

LA MARTINIÈRE MODEL UNITED NATIONS, 2023



THE DECENNIAL EDITION

INTERNATIONAL BANK FOR
RECONSTRUCTION &
DEVELOPMENT

BACKGROUND GUIDE

PRINTABLE FORMAT

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Letter from the Executive Board

Greetings Delegates,

We extend a warm welcome to the simulation of the International Bank for Reconstruction and Development (IBRD) at La Martiniere Model United Nations 2023. This guide has been meticulously crafted to aid in your research efforts and serves as an initial reference for your preparations. Our discussions will encompass a range of agenda items.

Throughout the conference, we expect delegates to demonstrate creativity, diplomacy, and courtesy. Your contributions should be supported by well-founded logic and comprehensive research. Please be assured that you need not delve into the Rules of Procedure at this juncture, as they will be explained prior to the formal debate. Your primary focus should be on deliberating the salient agenda points and formulating viable solutions.

It is imperative to highlight that the Background Guide may not be cited or employed as substantial proof during forum sessions. As delegates, you are entrusted with the task of conducting rigorous research to corroborate your positions and conclusions during debates. This guide serves as an invaluable starting point but should not be construed as exhaustive.

Should you have any further inquiries or require clarification on any matter, please do not hesitate to contact the Executive Board.

With warm regards,

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Introduction

The International Bank for Reconstruction and Development (IBRD), established in 1944, serves as one of the key member institutions within the World Bank Group. Headquartered in Washington, D.C., USA, the IBRD's central mission is to provide financial and technical assistance to middle-income and creditworthy low-income countries. Unlike its sister institution, the International Development Association (IDA), which primarily targets the world's poorest nations, the **IBRD focuses on countries with the ability to access international financial markets.**

One of the distinctive aspects of the IBRD is its funding mechanism. It raises funds through the issuance of bonds in international capital markets, offering these resources to its member countries. Additionally, it garners capital contributions from its member countries, further bolstering its financial capacity.

The combination of these funding sources enables the IBRD to extend loans to member countries at favorable interest rates, thus aiding these nations in financing development projects without incurring high borrowing costs.

The IBRD's project portfolio spans a broad spectrum of development areas, encompassing infrastructure development, education, healthcare, environmental sustainability, and more.

These projects designed to alleviate poverty, foster economic growth, and enhance the overall quality of life in the countries it serves

o Capital markets are financial markets where buyers and sellers trade financial assets such as stocks, bonds, currencies, and other securities. Capital markets include the stock market and the bond market.

o International capital market is a group of interconnected markets where people from different countries trade assets. These markets are central to the functioning of the major bond, equity, and foreign exchange markets. The international capital market allows companies and governments to access new sources of funds.

Furthermore, the IBRD goes beyond mere financial assistance; it offers technical expertise and knowledge sharing to assist member countries in effectively implementing and managing these development initiatives.

In terms of governance, member countries are stakeholders in the IBRD, with their voting power determined by the size of their financial contributions. Consequently, high-income countries, such as the United States, typically wield significant influence within the institution. This governance structure underscores the cooperative nature of the IBRD, where member countries collaborate to channel resources and expertise toward the advancement of global development goals.

The IBRD places a strong emphasis on sustainability, considering environmental and social factors in the projects it supports. This commitment aligns with the broader international focus on responsible and sustainable development practices. Moreover, the IBRD frequently partners with other international organizations, governments, and private sector entities to maximize the impact of its initiatives, pooling resources, and expertise to tackle complex development challenges.

Throughout its history, the IBRD has made substantial contributions to economic development and poverty reduction in numerous countries worldwide. Its role in providing financing, expertise, and knowledge sharing for a wide range of development projects remains vital in advancing the well-being of people and nations across the globe.

In summary, the IBRD's journey from its inception in 1944 to its present-day role reflects its adaptability and commitment to global development. It has transitioned from a post-war reconstruction institution to a multifaceted organization addressing pressing global issues, all while upholding the principles of economic interdependence and sustainability among responsible stakeholders in the international system.

Importance of Addressing Governmental Malfeasance

Addressing governmental malfeasance is of paramount importance for several reasons, as recognized by various United Nations reports and resolutions. Governmental malfeasance, which includes corruption, abuse of power, human rights violations, and other forms of misconduct by government officials, can have far-reaching negative consequences for societies and nations.

Addressing governmental malfeasance is pivotal in safeguarding human rights, upholding the rule of law, and fostering economic development, as echoed in various United Nations reports and resolutions. Governmental malfeasance often results in egregious human rights violations, including arbitrary arrests, torture, and extrajudicial killings, directly contravening the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights. Simultaneously, eroding trust in institutions and blurring the line between legality and illegality, governmental malfeasance weakens the rule of law, as emphasized by the United Nations Development Programme's Global Programme for Strengthening the Rule of Law.

Corruption and misconduct within governments divert public resources from essential services like healthcare and education, stymieing economic development and perpetuating poverty. Sustainable Development Goal 16, a UN initiative, underscores the critical role of peaceful and inclusive societies, access to justice, and accountable institutions in advancing sustainable development. Furthermore, addressing governmental malfeasance is vital for preserving political stability, as widespread corruption and abuse of power can fuel public discontent and social unrest, potentially leading to political instability.

¹UN General Assembly Resolution A/RES/75/178

²The UN Secretary-General's Report A/72/707-S/2018/43
(Read Pillar 3 and Pillar 5, as well as the Conclusion, desired.)

³UN Security Council Resolution 1373 (2001)

Malfeasance within governments can also disrupt global governance and diplomacy, hindering international cooperation on pressing issues such as climate change and terrorism. Additionally, achieving the Sustainable Development Goals, particularly Goal 16 on Peace, Justice, and Strong Institutions, is compromised when governments engage in malfeasance⁴.

Finally, accountability and transparency in government operations are indispensable for fostering trust between citizens and the state⁵. In sum, addressing governmental malfeasance is a multifaceted endeavour crucial for upholding human rights, strengthening governance, spurring economic growth, and advancing global cooperation and sustainable development, all of which are central tenets of the United Nations' mission and objectives.

⁴The United Nations Convention against Corruption (UNCAC) plays a pivotal role in preventing and combating corruption.

⁵UN General Assembly Resolution A/RES/74/276 highlights the necessity of transparency and accountability in implementing the 2030 Agenda for Sustainable Development.

RCEP and its Significance

The Regional Comprehensive Economic Partnership (RCEP) is a landmark trade agreement signed by 15 Asia-Pacific nations in November 2020. This agreement holds immense significance, both regionally and globally, for several reasons.

Firstly, RCEP represents one of the largest trade deals in the world, covering nearly a third of the global population and accounting for around 30% of the world's GDP. The participating nations include major economies such as China, Japan, South Korea, Australia, and the 10 members of the Association of Southeast Asian Nations (ASEAN). By facilitating trade and investment among these nations, RCEP has the potential to stimulate economic growth and enhance economic resilience in the region.

Secondly, RCEP fosters greater economic integration in the Asia-Pacific, promoting a more predictable and harmonized trade environment. It aims to reduce tariffs and other trade barriers, simplify customs procedures, and establish common rules and standards for trade and investment. This harmonization not only reduces transaction costs for businesses but also encourages foreign direct investment (FDI) by creating a more stable and attractive business environment.

Thirdly, RCEP's significance extends beyond economics to geopolitics. The agreement represents a notable effort by Asian nations to deepen regional cooperation and promote stability. In a world where protectionism and trade tensions have risen, RCEP sends a clear signal that these nations are committed to open and rules-based trade. This can help counterbalance other global trends and contribute to a more stable international economic order.

Lastly, RCEP has the potential to serve as a building block for further economic integration in the region. While it may not address all trade issues comprehensively, its establishment provides a platform for future negotiations and cooperation.

As countries within RCEP grow more interconnected economically, they may also find opportunities for increased diplomatic collaboration and conflict resolution, further enhancing the region's stability and prosperity.

In conclusion, the Regional Comprehensive Economic Partnership is a significant milestone in the world of international trade. Its vast economic reach, potential for regional stability, and contribution to the rule-based trading system make it a crucial development in the Asia-Pacific region and beyond. As RCEP continues to be implemented and expanded upon, it has the potential to shape the economic and geopolitical landscape for years to come.

Governmental Malfeasance

Governmental malfeasance⁶ refers to the wrongful conduct of public officials or personnel, encompassing a huge spectrum of behaviours such as bribery, corruption, abuse of power, embezzlement, fraud, misconduct in workplace, negligence, and violations of civil rights.

The effect of governmental malfeasance on the public cannot be understated. It erodes consider in authorities' institutions and effects in sizable economic and social damage. For example, corruption in the authorities can bring about elevated tax burdens on residents, reduced great of public services, and heightened socioeconomic inequality. Similarly, abuse of power can result in egregious human rights violations and numerous varieties of injustice, in addition diminishing public confidence within the government's capacity to defend and serve its citizens.

⁶ The World Bank, IMF, and UN lack a singular definition for governmental malfeasance, yet acknowledge its unfavourable outcomes on financial development and poverty reduction. While the World Bank and IMF address corruption, the UN presents steering through various documentations.

Impact of Governmental Malfeasance on Fiscal Sustainability

Governmental malfeasance undermines fiscal sustainability in two main ways.

- First, it leads to a misallocation of resources. When public officials abuse their power for private gain, they are likely to allocate public resources to projects that benefit themselves and their cronies, rather than to projects that benefit the broader society. This can lead to a waste of public resources and a decline in economic efficiency.
- Second, governmental malfeasance can erode public trust in government. When people see that public officials are corrupt, they are less likely to pay taxes and more likely to engage in illegal activities. This can lead to a decline in government revenue and an increase in government spending on law enforcement and other security measures. Both effects can make it more difficult for governments to maintain fiscal sustainability.

These consequences collectively undermine a nation's ability to manage its finances effectively, jeopardizing its capacity to meet current and future obligations, and ultimately impeding socioeconomic progress. Addressing governmental malfeasance is imperative to preserve fiscal stability and promote responsible governance.

Governmental malfeasance is particularly harmful to fiscal sustainability in developing countries. This is because developing countries often have weaker institutions and less developed financial markets. This makes it easier for corrupt officials to abuse their power and divert public resources for private gain.

Regional Comprehensive Economic Partnership (RCEP)

The Regional Comprehensive Economic Partnership (RCEP) has often been defined as the natural corollary of the efforts of the Association of Southeast Asian Nations (ASEAN) to strengthen regional integration efforts within ASEAN members.

ASEAN countries have consistently taken interest in developing intraregional integration and advanced it from an ASEAN Free Trade Area (AFTA) in the 1990s to a more comprehensive form of integration in 2003, called the ASEAN Economic Community (AEC). ASEAN established the AEC in 2015 and adopted the AEC Blueprint 2025 to further deepen regional integration measures by 2025. Simultaneously, ASEAN has extended its integration initiative to non-members and progressively built a network of free trade agreements (FTAs).

The RCEP was signed on 15 November 2020, when ASEAN's 10 members and 5 of its free trade area (FTA) partners—Australia, the PRC, Japan, the Republic of Korea, and New Zealand—agreed to work together under a single umbrella of economic cooperation. The formation of RCEP was viewed by many as pathbreaking for ASEAN as not only did it establish ASEAN's centrality⁷ in leading the economic cooperation architecture in Asia and the Pacific, RCEP signalled an attempt to resolve the “noodle bowl”⁸ effect of the array of FTAs that proliferated in the region.

⁷ ASEAN Centrality assumes that ASEAN, instead of the bigger economies should be the hub of developing a wider regional architecture in Asia and the Pacific.

⁸ The continued proliferation of regional trade agreements (RTAs) risks turning the world trade system into a "noodle bowl" of overlapping and potentially inconsistent and unmanageable RTAs. (Delegates may refer IMF's Working Paper (WP 07/53))

The noodle bowl effect is a term used to describe the complex and overlapping web of free trade agreements (FTAs) in the Asia-Pacific region. It refers to the fact that many countries in the region have FTAs with each other, as well as with countries outside of the region. This can lead to a situation where businesses and consumers have to navigate a complex maze of different rules and regulations.

- It is analogous to a bowl of noodles, where the different strands of noodles represent the different FTAs. The noodles are often tangled and difficult to distinguish from each other, making it difficult for businesses to understand and comply with the different rules and regulations.

The RCEP entered into force on 1 January 2022⁹.

RCEP's primary objective is to promote economic integration and trade liberalization among its member countries. It seeks to create a unified market in the Asia-Pacific region, making it easier and more cost-effective for businesses to engage in cross-border trade and investment. To achieve this, RCEP addresses various aspects of economic cooperation, including the reduction of tariffs and non-tariff barriers, the streamlining of customs procedures, and the facilitation of trade in services.

The agreement also includes provisions related to intellectual property rights, competition policy, and e-commerce, among other areas. One of RCEP's key strengths is its flexibility, allowing member countries to choose the pace and extent of their liberalization commitments, which accommodates the varying economic development levels of participating nations.

⁹ Association of Southeast Asian Nations. 2021. Regional Comprehensive Economic Partnership (RCEP) Agreement to Enter into Force on 1 January 2022. News release. 21 November.
<https://asean.org/regional-comprehensive-economic-partnershiprcep-to-enter-into-force-on-1-january-2022/>

Significance of RCEP

- Trade facilitation
- Market access
- Economic growth
- Trade diversification
- Foreign direct investment (FDI)
- Global economic stability
- Supply chain integration
- Consumer benefits

Governmental Malfeasance effect on Trade Agreements

Corruption and mismanagement within a government can severely hinder the benefits derived from trade agreements. When officials are tainted by corruption, they often exploit trade agreements for personal gain, neglecting the national interest. This may involve favouring government-owned companies or businesses linked to friends and family, regardless of their efficiency or competitiveness. Furthermore, corrupt officials are less likely to enforce trade agreement terms, creating an uneven playing field for businesses. Governmental malfeasance introduces compliance challenges, as bribes and illicit practices inflate business costs, leading to economic distortions like unfair subsidies. Reduced investor confidence discourages foreign investment, impeding economic growth. Corruption within customs and regulatory agencies erects trade barriers, increasing transaction expenses. Trust erosion and political instability disrupt trade deals, while public perception of corruption impacts agreement acceptance. Tackling these issues is imperative for transparent and successful trade practices within such agreements, promoting economic growth and stability ¹⁰.

To ensure a thorough analysis and comprehension, it is crucial for delegates to review the following documents:

-IMF Working Paper (wp9876)

: <https://www.imf.org/external/pubs/ft/wp/wp9876.pdf>

- Just go through Chapters 2,3 and 5

-UNDP: Governance and Trade: A Toolkit for Policymakers and Practitioners:

<http://web.undp.org/evaluation/handbook/documents/english/pme-handbook.pdf>

- Just go through Chapter 1 (1.1, 1.3 and 1.4), Chapter 2 (2.1 and 2.3), Chapter 3 (3.1 and 3.2), and Chapter 5 (5.1 and 5.2)

-World Bank Report: Global Governance Report: Just go through the Introduction

Key Questions for Forum's Consideration

1. Forms of Governmental Malfeasance
2. Impact on Economy and Society
3. Framework for Prevention and Combat
4. Non-Member Support for Forum Goals
5. Role of RCEP in Promoting Governance
6. Contribution of Businesses and Civil Society

These points serve as reference, and the forum can further explore and develop more specific and relevant questions to be addressed during its deliberations.

The 7th RCEP Ministerial Meeting
8 September 2019, Bangkok, Thailand



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