuring Financial Inclusion and the Fintech Revolution (English).* Washington, D.C. : World Bank Group. http://documents.worldbank.org/curated/en/332881525873182837/The-Global-Findex-Database-2017-Measuring-Financial-Inclusion-and-the-Fintech-Revolution.

[28] "World Bank. 2022. Two Years After: Saving a Generation. Washington, DC: World Bank. http://hdl.handle.net/10986/37586.

Digital Finance is a growing trend.[29]

Throughout this period, the World Bank has played a pivotal role in promoting digital finance through research, policy advice, and financial support. The institution has consistently emphasized digital finance's potential to boost economic growth and reduce poverty. However, significant challenges remain. Cybersecurity threats have grown alongside the expansion of digital finance. Additionally, while mobile internet adoption has grown rapidly, a significant digital divide persists, particularly in low- and middle-income countries. The regulatory landscape for digital finance remains complex and fragmented. The World Bank continues to advocate for harmonized regulations that balance innovation with consumer protection and financial stability.

[29] Tv, Pata. "Finance-Digital-Skill-Siem Reap-196." Flickr, September 4, 2024. https://www.flickr.com/photos/patahq/53129518251.

Bali Fintech Agenda

In October 2018, the World Bank and the International Monetary Fund (IMF) jointly launched the Bali Fintech Agenda during the Annual Meetings in Bali, Indonesia.

The Bali Fintech Agenda consists of 12 policy elements aimed at helping member countries to:

1. Embrace the promise of fintech: Recognizing its potential to deepen financial markets, enhance financial inclusion, and improve cross-border payments and remittance transfer systems.

2. Enable new technologies to enhance financial service provision: Fostering an environment that supports innovation and competition in the financial sector.

3. Reinforce competition and commitment to open, free, and contestable markets: Ensuring a level playing field for both incumbents and new entrants in the financial services sector.

4. Foster fintech to promote financial inclusion and develop financial markets: Leveraging technology to extend financial services to underserved populations and regions.

5. Monitor developments closely to deepen understanding of evolving financial systems: Staying abreast of fintech trends and their implications for financial stability and integrity.

6. Adapt regulatory framework and supervisory practices for orderly development and stability of the financial system: Ensuring that regulations keep pace with technological advancements.

7. Safeguard the integrity of financial systems: Addressing risks related to money laundering and terrorism financing that may arise from new technologies.

8. Modernize legal frameworks to provide an enabling legal landscape: Updating laws to accommodate digital financial services and fintech innovations.

9. Ensure the stability of domestic monetary and financial systems: Assessing the impact of fintech on monetary policy transmission and financial stability.

10. Develop robust financial and data infrastructure to sustain fintech benefits: Building the necessary technological infrastructure to support fintech growth.

11. Encourage international cooperation and information-sharing: Promoting collaboration among countries to address the global nature of fintech developments.

12. Enhance collective surveillance of the international monetary and financial system: Monitoring global fintech trends and their impact on the broader financial system.[30]

The Bali Fintech Agenda has been instrumental in guiding countries' approaches to fintech regulation and development. It has provided a common framework for assessing fintech developments and their implications, helping to ensure that the benefits of fintech are realized while risks are appropriately managed.

Moreover, the agenda has fostered greater international cooperation on fintech issues. It has encouraged countries to share experiences and best practices, promoting a more coordinated global approach to fintech regulation and development.

[30] International Monetary Fund and World Bank Group. (2018). The Bali Fintech Agenda: A Blueprint for Successfully Harnessing Fintech's Opportunities. IMF Policy Paper, October 2018. https://www.imf.org/en/Publications/Policy-Papers/Issues/2018/10/11/pp101118-bali-fintech-agenda.

Digital Economy for Africa (de4a) Initiative

In 2018, the World Bank launched the Digital Economy for Africa (DE4A) initiative as part of its support for the African Union's Digital Transformation Strategy for Africa. This ambitious program aims to digitally enable every African individual, business, and government by 2030, aligning with the United Nations Sustainable Development Goals and the African Union's Agenda 2063. The DE4A initiative focuses on five key foundational areas: digital infrastructure, digital skills and literacy, digital platforms, digital financial services, and digital entrepreneurship. By addressing these interconnected aspects, the initiative seeks to create a comprehensive ecosystem for digital transformation across the continent.

The World Bank is working closely with African governments, the private sector, development partners, and civil society to implement this initiative. Their approach includes conducting country-specific diagnostics to identify gaps and opportunities, providing policy and regulatory support to create enabling environments, offering investment support for digital economy projects, and facilitating knowledge-sharing across the continent. The DE4A initiative recognizes that digital transformation is not just about technology, but also about creating an ecosystem that enables individuals and businesses to fully participate in the digital economy.[31] Through this holistic approach, the World Bank aims to bridge the digital divide and foster inclusive economic growth in Africa. By promoting universal and affordable broadband access, building digital skills, developing robust digital platforms, enhancing digital financial services, and fostering digital entrepreneurship, the DE4A initiative strives to create a more inclusive and prosperous digital future for Africa.

[31] World Bank. (2021). "Digital Economy for Africa (DE4A) Initiative." World Bank, Washington, DC. https://www.worldbank.org/en/programs/all-africa-digital-transformation.

Cybersecurity Efforts

The World Bank has recognized the critical importance of cybersecurity in the rapidly evolving landscape of digital finance, particularly in developing countries where digital financial systems may be more vulnerable. In response to this growing concern, the World Bank has taken several significant actions to enhance cybersecurity measures globally. A cornerstone of these efforts was the establishment of the Cybersecurity Multi-Donor Trust Fund in 2021. This fund aims to better integrate cybersecurity considerations into the broader digital development agenda, acknowledging that robust cybersecurity is essential for sustainable digital growth. Beyond this, the World Bank has been actively providing technical assistance to countries in developing their national cybersecurity strategies. This support helps nations create comprehensive frameworks to protect their digital infrastructure, including financial systems, from cyber threats. The World Bank has also been instrumental in supporting the implementation of cybersecurity measures in financial institutions through various capacity building programs. These programs focus on enhancing the skills and knowledge of financial sector professionals in cybersecurity best practices, risk management, and incident response. The Bank's efforts extend to promoting international cooperation on cybersecurity issues, recognizing the global nature of cyber threats.[32] Through these multifaceted initiatives, the World Bank aims to enhance the security and resilience of digital financial systems worldwide, with a particular focus on developing countries where the need for such support is often most acute. These efforts are crucial in building trust in digital financial services and protecting vulnerable populations from cyber-related financial crimes.

[32] World Bank. (2021). "Cybersecurity Multi-Donor Trust Fund." World Bank, Washington, DC. https://www.worldbank.org/en/programs/cybersecurity-trust-fund.

Possible Solutions

Promoting Digital Identity Systems

The World Bank could significantly enhance its support for the development of robust and inclusive digital identity systems, recognizing their crucial role in promoting financial inclusion. Digital identity systems serve as a foundational element for accessing a wide range of services, including financial services, and their absence is a major barrier to financial inclusion in many developing countries. To address this issue, the World Bank could intensify its efforts in providing both technical expertise and financial assistance for the implementation of national digital ID programs. This support could encompass helping countries design privacy-preserving and secure digital ID infrastructures, develop appropriate legal and regulatory frameworks, and implement user-friendly systems that are accessible to all population segments, including marginalized groups.

Furthermore, the World Bank could play a pivotal role in supporting the development of interoperable digital ID systems across regions, fostering cross-border recognition of digital identities. This would be particularly beneficial for migrant workers and cross-border trade. The Bank could also actively promote the use of digital IDs for financial services, working with financial institutions and fintech companies to integrate digital ID verification into their account opening and Know-Your-Customer processes. This would streamline access to financial services, reducing the time and cost associated with customer onboarding while enhancing the accuracy of identity verification.[33] By focusing on these areas, the World Bank could help countries overcome one of the most fundamental barriers to financial inclusion—the lack of formal identification—and pave the way for more inclusive and efficient financial systems.

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[33] Penny Crosman, "What Might Digital Identity Look like in the Future?," American Banker, May 28, 2024, https://www.americanbanker.com/podcast/what-might-digital-identity-look-like-in-the-future.

Enhancing Cross-border Payment Systems

The World Bank could also improve its role in improving cross-border payment systems, with a particular focus on remittances. This initiative would be crucial in promoting financial inclusion and economic development, especially for migrant workers and their families in developing countries. The Bank could support the development of regional payment systems that leverage economies of scale to reduce transaction costs and increase the speed of cross-border transfers. This could involve collaborating with regional economic communities and central banks to create integrated payment infrastructures that allow for seamless, real-time transactions across multiple countries. Additionally, the World Bank could promote the adoption of innovative technologies, such as blockchain and distributed ledger technology, which have the potential to revolutionize cross-border payments by making them faster, cheaper, and more transparent. The Bank could fund pilot projects, provide technical assistance, and share best practices on implementing these technologies in a secure and scalable manner.

The World Bank could also play a pivotal role in facilitating regulatory harmonization across countries. This would involve working with national regulators and international bodies to develop common standards and protocols for cross-border financial services, addressing issues such as anti-money laundering compliance and data protection.[34] By fostering a more consistent regulatory environment, the Bank could help reduce compliance costs and operational complexities for financial institutions, ultimately leading to more efficient and accessible cross-border payment services. Through these concerted efforts, the World Bank can contribute significantly to reducing remittance costs, which remain high in many corridors, and promote greater financial inclusion for millions of migrant workers and their families who rely on these vital financial flows.

[34] "Everything You Need to Know about Cross-Border Payments," ACI Worldwide, June 13, 2024, https://www.aciworldwide.com/cross-border-payment-processing.

Strengthening Cybersecurity Frameworks

The World Bank could play a crucial role in strengthening cybersecurity frameworks for digital finance, particularly in developing countries where vulnerabilities are often more pronounced. To address the growing cybersecurity threats, the Bank could develop a comprehensive cybersecurity assessment toolkit specifically designed for financial regulators and institutions. This toolkit would enable these entities to evaluate their current cybersecurity posture, identify weaknesses, and prioritize areas for improvement. It could include risk assessment methodologies, compliance checklists, and guidelines for implementing robust security measures. To supplement this, the World Bank could also establish a global knowledge-sharing platform dedicated to cybersecurity best practices in digital finance. This platform would serve as a centralized repository of information, case studies, and lessons learned from cybersecurity incidents and successful mitigation strategies worldwide. It could facilitate collaboration between financial institutions, regulators, and cybersecurity experts across borders, fostering a collective approach to tackling cyber threats.

In addition to this, the Bank could also provide targeted assistance to developing countries in implementing advanced cybersecurity measures. This could involve technical support and capacity building for implementing cutting-edge technologies such as AI-driven threat detection systems, which can significantly enhance the ability to identify and respond to cyber threats in real-time. The Bank could also help countries develop national cybersecurity strategies tailored to their specific digital finance ecosystems. By focusing on these areas, the World Bank would contribute significantly to building trust in digital financial services and protecting vulnerable populations from cyber threats, thereby supporting the broader goal of financial inclusion through digital means.

The bloc positions section is intended to provide delegates with an overview of where perspectives on the topic may differ amongst nations. For the topic of Digital Finance, it is important to understand that, by and large, there is strong support amongst all World Bank members for increasing access to digital financial services and for promoting financial inclusion. Therefore, for this topic, the bloc positions do not represent points of disagreement, but are instead largely determined by the present status of digital financial infrastructure within a country. In developing comprehensive solutions for this topic, delegates should remain cognizant of the fact that different countries will have both different needs and goals with respect to digital finance.

Nations With Developed Digital Financial Services

Countries in this bloc are characterised by more robust digital financial infrastructure, a high percentage of bank account access amongst their citizens, and greater equity of access to digital finance by gender. Nations in this bloc are also likely to be higher income and have more developed economies. Most of the G20, including the US, Japan, and much of the European Union, fall into this category.[35] Additionally, China is another nation within this bloc, owing to a strong increase in availability of digital financial tools with 80% of adults reporting having made a digital merchant payment.[36] While access to digital finance is widespread within members of this bloc, some example policy concerns for such countries include further enhancing financial inclusion, strengthening cybersecurity protections, and ensuring data privacy for users of digital financial services. Further, members of this bloc should consider how lessons learned from their own country's implementation of digital financial services can be used to increase financial inclusion around the world.

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[35] World Bank Group 2024. "The Global Findex Database 2021." *World Bank*. https://www.worldbank.org/en/publication/globalfindex.
[36] Ibid.

Collaboration is key to come to a resolution.[37]

Nations With Developing Digital Financial Services

Nations in this bloc are characterised by developing digital financial infrastructure, a lower percentage of bank account access amongst their population, and a greater equity gap in terms of access to financial services by

[37] Hassan, Mohamed. "Free Images : Paper, Finance, Document, Office, Aerial, Analysis, Application, Brainstorming, Business People, Computer, Data, Digital Device, Digital Tablet, Discussion, Flat Lay, Flatlay, Form, Information, Laptop, Marketing, Meeting, Newspaper, Nobody, Notebook, Objects, Papers, Pen, Planning, Sta, Man, Adult, Achievement, Africa, African American, African Descent, America, Black People, Caucasian, Challenge, Collaboration, Company, Cooperation, Corporation, Creative, Development, Diversity, German, Goals, Group, Hands, Management, Mission, Nigeria, Nigerian, Partnership, Russian, Solution, Start, Strategy, Successful, Support, Target, Task, Team Building, Teamwork, Together, Unity, Westerner, Free Photos, Free Images, Royalty Free, Product, Hand, Finger, Communication, Wrist, Gadget 2349x1785 - Mohamed Hassan - 1434873 - Free Stock Photos." PxHere, May 31, 2018. https://pxhere.com/en/photo/1434873.

gender. Many of the nations in this bloc, such as India, Ghana, and Kenya, have experienced previous and ongoing World Bank efforts to increase access to digital financial services as outlined in previous sections of this background guide.[38] Because access to digital financial services is more limited for countries within this bloc, some example policy priorities may include working to increase the percentage of the population with access to banking services and enhancing internet access with a focus on remote and rural areas. In advocating for solutions, members of this bloc should consider their unique circumstances and needs, and seek to deploy both tried-and-tested as well as novel approaches in order to increase access to digital financial services within their country.

heading2

Glossary

Cybersecurity: The protection of computer software, systems, and networks from threats that may result in unauthorized information disclosure, theft of (or damage to) hardware, software, or data, as well as from the disruption or misdirection of the services they provide.

Digital Finance: Describes the application of new technologies in the financial sector to improve access to financial services and increase the efficiency of financial systems.

G20: An intergovernmental forum comprising 19 sovereign countries, the European Union (EU), and the African Union (AU). It works to address major issues related to the global economy, such as international financial stability, climate change mitigation, and sustainable development.

GDP: A monetary measure of the market value of all the final goods and services produced and rendered in a specific time period by a country or countries.

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[38] World Bank Group. 2020. "Digital Financial Services." *World Bank*. World Bank Group. https://pubdocs.worldbank.org/en/230281588169110691/Digital-Financial-Services.

International Monetary Fund (IMF): A major financial agency of the United Nations, and an international financial institution funded by 190 member countries, with headquarters in Washington, D.C.

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https://www.bworldonline.com/editors-picks/2021/08/05/387201/gcash-sees-strong-growth-as-cashless-payments-boom/.

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Application, Brainstorming, Business People, Computer, Data, Digital Device, Digital Tablet, Discussion, Flat Lay, Flatlay, Form, Information, Laptop, Marketing, Meeting, Newspaper, Nobody, Notebook, Objects, Papers, Pen, Planning, Sta, Man, Adult, Achievement, Africa, African American, African Descent, America, Black People, Caucasian, Challenge, Collaboration, Company, Cooperation, Corporation, Creative, Development, Diversity, German, Goals, Group, Hands, Management, Mission, Nigeria, Nigerian, Partnership, Russian, Solution, Start, Strategy, Successful, Support, Target, Task, Team Building, Teamwork, Together, Unity, Westerner, Free Photos, Free Images, Royalty Free, Product, Hand, Finger, Communication, Wrist, Gadget 2349x1785 - Mohamed Hassan - 1434873 - Free Stock Photos.” PxHere, May 31, 2018. https://pxhere.com/en/photo/1434873.

"JP Morgan's COiN: An AI-Powered Platform." JP Morgan, 2019. https://www.jpmorgan.com/commercial-banking/insights/coin-machine-learning.

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Topic B: Trade and Inclusive Growth

Historically, trade has been considered the single greatest engine of economic growth. Allowing countries to specialize in the production of goods and services with a comparative advantage, trade aligns incentives to increase economic efficiency and overall productive output. Equally as important is trade's role in fostering innovation, as exposure to the competitive international market incentivizes developments in efficiency to maintain competitive advantages. However, the benefits of trade are not always evenly distributed, and disparities in trade snowball into broad inequalities.

According to the World Bank, countries that are more open to international trade tend to grow faster and have higher per capita incomes when compared to less open countries.[39] For instance, the World Trade Organization (WTO) notes that trade can help reduce poverty by creating jobs, increasing wages, and lowering prices for consumers, thereby improving living standards.[40]

Historically, the impact of trade on economic growth has been evident in various countries. For example, the rapid economic growth of the East Asian "Tigers" like South Korea, Taiwan, and Singapore during the latter half of the 20th century can be largely attributed to their strategic emphasis on export-led growth.[41] The rising "BRICS" (Brazil, Russia, India, China, and South Africa) similarly demonstrate these impacts.[42] These countries invested heavily in education and infrastructure, developed industrial policies that promoted manufacturing, and pursued aggressive trade policies that opened their economies to international markets. As a result, they experienced significant increases in GDP and reductions in poverty.[43]

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[39] "Trade and Development." World Bank Group. https://www.worldbank.org/en/topic/trade.
[40] Ibid.
[41] Park, J.H. "The East Asian Model of Economic Development and Developing Countries." Journal of Developing Sciences, 2011. https://journals.sagepub.com/doi/abs/10.1177/0169796X0201800403?journalCode=jdsb.
[42] Sawhney, U., & Kiran, T. "Bilateral Trade Among Brazil, Russia, India, China and South Africa Economies: An Empirical Analysis" Millennial Asia. https://doi.org/10.1177/0976399619853722.
[43] Ibid.

Despite the clear benefits of trade, there are significant disparities in how these benefits are distributed among different regions and populations.[44] Many developing countries and marginalized communities often find themselves excluded from the full advantages of global trade.[45] This exclusion can be attributed to several factors, including inadequate infrastructure, limited access to finance, and restrictive trade policies.

Addressing these disparities is crucial for promoting inclusive growth. The World Bank emphasizes the need for policies that ensure all segments of society can participate and benefit from trade.[46] This includes investing in infrastructure to improve connectivity, enhancing access to credit for small and medium-sized enterprises (SMEs), and reducing barriers to market entry. For example, the World Bank's Trade Facilitation Support Program aims to help developing countries implement measures that simplify and streamline international trade procedures, thereby making it easier for businesses to engage in trade activities.[47]

Moreover, targeted interventions are necessary to support disadvantaged groups.[48] Programs that focus on improving education and skills training can help workers transition to higher-paying jobs created by trade.[49] Additionally, social safety nets can provide support to those adversely affected by trade liberalization, ensuring that they do not fall into poverty.[50]

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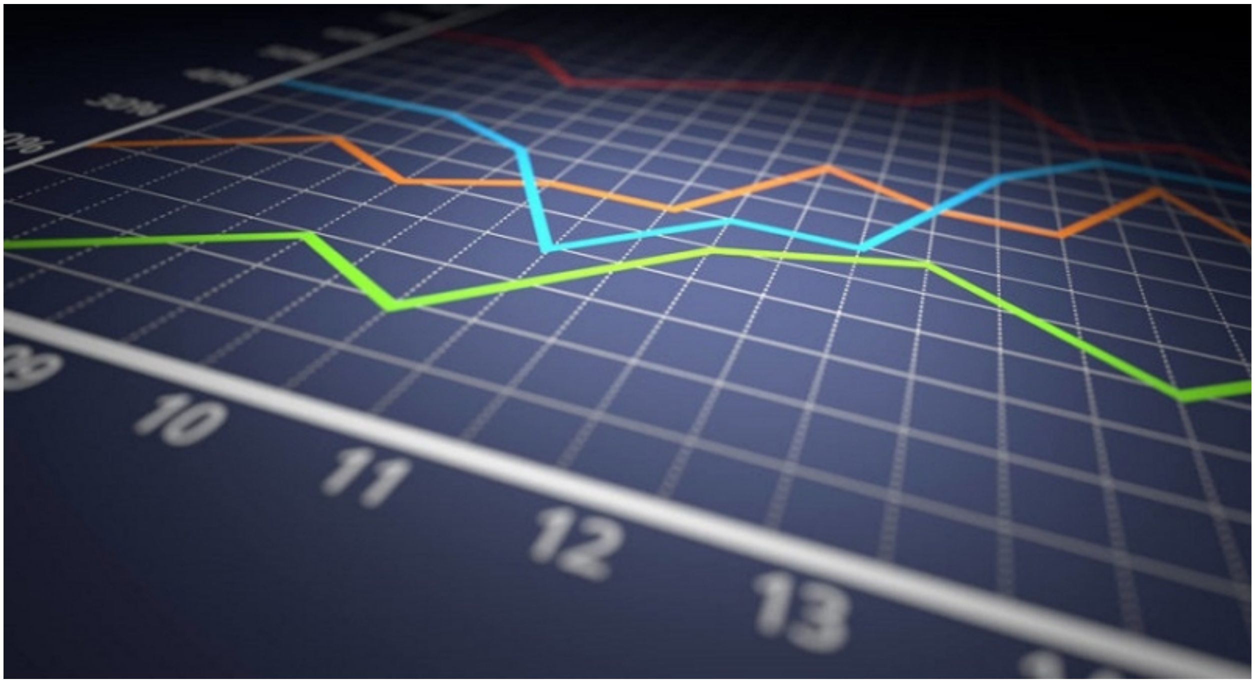
[44] "Global Trade Liberalization and the Developing Countries" International Monetary Fund https://www.imf.org/external/np/exr/ib/2001/110801.htm.
[45] Ibid.
[46] "Trade and Development." World Bank Group. https://www.worldbank.org/en/topic/trade.
[47] "Trade Facilitation Support Program" World Bank Group. https://www.worldbank.org/en/programs/trade-facilitation-support-program.
[48] "World's most marginalized still left behind by global development priorities: UNDP report." Human Development Reports. https://hdr.undp.org/content/worlds-most-marginalized-still-left-behind-global-development-priorities-undp-report.
[49] Ibid.
[50] Ibid.



Growth disparities exist within the world.[51]

Historically, efforts to promote inclusivity in trade have included various international agreements and initiatives. The Generalized System of Preferences (GSP), initiated in the 1970s, allows developed countries to grant preferential tariffs to imports from developing countries, thereby enhancing their trade opportunities and fostering economic growth.[52] More recently, the African Continental Free Trade Area (AfCFTA), established in 2018, aims to create a single market for goods and services across 54 African countries, promoting intra-African trade and economic integration.[53]

In conclusion, while trade is a powerful driver of economic growth and development, it is essential to address the disparities in trade benefits to ensure inclusive growth. By implementing policies that promote

[51] "How Quickly Can Latin America's Economies Recover?" The Dialogue, August 6, 2021. https://www.thedialogue.org/analysis/how-quickly-can-latin-americas-economies-recover/.

[52] "Overview and Beneficiaries." Generalized System of Preferences (GSP). Office of the United States Trade Representative. https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preference-gsp.

[53] About AfCFTA." African Continental Free Trade Area (AfCFTA). African Union. https://www.worldbank.org/en/topic/trade/publication/the-african-continental-free-trade-area.

equitable access to trade opportunities and supporting disadvantaged groups, a more inclusive and prosperous global economy can be created. The World Bank and other international organizations play a critical role in facilitating these efforts, providing the necessary resources and expertise to help countries harness the full potential of trade for inclusive growth.

1940s – 1960s

In July 1944, delegates from 44 Allied nations gathered in Bretton Woods, New Hampshire, for the United Nations Monetary and Financial Conference. This landmark event resulted in the establishment of two crucial institutions: the International Monetary Fund and the International Bank for Reconstruction and Development, which would later become part of the World Bank Group. These institutions were designed to promote international economic cooperation, stabilize exchange rates, and facilitate post-war reconstruction and development. In the following decades, as many countries gained independence from colonial rule, the field of development economics emerged as a distinct discipline. During the 1950s and 1960s, early development theories largely focused on rapid industrialization as the key to economic growth and development. Many economists and policymakers in developing countries advocated for import substitution industrialization strategies. This approach emphasized the development of domestic industries to produce goods that were previously imported, often using tariffs and quotas to protect nascent industries from foreign competition. The idea was to reduce dependency on imports, save foreign exchange, and promote domestic industrial growth.[54] This strategy stood in contrast to the trade openness promoted by the Bretton Woods institutions, reflecting a tension between different approaches to development that would persist for decades.

[54] Toye, J. (2003). Changing Perspectives in Development Economics. In H. J. Chang (Ed.), Rethinking Development Economics (pp. 21-40). London: Anthem Press.

1970s – 1980s

The 1970s marked a significant shift in global trade policies, with efforts to make international trade more inclusive for developing countries. A key development was the introduction of the Generalized System of Preferences (GSP) in 1971. The GSP was a groundbreaking initiative that allowed developed countries to offer preferential tariff treatment to imports from developing nations without extending the same benefits to other developed countries. This system was designed to increase export earnings, promote industrialization, and accelerate economic growth in developing countries. It represented one of the first systematic attempts to use trade policy as a tool for promoting inclusive development on a global scale. In the 1980s, there was a notable shift in the economic strategies of many developing countries. The import substitution industrialization policies that had dominated in the 1950s and 1960s began to give way to more open trade policies. This shift was largely influenced by the remarkable success of export-oriented economies, particularly in East Asia; for example, South Korea, Taiwan, and Singapore had achieved rapid economic growth by focusing on export-led development rather than protecting domestic industries. Their success stories provided compelling evidence that integration into global markets could drive economic growth and development more effectively than inward-looking policies. Consequently, many developing countries began to liberalize their trade regimes, reduce tariffs, and actively seek to increase their participation in global trade.[55] This period marked the beginning of a broader trend towards trade liberalization that would accelerate in the following decades.

[55] Stiglitz, J. E., & Charlton, A. (2005). Fair Trade for All: How Trade Can Promote Development. Oxford University Press.

Revisiting the connections between trade, growth and inequality.[56]

1990s

The 1990s witnessed a dramatic shift in the global economic landscape, characterized by widespread trade liberalization and the acceleration of globalization. Countries that had previously been largely closed to international trade began to open their markets, privatize state-owned enterprises, and adopt policies aimed at attracting foreign investment. This period saw a significant expansion of global trade as new markets opened and countries increasingly integrated into the global economy. A landmark event in this era of trade liberalization was the establishment of the World Trade Organization (WTO) in 1995. The WTO replaced the General Agreement on Tariffs and Trade, which had governed international trade since 1948. The creation of the WTO represented

[56] Fund, International Monetary. "AM17 Analytical Corner: Revisiting the Link between Trade, Growth, and Inequality." Flickr, September 4, 2024. https://www.flickr.com/photos/imfphoto/37650117346.

a major step in institutionalizing global trade governance. It provided a more comprehensive framework for negotiating trade agreements and resolving trade disputes between nations. The WTO's establishment reflected the growing consensus among many policymakers and economists that trade liberalization could drive economic growth and development. Under the WTO system, member countries committed to reducing trade barriers and opening their markets, based on the principle of non-discrimination in international trade. However, the rapid pace of economic openness and financial liberalization also revealed potential vulnerabilities. This became apparent during the Asian Financial Crisis of 1997–1998. The crisis, which began in Thailand and spread to other East and Southeast Asian economies, highlighted the risks associated with rapid capital account liberalization and excessive short-term borrowing. While not directly caused by trade liberalization, the crisis prompted a broader reassessment of the pace and sequencing of economic reforms.[57] It underscored the importance of strong domestic institutions, prudent macroeconomic management, and appropriate regulatory frameworks in managing the risks associated with greater economic openness. The crisis led many policymakers and economists to advocate for a more measured approach to liberalization, emphasizing the need for proper sequencing of reforms and the development of robust domestic financial systems before fully opening to international capital flows.

2000s

In September 2000, world leaders came together at the United Nations Millennium Summit and adopted the Millennium Declaration, which gave birth to the Millennium Development Goals (MDGs). These eight ambitious goals, to be achieved by 2015, placed the eradication of extreme poverty and hunger at the forefront of the global development agenda. The first MDG specifically aimed to halve the proportion of people living on less than $1 a day between 1990 and 2015. This global commitment brought increased attention to the concept of inclusive growth, emphasizing that economic development should not just increase overall wealth but should also

[57] Stiglitz, J. E. (2002). Globalization and Its Discontents. W. W. Norton & Company.

directly benefit those living under the poverty line. This concept represented a nuanced understanding of the relationship between economic growth and poverty reduction, acknowledging that the quality and distribution of growth were as important as its quantity. Against this backdrop of heightened focus on poverty reduction and inclusive development, the World Trade Organization launched the Doha Development Round in November 2001. This ambitious set of trade negotiations aimed to lower trade barriers worldwide and address the needs of developing countries within the global trading system. The Doha Round was explicitly framed as a "development round," reflecting the growing recognition of the potential role of trade in promoting inclusive growth and achieving the MDGs. Key issues on the agenda included improving market access for agricultural products from developing countries, reducing trade-distorting agricultural subsidies in developed countries, and providing special and differential treatment for developing countries. However, despite initial optimism, the Doha Round faced significant challenges and disagreements between developed and developing countries.[58] Progress stalled in subsequent years, highlighting the complexities of aligning trade liberalization with development objectives and the difficulties in achieving consensus in an increasingly multipolar world trade system.

2010s

In September 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development, which introduced the Sustainable Development Goals (SDGs) as a successor to the Millennium Development Goals. The SDGs represented a more comprehensive and integrated approach to global development, recognizing the interconnectedness of social, economic, and environmental challenges. Notably, Goal 8 explicitly called for the promotion of "sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all," while Goal 10 aimed to "reduce inequality within and among

[58] Ravallion, M. (2004). Pro-poor growth: A primer. World Bank Policy Research Working Paper 3242. Washington, DC: World Bank.

countries." These goals reflected a growing consensus that economic growth alone was insufficient; rather, the quality and distribution of that growth were crucial for genuine progress. Concurrent with the adoption of the SDGs, the concept of "inclusive growth" gained prominence in development discourse. Inclusive growth strategies typically focused on creating productive employment opportunities, investing in human capital, and ensuring equal access to markets and resources. In the context of trade, this meant not only expanding overall trade volumes but also ensuring that the benefits of trade were broadly distributed and that marginalized groups were not left behind. This shift in thinking influenced policy approaches at both national and international levels, with increasing attention paid to the distributional impacts of trade policies and the need for complementary measures to ensure inclusivity. A significant manifestation of these evolving approaches to trade and development was the establishment of the African Continental Free Trade Area (AfCFTA) in 2018. This landmark agreement, signed by 54 out of 55 African Union nations, aimed to create the world's largest free trade area since the formation of the World Trade Organization. The AfCFTA's objectives align closely with the principles of inclusive growth, seeking to boost intra-African trade, promote industrialization, create jobs, and ultimately contribute to poverty reduction across the continent.[59] By reducing tariffs and non-tariff barriers, facilitating the movement of goods and services, and harmonizing trade policies, the AfCFTA represents a major effort to harness the power of trade for inclusive development in Africa. The agreement is particularly noteworthy for its potential to support small and medium-sized enterprises, promote value addition in African economies, and strengthen regional value chains, all of which are crucial for creating more inclusive economic opportunities.

Throughout this history, the understanding of the relationship between trade and inclusive growth has evolved significantly. While trade has been recognized as a powerful driver of economic growth, there has been

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[59] Gupta, J., & Vegelin, C. (2016). Sustainable development goals and inclusive development. International Environmental Agreements: Politics, Law and Economics, 16(3), 433-448.

growing awareness of the need to ensure that the benefits of trade are broadly shared across society. Policymakers and international organizations have increasingly focused on complementary policies and interventions to maximize the inclusive growth potential of trade, including investments in education, infrastructure, and social safety nets. Despite progress, significant challenges remain in harnessing trade for truly inclusive growth, including persistent inequalities between and within countries, the displacement effects of trade on certain industries and workers, and the need to ensure that trade policies are compatible with other social and environmental goals.

Past Actions and Possible Solutions

The World Bank has undertaken several significant initiatives aimed at promoting inclusive and sustainable global trade:

The Trade Facilitation Support Program

Launched in 2014, the World Bank's Trade Facilitation Support Program (TFSP) helps developing countries align, understand, and integrate trade practices with the current World Trade Organization Trade Facilitation Agreement (WTO TFA).[60] Active in over 55 countries, this program supports client nations with existing challenges within cross-border trade, trade infrastructure design, and enhancing predictability/transparency of existing procedures to carefully institute global trade equitably and sustainably.[61] The TFSP is funded by nine donor partners: Australia, Canada, the European Commission, the Netherlands, Norway, Sweden, Switzerland, the United States, and the United Kingdom.[62]

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[60] "Trade Facilitation Support Program" World Bank Group. https://www.worldbank.org/en/programs/trade-facilitation-support-program.
[61] Ibid.
[62] Ibid.

Sub-programs worldwide include the Pacific Regional Trade Facilitation Strategy, which is designed to assist Pacific Island Forum (PIF) members in implementing national trade facilitation reforms.[63] These reforms aim to reduce administrative barriers—such as excessive documentation, complex border procedures, and inefficient regulations—that increase costs and delays in trade, thereby hindering economic development.[64] By boosting access to international markets by promoting the free movement of goods, services, capital, and people and emphasizing inclusive trade, the World Bank can support countries such as Fiji, Papua New Guinea, Samoa, Timor-Leste, and Vanuatu to better participate in the global economic community.

The TFSP is currently assisting 58 countries worldwide, with a significant focus on least developed nations. Sub-Saharan Africa hosts the largest number of supported countries, and additional support is extended to countries experiencing fragility and conflict. This support has come a long way towards bringing developing countries into the global trading fold.

African Continental Free Trade Area (AfCTA)

Approved in 2012 at the 18th Ordinary Session of Assembly of Heads of State and Government, held in Addis Ababa, Ethiopia, the African Continental Free Trade Area (AfCFTA) is one of the Flagship Projects of Agenda 2063 Africa's development framework.[65] The AfCFTA aims to promote intra-African trade and improve Africa's growth and economic prospects in the global community through strengthening Africa's common voice and policy space in global trade negotiations.[66] The key goals of this project are lofty, aiming to boost intra-African

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[63] "Trade Facilitation Support Program" World Bank Group. https://www.worldbank.org/en/topic/trade/publication/streamlining-trade-for-economic-growth-pacific-regional-trade-facilitation-strategy.

[64] Ibid.

[65] "About AfCFTA." African Continental Free Trade Area (AfCFTA). African Union. https://www.worldbank.org/en/topic/trade/publication/the-african-continental-free-trade-area.

[66] Ibid.

trade by “52 percent by 2022” and lift more than “30 million Africans out of extreme poverty, boost the incomes of nearly 70 million people, and generate $450 billion in income by 2035.”[67]

Generalized System of Preferences

Authorized under the Trade Act of 1974, the Generalized System of Preferences (GSP) is the oldest and largest U.S. trade preference program. This program aims to provide opportunities for developing countries globally to leverage trade to grow their economies and combat poverty through the elimination of duties on various products imported from 119 beneficiary countries and territories.[68]

Further possible solutions to be instituted by the World Bank or partner countries to enhance global trade access and inclusive growth include the following:

The World Bank has recognized the importance of supporting SMEs to ensure they benefit from global trade. Policies aimed at enhancing access to finance, providing technical assistance, and improving market access for SMEs are crucial. The World Bank’s initiatives focus on creating an enabling environment for SMEs by reducing regulatory barriers, facilitating access to credit, and providing training programs to enhance their competitiveness. By empowering SMEs, the World Bank aims to foster inclusive economic growth and ensure that the benefits of trade reach all segments of society.

Capacity building is essential for developing countries to enhance their trade capabilities. The World Bank provides training and resources to help these countries build the necessary infrastructure and expertise to participate effectively in global trade. This includes programs that focus on improving trade logistics, customs

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[67] Witschge, Loes. “African Continental Free Trade Area: What you need to know.” Al-Jazeera. https://www.aljazeera.com/economy/2018/3/20/african-continental-free-trade-area-what-you-need-to-know.; "The African Continental Free Trade Area". World Bank Group. https://www.worldbank.org/en/topic/trade/publication/the-african-continental-free-trade-area.

[68] “Generalized System of Preferences (GSP)” Office of the US Trade Representative. https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preference-gsp.

procedures, and regulatory frameworks. For example, the World Bank's Trade Facilitation Support Program offers capacity-building initiatives to help countries implement trade facilitation measures, thereby reducing trade costs and improving efficiency. By strengthening the trade capabilities of developing countries, the World Bank aims to promote inclusive growth and ensure that these nations can fully benefit from global trade opportunities.

Formulating inclusive trade policies is crucial to ensure that the benefits of trade are shared equitably. The World Bank advocates for policies that promote equitable access to trade opportunities, support disadvantaged groups, and address disparities in trade benefits. This includes investing in infrastructure to improve connectivity, enhancing access to credit for SMEs, and implementing social safety nets to support those adversely affected by trade liberalization. By focusing on inclusivity, the World Bank aims to create a more equitable and prosperous global trading system where the benefits of trade are shared broadly across different regions and populations.

Bloc Positions

The bloc positions section is intended to provide delegates with an overview of where perspectives on the topic may differ amongst nations. For the topic of Trade and Inclusive Growth, it is important to understand that the World Bank views trade as an important driver of inclusive growth. The World Bank is also of the belief that economic gains from trade should be shared, especially with lower-income and marginalized communities. The World Bank advocates for policies that help grow economies, such investment in human capital and improving trade conditions.

A G20 Summit taking place in China.[69]

For this topic, the bloc positions are based on where the status of a country's economy may be. In developing solutions for this topic, delegates should keep in mind that different countries and economies may have different goals with respect to trade and inclusive growth.

Nations With High-Income Economies

Countries in this bloc fall under the classification of having a High-Income Economy with the World Bank. Some traits of these countries are high income levels (those with a GNI per capita of $13,205 or more),

[69] OECD Organisation for Economic Co-operation and Development. "G20 Summit in China and on Linking Global Value Chains: A New Trade Regime and at the CDF on China's Economic Growth and Reform in the New Five-Year Plan." Flickr, September 4, 2024. https://www.flickr.com/photos/oecd/25421911594.

industrialization (defined as having a strong industrial base with significant contributions from manufacturing, services, and technology sectors), economic diversification (defined as economies with less reliance on any single industry), and global influence (defined as nations with significant influence in economic institutions such as the World Bank and International Monetary Fund). Most of the G20 nations fall within this category.[70]

While countries within this bloc will often advocate for free trade policies and reduction of trade barriers, and are generally supportive of inclusive growth, they often trade off economic efficiency with markers of inclusive growth that are beneficial for lower-income, marginalized communities within their respective nations. Members of this bloc should consider the balance between the two, but also the needs and differences between trade within their economies and how that might differ from economies that do not yet meet the classifications of a high-income economy.

Nations With Lower-Income Economies

Countries within this bloc fall under classifications of lower-income economies. Some traits of these economies are having a GNI per capita between $1,135 and $4,465, dependence on any one industry, having low levels of industrialization, infrastructure gaps, and higher poverty rates. These economies are diverse and cannot be generalized to any one group of nations. While nations in this bloc recognize the importance of trade for development, they often will advocate for policies that allow them to continue to grow their domestic industries. Some policy concerns that they often consider include more equitable global trade rules and more support in terms of infrastructure building and access to finance. Members of this bloc should consider their own

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[70] INTERNATIONAL MONETARY FUND. "Reinvigorating Trade and Inclusive Growth." *INTERNATIONAL MONETARY FUND, WORLD BANK, AND WORLD TRADE ORGANIZATION*, n.d. https://documents1.worldbank.org/curated/en/874541538071614937/pdf/130272-WP-PUBLIC-Disclosed-9-30-2018.pdf?_gl=1*ti3s6s*_gcl_au*MTgzOTI1MzEyNS4xNzI1MTIzNjMy.

circumstances and conditions of their economy, and explore alternative routes that make the most sense for them to increase access to trade and greater growth in their economies.[71]

Glossary

United Nations Millennium Summit: A meeting among many world leaders, lasting three days from 6 to 8 September 2000, held at the United Nations headquarters in New York City. Its purpose was to discuss the role of the United Nations at the turn of the 21st century.

World Trade Organization (WTO): An intergovernmental organization headquartered in Geneva, Switzerland that regulates and facilitates international trade.

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[71] Ibid.

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