

<b>Forum:</b>	General Assembly 2 <sup>nd</sup> Committee
<b>Issue:</b>	Measures to prevent exploitation of refugees by criminal organizations
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<b>Position:</b>	Deputy Chair

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## Introduction

In a world where there are multiple ongoing conflicts and new ones arising almost every year, we started to observe more and more exploitations of refugees in conflict zones. As the nature of war has changed in the last few decades, with more and more internal conflicts replacing wars among countries, the number of refugees has increased significantly.

Refugees are protected in international law and their life shouldn't be at risk because their life is already difficult to imagine. Nearly 20 million refugees are trying to get a new life while they are being exploited by a lot of criminal organizations. United Nations High Commissioner for Refugees (UNHCR), is trying to help them and working to prevent exploitation, harassment and abuse of refugees for a long time. UNCHR was created in 1950, after the Second World War to help refugees who had lost or fled their homes.

According to a UN Refugee Agency, 20 million refugees face exploitations because of governments' failure to recognize them and that exploitation of refugees can't be tolerated since it violates everything that the UN stands for. Refugees are among the most vulnerable people on earth so they need UN and its organs for protection because the UN estimated in 2008 that close to 1 per cent of the world's 6.7 billion people are refugees, which means that there were already some 67 million displaced people. Large numbers of refugees receive no humanitarian assistance or protection whatsoever and this lead them to be exploited by criminal organizations.

When it comes to crime and refugees, governments and international institutions pay a lot of attention to the involvement of organized criminal organizations in transporting and smuggling refugees. Vulnerable refugees trudging, searching for a new place to live - a sanctuary - are being exploited by criminal organizations during their journey. These organizations are forcing them into prostitution and slave labour. These refugees - mainly young and vulnerable people, women and unaccompanied children - are being identified with the sole purpose of exploitation.

## Definition of Key Terms

### Exploitation

According to UNHCR; Exploitation is the abuse of someone where some form of remuneration is involved or whereby the perpetrators benefit in some manner – monetarily, socially, politically, etc.

## Abuse

The word *abuse* is made up of two parts — "use," which means to employ, and *ab-*, a Latin prefix meaning "away" — and as a whole comes from the Latin *abūsus*, meaning "misuse," or "use wrongly."

## Refugee

According to the 1951 Refugee Convention relating to the Status of Refugees, a refugee is someone who "owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality, and is unable to, or owing to such fear, is unwilling to avail himself of the protection of that country."

## Migrant

A migrant is a person who moves from one place to another in order to find work or better living conditions.

## Persecution

Persecution is an unfair or a cruel treatment over a long period of time because of race, religion or political beliefs.

## Asylum-seeker

People who have applied for asylum or refugee status and who have not yet received a decision on the issue are considered to be asylum-seekers. They are highly vulnerable to human rights violations at a state between escaping a certain territory for conflict reasons and becoming a refugee.

## Criminal Organization

Members of a group of three or more persons involved in organized crime.

## Returnee

A refugee returning from abroad may be a succinct definition for returnees. The struggles of refugee people don't finish after finding refuge in a host country, once they return to their homelands they may become subject to further rights violations by financial or moral means whether or not a stabilized government exists.

## Background Information

### UNHCR

The Office of the United Nations High Commissioner for Refugees (UNHCR), also known as the Refugee Agency, was established on 14 December 1950 by the United Nations General Assembly. Since

its establishment UNHCR has been one of the most active bodies worldwide in efforts for supplying refugees the support they need to meet the universal human rights' necessities. The agency is mandated to lead and coordinate international action to protect refugees and resolve refugee problems worldwide. Its primary purpose is to safeguard the rights and well-being of refugees. It strives to ensure that everyone can exercise the right to seek asylum and find safe refuge in another State. Upon a refugee's return home, UNHCR organizes "go-and-see" follow-up visits and provides safety information while engaging in community reconciliation activities and providing legal aid.

### *The 1951 Refugee Convention*

In 1951, The Refugee Convention, which is the legal document that defines "refugee" and the legal obligations of states, was ratified by 145 State parties. According to this Convention, the UN has manifested its profound to assure refugees the most possible fundamental rights and freedoms and the UNHCR is the UN organ which is charged with supervising conventions which are providing protection of refugees and taking measures to prevent exploitation of refugees, with the co-operation of States.

### **International Legal Framework**

By definition, refugees are on the edges of domestic and international legal systems. Over the past six decades, an international legal framework, anchored in the U.N.'s 1951 Convention Relating to the Status of Refugees, has developed to give them at least some protection to have a safer life.

Commenced by the huge displacement of 60 million people during the World War II, it laid out the underlying architecture for the international protection of refugees, including the rights of people granted asylum and the responsibilities of nations that grant asylum. It also notably stated which people would not qualify as refugees, such as war criminals. It had been a long time coming, the first real awareness that the international community had to create a system to protect refugees emerged in 1921, with the League of Nations. As Europe's refugee problems continued to increase in the Great War and smaller regional conflicts, the League of Nations and the United Nations tried unsuccessfully over the next three decades to create a lasting solution to handle the refugee issue.

When the last of these attempts for the International Refugee Organization, which was created specifically to manage the refugee crisis in Europe after World War II, came out after several years, a consensus figured out that the world needed more than a European-focused organization: it needed a multilateral legal framework to be able to address each aspect of the refugee problem.

An enduring commission for the problem, the Office of the United Nations High Commissioner for Refugees (UNHCR), was created in 1950. The 1951 Refugee Convention and its 1967 Protocol, which have been signed by 142 states, were the answers to the problem. The importance of this multilateral agreement, also known as the 1951 Refugee Convention, can't be underestimated.

### **Current Refugee Crisis**

At the end of 2015, the UNHCR reported that there are more than 65.3 million refugees, asylum seekers and internally displaced people worldwide and it is the highest level ever recorded. Of the 65.3 million displaced, 21.3 million are refugees, over half of whom are children. The International Labour Organisation estimates 21 million people are victims of forced labour globally, of whom around one in three are children.

The United Nations has deemed this the largest humanitarian crisis since World War II. While the crisis in Syria has dominated the media, it is important to remember, hold in prayer, advocate for, and support refugees from conflict zones across the globe - as well as the countries that host them.

The largest refugee populations are currently; Somalia, Afghanistan, Syria, Sudan and South Sudan, and the Democratic Republic of Congo (DRC). The top refugee hosting countries are currently; Chad, Djibouti, Ethiopia, Jordan, Kenya, Lebanon, Pakistan, Sudan, Turkey, and Uganda. As the list shows, developing countries actually bear the greatest work in an international response for the refugee crises. Western, however developed nations host a minor percentage of the world's refugees. Many refugees remain in camps for a long time before they are able to reintegrate into the society, integrate locally, or be resettled to a third country.

### *Exploitation of Refugees by Criminal Organizations*

Refugees and migrants are the targets of a lot of criminal organizations and gangs after being identified for exploitation. Mostly, the refugees who are travelling alone, in the hope of a better and a safer life are being victim to criminal organizations forcing them into being slaves or prostitution. Refugees are mostly trafficked for sexual exploitation, domestic servitude, forced labour and organ extraction by criminal organizations. These criminal organizations go wherever there is a high opportunity to find refugees and the risk to get caught is low. Unaccompanied children or vulnerable women are their primary victims. European Union is struggling to deal with this issue, however, their need for money makes it difficult to handle criminal gangs and organizations who are advancing in their work day by day.

European law enforcement agencies had reported at least 7,000 unaccompanied minors and vulnerable children among refugees and migrants entering Europe in the recent past. A third of organized crime groups involved in moving refugees and migrants across Europe, are also engaging in other criminal activities such as the drug trade, money laundering and people trafficking. the main sources of slavery trafficking to Europe were Albania, Nigeria, Vietnam, Romania and Poland. Rescuing refugees of human trafficking is a priority, but unless criminal organizations are stopped and economic issues driving people to risk exploitation were handled, preventing exploitation would be impossible.

## **Major Countries and Organizations Involved**

### **Afghanistan**

Afghanistan's, with a number of 2,664,436 refugees-of-origin, situation remains the world's largest protracted refugee situation. The Solutions Strategy for Afghan Refugees, launched in 2012, has the triple goal of facilitating voluntary repatriation, sustaining reintegration and maintaining efficient support for refugees and their host communities. Most of the 2.5 million registered Afghan refugees live in the Islamic Republics of Iran and Pakistan. These countries also host a large number of undocumented Afghans. Examining such extreme cases as Afghanistan are likely to give a broader understanding on what kinds of rights violations refugees face. For example, because no infrastructure or adequate sanitation was left in the country after years of war, people couldn't have access to clean drinking water and, as a result, several cholera outbreaks took place taking lives of many during the first decade of 21st century.

Within the Humanitarian Country Team, UNHCR is working with government counterparts, UN agencies, and international and national NGOs to coordinate the assistance to vulnerable populations, including returnees, refugees and IDPs in Afghanistan. At the end of 2015, the UNHCR reported that there are approximately 1.2 million refugees in Afghanistan and violence has been the major factor. An additional 2.7 million Afghans are refugees abroad, primarily in Pakistan and Iran, where they face an uncertain political situation, according to Human Rights Watch (HRW). Iranian officials, deport thousands of undocumented Afghans without allowing them the opportunity to demonstrate a legal right to remain in Iran. When Afghan refugees do repatriate, they return to a country that remains plagued by war, poverty, and lawlessness. According to a 2012 report by the Feinstein International Center, one in three Afghan children are malnourished, with rates far higher in conflict-affected regions. Access to health care remains very limited, with 15 percent of the population without access to even basic healthcare services. In areas where fighting continues, violation continues to increase and become stronger.

## Pakistan

According to Amnesty International and UNHCR, Pakistan holds the third highest number of refugees; it is a home for 1.6 million refugees. It is one of the countries that have been left to do far too much just because they are neighbors to a crisis. However, after 30 years, Pakistan wants millions of Afghan refugees gone since it has been causing problems. UNHCR is trying to help Pakistan with different projects, such as; voluntary repatriation, ensuring access to education and legal assistance. According to Human Rights Watch, Pakistan's coercion of hundreds of thousands of registered Afghan refugees into returning to Afghanistan, violates the international legal prohibition against refoulement, not to forcibly return anyone to a place where they would face a real risk of persecution, torture or other ill, but treatment, or a threat to life. This includes an obligation not to pressure anyone, including registered refugees, into returning to places where they face a serious risk of such harm.

## Iran

Due to over three decades of war, the Islamic Republic of Iran has become host to millions of Afghan refugees. There are a total number of 979,410 documented refugees in Iran and an estimated 1.5 million undocumented. The UN refugee agency (UNHCR) has reported that these documented

refugees have come from Afghanistan and from Iraq. Until recently, the UNHCR reports that Iran is the fourth largest refugee-hosting country in the world. For more than 30 years, Afghan refugees in Iran have been assisted and safeguarded by the government. Tremendous efforts have been made to offer them healthcare, education and prospects for finding employment. Recently, the government included refugees in a universal health insurance program. In 2016, the UNHCR along with the Iranian government focused primarily on programs in health, education and economic enhancements intended to encourage refugees to assist in rebuilding Afghanistan. The UNHCR is supporting the implementation of the Iran Portfolio of Projects, which includes: voluntary repatriation, sustainable reintegration and assistance to host countries.

## Middle East

Middle East, without doubt, is the main source of refugees that currently settle in any part of the world. That occurs because since the most archaic civilizations in human history which were found in Mesopotamia, the region has been the centre of fights for power. Due to human desire to dominate the rich natural resources of the region, many tribes, nations and even religious denominations have started conflicts which last for centuries, even millennia. Bearing in mind the current importance of the most recent conflict reason in the region, it is inevitable to accept that such a complex territory requires extreme caution when dealing with humanitarian issues especially about refugees in the region. Thus, there's a huge responsibility for the international community whilst guaranteeing human rights to these people who have long suffered from wars and internal threats.

Around 2.5 million people from Syria, 1.5 million from Iraq and almost 1 million from Palestine are refugees far from their homeland. It is globally acknowledged that there's a serious problem about the challenges millions of Palestinian refugees and IDPs face because of the conflict between Palestine and Israel. There still hasn't been a substantive solution to how Palestinian refugees, returnees, and IDPs will maintain a peaceful life with no major human rights violations despite the seemingly interminable unrest situation. Also, the new terrorism threat called ISIS (or ISIL), exceedingly increases the number of displaced persons and refugees within the regions of Syria and Iraq, practicing severe human rights crimes and massacres.

ISIS, is an acronym for the Islamic State in Iraq and Syria. It can also mean the Islamic State in al-Sham, the Arabic name for the region, and the group have said its goal is to create a caliphate in this region. The name ISIS has proved an issue for many companies and brands, as it also belongs to an ancient Egyptian goddess. It believes all Muslims should unite into a worldwide caliphate. ISIS smuggles terrorists among Syrian refugees. The suspected terrorists are mainly travelling on fake Syrian or Iraqi passports which are now so sophisticated that it is almost impossible to distinguish between genuine refugees and terror suspects, the Telegraph reported.

## Syria

Over 5 million people have fled Syria since 2011, seeking safety in Lebanon, Turkey, Jordan and beyond. Millions more are displaced inside Syria. Millions of Syrians have escaped across borders, fleeing the bombs and bullets that have devastated home. According to UNHCR; Turkey hosts over 3.2 million registered Syrian refugees. The majority of them live in urban areas, with around 260,000 accommodated in the 21 government-run refugee camps. In Lebanon, life is a daily struggle for many Syrian refugees, who have little or no financial resources at all. In Jordan, over 650,000 men, women and children are currently trapped in exile. Approximately 80 per cent of them live outside camps Iraq has also seen a growing number of Syrians arriving, hosting more than 244,000, while in Egypt UNHCR provides protection and assistance to more than 122,000.

## Yemen

A humanitarian catastrophe is unfolding in Yemen, as millions flee their homes to escape a devastating conflict. Many face desperate conditions and struggle to survive as they search for safety, shelter and emergency aid. According to UNHCR; civilians bear the brunt of the crisis, with 18.8 million Yemenis are in need of humanitarian assistance. Those forced to flee their homes are especially at risk. Over 2 million people now languish in desperate conditions, away from home and deprived of basic needs. The situation is so difficult that 1 million displaced Yemenis have lost hope and tried to return home, even though it is not yet safe.

## UNHCR

The Office of the United Nations High Commissioner for Refugees (UNHCR), also known as the Refugee Agency, was established on 14 December 1950 by the United Nations General Assembly. Since its establishment UNHCR has been one of the most active bodies worldwide in efforts for supplying refugees, returnees and IDPs with the support they need to meet the universal human rights' necessities. The agency is mandated to lead and coordinate international action to protect refugees and resolve refugee problems worldwide. Its primary purpose is to safeguard the rights and well-being of refugees.

## European Union (and CEAS)

The EU Common European Asylum System (CEAS), a set of European Union laws, is completed in 2005. They intend to ensure that all EU member states protect the rights of refugees who have been exploited all their lives. The CEAS sets out minimum standards and procedures for processing and deciding refugee applications, and for their treatment. Implementation of CEAS varies throughout the European Union. A number of EU states still do not operate effective systems of life support. These people run away from their homelands in hopes to establish a better life or at least be safe in various European countries. However, neither the journey to "the old continent" nor the new life they intend to start there is easy. The refugees, usually from African and Middle Eastern countries, sail across the Mediterranean Sea after paying thousands of Euros to smugglers. Despite the money they pay, these people travel under really bad and unhealthy conditions; on rubber boats occupied with more people than they can handle, more often than not the refugees end up drowning in the sea even before reaching

a harbor. Nevertheless, the ones who successfully reach a European country are not always welcomed by the host state, as well. For example, Greece adopts a widespread practice of “pushing back” refugees and migrants arriving at its borders. It is at such level that, there have been several EU court issues ruling against Greece for ‘inhuman treatment’ of refugees. Germany, on the other hand carries out a more reasonable policy by opening its borders and providing shelters to approximately 10,000 Syrians who were seeking asylum abroad because of the civil war in Syria. According to UNHCR; an estimated 362,000 refugees and migrants risked their lives crossing the Mediterranean Sea in 2016, with 181,400 people arriving in Italy and 173,450 in Greece. In the first half of 2017, over 105,000 refugees and migrants entered Europe.

## African Union

According to UNHCR; Africa hosts more than 26 per cent of the world’s refugee population. The 1969 Convention governing the Specific Aspects of Refugee Problems in Africa (‘1969 OAU Convention’) is the regional legal instrument governing refugee protection in Africa. It was adopted on 10 September 1969 at the sixth ordinary session of the Organization of African Unity, now African Union (AU). It entered into force on 20 June 1974 after ratification by one third of the Member States. It has since been signed or ratified by 50 of the 53 Member States of the AU. The 1969 Convention defines refugee as “every person who, owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country, or who, not having a nationality and being outside the country of his former habitual residence as a result of such events, is unable or, owing to such fear, is unwilling to return to it.”

## European Council on Refugees and Exiles (ECRE)

Established in 1974, ECRE is a European network of 99 NGOs in 40 European countries. Their mission is to promote the establishment of fair and humane European asylum policies and practices in accordance with international human rights law. It protects and advances the rights of refugees, asylum seekers, and displaced persons. Its diverse membership ranges from large international NGOs with global scope to small organisations of dedicated activists; members work on humanitarian relief, social service provision, legal assistance, litigation, monitoring policy and law, advocacy, and campaigning. It is working in accordance with the European Legal Network on Asylum (ELENA) which is a forum of legal practitioners of the European Council, promoting the highest human rights standards for the treatment of refugees, asylum seekers and other persons in need of international protection in their daily individual counseling and advocacy work.

## Timeline of Events

Date	Description of event
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December 1949	The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) created.
December 14th 1950	UNHCR was established.
1951	United Nations Convention Relating to the Status of Refugees.
1967	The Protocol removing geographical and temporal restrictions from the 1951 Refugee Convention is applied.
December 15th 1980	General Assembly Resolution on Refugee and displaced children.
1991	Somali Civil War started.
2001	US Invasion of Afghanistan which led at least 6 million Afghans to flee and become refugees.
June 20th 2001	By the decision of the United Nations General Assembly in Resolution 55/76, 20th June started being celebrated as World Refugee Day.
December 1st 2010	UNHCR launched “The Blue Key Campaign” which aims to provide support for the leading organizations safeguarding the rights and well-being of refugees around the world.
June 18th 2015	Refugees reach 60 million.
June 20th 2016	Global displacement reaches 65 million.
September 19th 2016	UN Summit on Refugees and the adoption of the New York Declaration

## Relevant UN Treaties and Events

- The 1951 Convention relating to the Status of Refugees.
- United Nations General Assembly resolution 429(V) of 14 December 1950
- Refugees and Stateless Persons Resolutions of 11 and 16 August 1950 Refugees and Stateless Persons Resolutions of 11 and 16 August 1950 E/RES/319 (XI)
- 1967 Protocol Relating to the Status of Refugees

- the Organization of African Unity (now African Union) Convention governing the Specific Aspects of Refugee Problems in Africa 1969, adopted in Addis Adaba, 10 September 1969.
- General Assembly Resolution on Refugee and displaced children, 15 December 1980 (A/RES/35/187)
- UNHCR (1995): “Sexual Violence against Refugees: Guidelines on Prevention and Response”, Geneva, UNHCR.
- United Nations General Assembly Resolution of the Office of the United Nations High Commissioner for Refugees 82nd plenary meeting, 12 December 1996 (RES/51/75)
- Resolution adopted by the General Assembly on “Assistance to refugees, returnees and displaced persons in Africa”, 22 February 2000 (A/RES/54/147)
- New York Declaration for Refugees and Migrants, September 19, 2016, UN

## Previous Attempts to solve the Issue

An issue, as old as the first well-established human communities and the fights amongst them, is that of the problems refugees face. Though there have been human rights violations against these displaced people for centuries, it is fair enough to say that the foundation of United Nations has made the first step in creating sound and universal legislations to protect the rights of refugees and returnees. Before such an international body, it was up to the mercy of states’ governments whether or not borders would be opened to incoming refugees or that they will be aided by the government in case of an internal conflict which forces people to move. A major reason for this was the lack of strong and sustainable international collaboration at older times. However, this status has its roots deep in the human history and it makes the solution of many problems harder, just like guaranteeing human rights for them.

Today, Palestinian refugees represent the world’s oldest and largest protracted refugee group. United Nations, meanwhile, has been an active body which provides humanitarian aid for the Palestinian people over decades and has made significant attempts to solve this issue. The United Nations Relief and Works Agency for Palestine Refugees in the Near East provides assistance, protection and advocacy for registered Palestine refugees. UNRWA also offers education, health care, relief and social services, camp infrastructure and improvement, community support, microfinance and emergency response, including in times of armed conflict to refugees. These are really important efforts, but apparently insufficient to end the on-going human rights violations of refugees.

Given refugees, returnees and IDPs are human before anything else, it can be said that the laws which protect the rights of humans in general apply to all three groups, as well. However, laws are not always enforced in the way that they’re meant to be under chaotic situations and thus, the Geneva Convention relative to the Protection of Civilian Persons in Time of War was instrumental in covering

special occasions like war. This treaty mainly protects refugees during war and was followed by another convention that would become the corner stone of international law on refugees, the 1951 Convention Relating to the Status of Refugees. On the other hand, UN founded a body called Office of the United Nations High Commissioner for Refugees (UNHCR) in 1950 which worked to help refugee people return to their homelands in peace especially those who remained in Europe after WW2, aiming to prevent major human rights crimes through advocating refugees.

## Possible Solutions

Just as any other human rights issue in the world, the issue of guaranteeing human rights for refugees, may not be accomplished solely by awareness raising campaigns, influential laws, remarkable humanitarian work and assistance but only if all these work are supported by the supervised “practice” of the law. Refugees shouldn't be exploited by criminal organizations when they are searching for a new home or trying to stay alive. In order to supervise if there are any human rights violations taking place UN should take action as the responsible organisation and this may be done by getting help from various foundations such as the Human Rights Watch or Amnesty International. In case of a confirmation that refugees are under threat or damaged by any means, the perpetrators must be punished immediately. In principle, the most pressing goals of host governments and the UNHCR should be to find long-term, sustainable solutions for refugees. Currently, there are generally considered to be three solutions: voluntary repatriation, local integration and resettlement.

Most host countries require that refugees be recognized under the 1951 Convention to qualify for resettlement. The restrictive nature of the convention inevitably limits the numbers of those who are admitted. If the circumstances in the country of origin change significantly for the better, the possibility of safe return of refugees and asylum seekers may be assessed. Where possible, if the conditions are conducive and host governments agree, refugees can be integrated locally into host communities and placed on a pathway to citizenship. As an example, in 2015 Tanzania naturalized around 162,000 Burundian refugees who had been in the country since the early 1970s. Naturalization, followed by social and economic integration, is the best-case scenario for asylum seekers from countries experiencing protracted refugee crises, who might otherwise remain stranded indefinitely and without guarantee of a safe return.

Situations like that of Iraq as of the activation of militant group ISIS in early 2014 shows how important it is for the international community to intervene. Because of the religious and ethnic discriminations this terrorist group holds, it massacres minorities within the region and has forced millions of people to become refugees who either try to survive in hidden places or eventually starve to death in mountains. At this point, assistance in neighboring countries such as Turkey or Iran may seem helpful as a first response. However, it is likely that a protracted refugee camp settlement will be less than pleasant both for the citizens of host countries and for refugees themselves. Perhaps, a better solution would be to grant certain people with protection visa, making them a refugee in a developed country, and to give them the same rights as a permanent resident, even though some may never

become one, for refugees to at least make a living. The previous proposal is actually a model which Australia follows and enables just treatment towards refugees next to other citizens.

Refugees who cannot return home often locally integrate into host societies or resettle in a third country, as previously suggested. For those people, integration programmes, such as cultural orientation, language and vocational training should be supported; also, legal advice and psychological support services should be given to ensure that people are well integrated and resettled into societies in peace.

In countries such as Malaysia, which have not ratified the Refugee Convention, refugees and asylum seekers are commonly treated as irregular or undocumented workers under law and are subject to many rights violations. Here, as UNHCR is the only authority in the country that recognizes refugees and offers them any assistance, cooperation between governments and bodies like UNHCR should be increased to enhance the legal status of refugee people.

Last but not least, refugees return to their countries of origin in order to continue living there as before, things are almost never the way they left it. This may be because of plunderers who ruin environments where refugees formerly lived, or by a kind of civil war, by natural disasters and so on. What doesn't change is the consequence, and that is people return to find years of savings, financially and morally valuable possessions they left behind destroyed. In order to help returnees rebuild their lives in their old lands, a special fund can be raised specifically for certain groups of returnees and this would be of great help to compensate for at least the physical losses of aggrieved humans.

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## Appendices

- I. The OAU Convention Governing specific aspects of refugee problems in Africa:  
<http://www.unhcr.org/about-us/background/45dc1a682/oau-convention-governing-specific-aspects-refugee-problems-africa-adopted.html>
- II. New York Declaration for Refugees and Migrants : <http://www.unhcr.org/new-york-declaration-for-refugees-and-migrants.html>
- III. Persecution, conflicts and human rights violations continue to force people to flee their homes and seek safety in Europe; Europe situation: <http://www.unhcr.org/europe-emergency.html>
- IV. European Council on Refugees and Exiles: <https://www.ecre.org>
- V. A global compact on refugees: <http://www.unhcr.org/towards-a-global-compact-on-refugees.html>
- VI. UN General Assembly, *Draft Convention relating to the Status of Refugees*: <http://www.refworld.org/docid/3b00f08a27.html>

<b>Forum:</b>	General Assembly 2 <sup>nd</sup> Committee
<b>Issue:</b>	Monitoring access to bank accounts for minors
<b>Student Officer:</b>	Ilyas Esmail
<b>Position:</b>	Chair

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## Introduction

As the world of technology is evolving, so is the world of banking. More and more children are using debit cards, and it is easy to open a child's account: most banks only requiring some ID and a proof of address. However, this certain "freedom" regarding bank accounts opened for minors means that there are less regulations and less monitoring, as they usually tend to move lower amounts and have less payments going through them. But this is not always the case. Criminals have started to exploit children and their easy access to barely-monitored accounts, some even being coerced through the use of violence and/or threats. In the United Kingdom, fraud prevention service Cifas has stated that the cases involving those under 21 has doubled to 4,222 cases in the first half of 2017, compared to 2,143 cases during the same period in 2016. (Leo, 2017)

The problem is getting so bad that despite harsher Anti-Money Laundering measures throughout the European Economic Area (EEA) and between countries such as the United States and the United Kingdom, fraudsters are still able to turn teenagers into "money mules" without rarely getting caught.

This threat to vulnerable children along with the fact that in most countries it is very hard to verify the identity of children, makes regulating and monitoring access to bank accounts by minors is one of the biggest challenges of the financial system. At the end of the day, more and more children are using online services, and teenagers are exponentially growing to be one of the most powerful online consumers. Therefore, it is imperative that safe, reliable access to bank accounts for minors is achieved, and that prevention methods are in place to prevent minors from the dangers that come with the freedom.

## Definition of Key Terms

### Bank Account

An account at a financial institution (bank, building union, credit provider) referring to a specific individual. This can be either current or credit accounts, and may have cards associated with them, depending on the regulations of the individual country.

### Minor

A minor can be referred to as being a person under the legal age of full responsibility. This is 18 years of age in majority of countries, but depends from country to country. The opposite of being a

minor is having the age of majority, and you may consult the full list of these at the following webpage: *Age of Majority* (Wikimedia Foundation, s.d.).

### Monitoring

Monitoring, in the banking context is a country's financial watchdog observing using various technological methods, bank accounts of the said country, with the purpose of identifying fraud and other unauthorized uses of the banking system. These can be, for example, money laundering or using money for illegal purposes.

### European Economic Area

The European Economic Area, referred to mostly as EEA, is an agreement between the European Communities and some non-EU members. This agreement creates the European Single Market, and allows for free movement of nationals of participating nations, as well as goods and services or even capital. The member nations are all European Union states, as well as some European Free Trade Association (EFTA) member nations, such as Iceland, Liechtenstein or Norway. The full list can be accessed on the following webpage: *European Economic Area* (Wikimedia Foundation, s.d.).

### Money Mule

A money mule is a person who, knowingly or unknowingly transfers illegally-acquired money, often times on behalf of others. The money gets transferred to their bank account, and they often transfer it to the scam operator's accounts in other countries. In this context, a money mule would be the minor whose account is being used for the illicit movement of money within the financial systems worldwide. The mule would receive the money in their bank account, after an arrangement, and would subsequently transfer this money to the scam operator.

## Background Information

### Minors and Bank Accounts

In many nations, minors opening bank accounts is unheard of. In others, minors' accounts need to be linked to their parent's accounts, and only parents can make changes on behalf of their children. However, in some nations, minors over the age of 16 can open and run a bank account themselves, with some imposed limitations. Taking into account that majority of accounts opened for minors are linked to and managed by parents, whom have a greater financial responsibility, it is somewhat expectable that monitoring these accounts is less of a priority than the regular bank accounts. Many factors may take financial institutions and governments to monitor accounts of minors less, but the most obvious reason is that on average, these accounts have lower throughputs of currency going in and out of them, and in majority of cases, there are no cross-border transactions. These factors, mean that bank accounts opened for minors or by minors are not as thoroughly monitored as those for adults.

### Monitoring

This can be good, in a way, as financial institutions require less resources to monitor these extra accounts which very rarely will have any illegal or suspicious activity. But at the same time, it opens up space for criminals to take advantage of a flaw in the financial system.

### Consequences

Because bank accounts for minors are generally less monitored than others, this means that criminals can take advantage of them to transfer large sums of currency without being caught. Over the past years, this has been more the case, with fraud prevention service Cifas stating that the cases involving those under 21 has doubled to 4,222 cases in the first half of 2017, compared to 2,143 cases during the same period in 2016. This is very worrying, as it shows us that not enough is being done in order to prevent criminals from using these accounts to transfer illegal money.

### Problems faced

Not only is the money transferred being illegal a problem, but the fact that children are being threatened in order to convince them to allow these criminals to move money through their accounts, is very worrying. This makes us question if children's bank accounts shouldn't be monitored just as much as adult's bank accounts. Furthermore, not only criminals can use bank accounts opened for children to store money for illegal purposes.

Parents may also take advantage of low or no tax schemes in children's bank accounts, in order to store money to avoid paying tax. This, on the other hand, poses risks because it means that the governments are not receiving the tax deserved, and is a crime to.

Regardless of what the crimes happening are, access to bank accounts for minors should be better regulated and more strictly monitored, in order to ensure the safety of the minors, as well as prevent illegal money transactions.

## Major Countries and Organizations Involved

### United Kingdom

The United Kingdom has for a long time been a pioneer in bank accounts for minors, with bank accounts being available to sole holders over the age of 16 since the early 1980s. Even though bank accounts for minors have been accessible for a long time, they have recently boomed, with those under the age of 11 not being allowed a debit card, but still allowed a prepaid card. This make means that banks have a much greater number of new clients, with Nationwide bank opening around 130,000 accounts for minors every year. The banking industry in the United Kingdom is also shifting, with new "modern" banks like Monzo advertising fully functional bank accounts for adults and children without ever needing to visit a branch. However, the question stands, on how to monitor access to this. (Greenhalgh, 2017)

### United States of America

Even though in the United States of America, opening a bank account is still a very complicated procedure if you are a minor, the country's government has done a lot to improve the regulation of financial systems. In the United States of America, opening a bank account at any age requires signing a contract which is almost impossible for a minor to do alone, therefore like in many European countries, children can open a joint account with someone over 18. These accounts may be marketed as for teens or children, and even savings for the future, but require the minor to open these with someone over the age of majority. (Pritchard, 2017)

### World Bank

Although every nation has their own financial regulators, the **World Bank** oversees a lot of the world's financial integrity. They are a major player in ensuring that countries' regulations follow strict regulations to minimise the risk of illicit financial transactions. Regardless of the work they do in ensuring that a country has specific rules to minimize this risk, it still exists and their efforts do not make it completely impossible for money laundering to happen.

## UK FCA

The United Kingdom **Financial Conduct Authority** is a regulatory body which regulates the conduct for over 56000 financial services or institutions. The FCA charges fees to its members, and is a company limited to guarantee (non-conventional type of company mostly used by non-profits and other organisations) which was created when the Financial Services Act 2012 received royal assent. It has the power to set minimum standards and place requirements on specific products provided, as well as to investigate individuals or organisations. It has a separate body, the Payment Systems Regulator (PSR) which is "to promote competition and innovation in payment systems, and ensure they work in the interests of the organisations and people that use them".

## US Department of the Treasury Financial Crimes Enforcement Network

The US Department of the Treasury Financial Crimes Enforcement Network collects and analyses information about all financial transactions, with the purpose of enforcing the different financial acts of the United States. It aims to combat both domestic and international money laundering, as well as terrorist financing and all other financial crimes. It was created by the Secretary of the Treasury on the 25<sup>th</sup> of April 1990, and in 1994 given regulatory powers.

## Timeline of Events

There are many different regulations put in place, mainly by the United States and by the United Kingdom. Below are some of the main ones.

<b>Date</b>	<b>Description of event</b>
October 26 <sup>th</sup> , 1970	US Bank Secrecy Act 1970 – Requires financial institutions to report to the United States government any detected potential money laundering, to help prevent it.
October 27 <sup>th</sup> , 1986	US Money Laundering Control 1986 – Makes money laundering a federal crime.
April 1 <sup>st</sup> , 1994	UK The Money Laundering Regulations 1993 – Defined the first set of money laundering prevention legislation in the United Kingdom.
December 17 <sup>th</sup> , 2004	US Intelligence Reform and Terrorism Prevention Act of 2004 – Requires that financial institutions report large cross-border transactions, in a bit to reduce terrorism funding activity.

## Relevant UN Treaties and Events

The United Nations Office on Drugs and Crime, more specifically, the Law Enforcement, Organized Crime and Anti-Money-Laundering Unit of UNODC, works toward preventing money laundering at a global scale. The objectives of the UNODC are below:

- To assist in the achievement of the objective set up by the General Assembly at its twentieth special session for all States to adopt legislation that gives effect to the universal legal instruments against money-laundering and countering the financing of terrorism
- To equip States with the necessary knowledge, means and expertise to implement national legislation and the provisions contained in the measures for countering money-laundering adopted by the General Assembly at its twentieth special session
- To assist beneficiary States in all regions to increase the specialized expertise and skills of criminal justice officials in the investigation and prosecution of complex financial crimes, particularly with regard to the financing of terrorism
- To enhance international and regional cooperation in combating the financing of terrorism through information exchange and mutual legal assistance
- To strengthen the legal, financial and operational capacities of beneficiary States to deal effectively with money-laundering and the financing of terrorism

This unit of the UNODC has created the International Money-Laundering Information Network (IMoLIN)/Anti-Money-Laundering International Database (AMLID), which are portals for member nations and their citizens to view up-to-date information on international money laundering. These also allow for the cooperation between taskforces and inter-governmental collaboration in money laundering prevention.

However, these methods are not specific to bank accounts for minors, and more needs to be done to protect these customers.

## Previous Attempts to solve the Issue

As mentioned before, there are measures being taken by the European Union for those opening bank accounts inside the EEA, which in the UK were put into effect in 2016 under the Money Laundering Regulations 2003. However, majority of the times, these only make the life of legitimate clients' harder. These regulations have been successful to a certain extent; however, many criticize them and say that they in fact do not give enough proof to financial institutions of the legitimacy of a customer.

Nations are always trying to come up with safer ways to verify the identity of people trying to open bank accounts. These methods for multiple reasons are not effective.

## Possible Solutions

Banks tend to resort to harsh ways of verifying their clients' identity, even though this means that many minors are not able to open accounts as they don't have all the documents needed. In often cases, banks require to see outdated documents such as birth certificates, which are not really used these days. Due to these and more limitations, opening a bank account while a minor can be a very hard procedure. One possible way to solve this would be to use government data to verify the information is correct, which is already used for bank account opening in many countries. Possibly, a system of credit checking for minors could be implemented, joining information from many sources. Another possible solution would be to create a tiered access to bank account limits, where the larger the amounts being moved through the account, the more verification processes need to be undertaken, or when irregular spending habits have been recognised.

Also, a simpler solution would be to just make sure that there is better monitoring for all bank accounts, be them minors' bank accounts or full adult bank accounts. This will ensure that patterns of similar accounts are not opened or used for fraudulent activity. These methods, which could include existing algorithms to detect fraudulent activity, or even integrate more advanced artificial intelligence systems, would make it easier and more efficient for banks to monitor all their accounts. This would not only make it easier for everyone to open bank accounts, but also safer for all customers.

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## Appendices

Delegates may find interesting information in the websites below. Remember that this research report is a starting point for research and preparation towards the conference, and further reading and knowledge development is strongly encouraged!

### Appendix I

<https://www.unodc.org/unodc/en/money-laundering/index.html?ref=menuside>

The United Nations Office on Drug and Crime is a United Nations office that operates worldwide and aims at reducing and preventing drug and other types of crime. It combines the United Nations International Drug Control Program (UNDCP) and the Crime Prevention and Criminal Justice Division and collaborates with governments and other institutions in order to achieve its goals. This page has information on their measures against money laundering and other financial crimes.

### Appendix II

<https://www.fincen.gov/history-anti-money-laundering-laws>

Fincen is the US Government Treasury Financial Crimes Enforcement Network, and it collects and analyses data with the purpose of reducing and eliminating financial crime. They have been one of the most influential organisations in creating regulations to prevent money laundering and other financial crime. This page has information on their history regarding anti money laundering laws.

### Appendix III

<http://www.worldbank.org/en/topic/financialmarketintegrity>

This World Bank page has a lot information on their efforts in order to keep the integrity of the financial markets worldwide.

### Appendix IV

<https://www.theguardian.com/money/2005/jul/16/accounts.saving>

This webpage has an article relating to the savings accounts for minors, and has a lot of information on how they are structured and the problems behind them.

**Forum:** General Assembly 2<sup>nd</sup> Committee  
**Issue:** Promoting micro-financing of small businesses  
**Student Officer:** Minha Park  
**Position:** Deputy Chair

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## Introduction

“Microfinance recognizes that poor people are remarkable reservoirs of energy and knowledge, posing an untapped opportunity to create markets, bring people in from the margins and give them the tools with which to help themselves.” – Kofi Annan, 7<sup>th</sup> Secretary-General of the United Nations

As time passes, countries are moving along the stages of economic development. As this progression happens, however, countries must realize what underlies beneath their economies: the small and large firms, relations and interactions, and consumers and producers are just small examples on what should be considered for the countries.

Yet, sometimes, small firms or small businesses might not be recognized so much for their contribution to the economic society of a country. Indeed, they might be small in size, so the individual scales would not have visible effects in the macroscopic economy, but individual small firms incite economic growth locally. Therefore, small businesses become an essential part in the local economy, and thus become a factor in the overall economy.

So, if the small business is integral to the economy of a country, how would that small business fail? Let there be firm A. Firm A possesses ideas posing solutions to the local community’s issues. Not only that, but if firm A shows to be successful, then it has the possibility of branching into other nearby communities, providing economic benefit and development even more. However, the monetary capital is what firm A lacks; within its factors of production (which is applicable to firm A), entrepreneurship is certainly one of the factors which small businesses, and therefore firm A, has fully developed. Without monetary support, and therefore labor, physical capital, or land, firm A would not be able to ‘take off’ and provide benefits to its community.

Therefore, the financial setting of small businesses poses to be one of the largest obstacles that the firms have in developing to provide benefit. One method that helps in mollifying this issue is the usage of microfinancing, or smaller, less serious loans given to either individuals or firms for cases requiring a loan, yet one that does not require the complexity and scale of traditional loans.

## Definition of Key Terms

### Microfinancing

Microfinancing does not have a set definition; its meaning has been dynamic and changed, especially with regards to the function of microfinancing itself.

The ‘traditional’ definition of microfinancing is, as put by Investopedia, “a type of banking service that is provided to unemployed or low-income individuals or groups who otherwise have no other access to financial services.” (“Microfinance”) In other words, microfinancing can be thought of as a small-scale loan that intends to help those unable to approach traditional loans.

Microfinancing, for purposes of this Progress Report and the conference, shall be defined as a service given to either an individual or group of people, where the loan provided is up to \$25,000. Relating to the above definition, microfinancing can be split into two types: relationship-based and group-based. The relationship-based model aims to create direct relationships between the borrower and loaner, which can be seen as a 1 to 1 loan. The group-based model is, just as the name suggests, a type of loan where a group of people receive a communal pay, which is then distributed to all members in a predetermined manner (Colayco).

Not only that, but microfinancing also can be thought of as a sum of possible services that aim to help the borrowers to become more financially sustainable; this means that microfinancing could also include services such as educating about fund management, creation and counselling of bank accounts, and much more. Although this does tend to the more traditional definition of microfinancing, this also tends to the behaviours of entrepreneurs as well (“Microfinance”).

### Microcredits

Microcredits are a subset of microfinancing, one which only deals with the strictly and directly monetary aspect. Hence, microcredits are essentially small loans given to an individual or a group of people without the possible services.

However, a key differentiation between microcredits and the monetary aspect of microfinance is that microcredits mainly attempt to aid those that are not a part of the traditional banking systems. This includes, but is not limited to, people without certificates such as birth certificates, those with insufficient credit scores, or those lacking collateral (Edwin et al.; Glisovic and Martinez).

### Small businesses

Just like microfinancing, small businesses also lack an ‘all-encompassing’ definition. Each country defines small businesses differently, with each definition basing off of certain criteria. Commonly, however, small businesses are, just as the name suggests, businesses that are smaller than regular businesses or large conglomerates and corporations. Although this might seem too simplistic, the differentiation becomes evident; only a certain number of factors can be counted as being “smaller”: some examples are the number of employees, the size of operation, and generated revenue.

### Risk Assessment

Generally, risk assessment, in an economic context, requires one to see all benefits and costs imposed from a certain action taken. In the context of this topic, however, risk assessment would be done by the microfinancing institution to determine whether or not the small business should get the loan, determined by the prospects of the business (Glisovic and Martinez). Proper risk assessment, therefore, is integral for providing all deserving small businesses financial aid.

### Management Information Systems

Management information systems (MISs) in microfinancing institutions are databases created to provide information and data regarding the financial progress of its clients. Generally, it provides information on the successes and failures, the profits and losses, and the money repaid and due of a small business that borrowed money or any other form of aid (Glisovic and Martinez).

## Background Information

### Small businesses

Truth be told, there is no easy way of defining small business. As mentioned previously, varying countries and unions have differing definitions. For example, Australia’s maximum number of employees for a business to count as a small business is 15, according to the Fair Work Act 2009, whereas the EU limits it to 50 workers, and the US, 250 max (according to the Small Business Administration criteria). Of

course, this is not the only criterion of determining whether a company qualifies as a small business; some other factors include the number of assets, the size of the enterprise, or even ones such as the number of shipments for certain small businesses (Glisovic and Martinez).

### *Ties with entrepreneurship and innovation*

As much as they are complicated, they are also integral to modern day economies. At a quick glance, they bring businesses to local economies. This is done so by providing innovation in microscopic levels; this helps for the local economy's growth overall, resulting in secondary growth to the surrounding areas. This innovation, due to the small size of these small firms, are more easily reached to those in charge of decision-making within the firms (Brown). Therefore, entrepreneurship becomes much more prominent in small businesses and also accounts for why some people use entrepreneurs and small businesses interchangeably (albeit wrongly). Because entrepreneurship and creativity is more easily reached to the management levels, small firms can easily change and adapt to the current situation (Brown). This adaptability helps the locals also relate more with the business. By changing to fit the local demand or needs, a level of trust between the business and people is created. Although somewhat far-fetched, this sense of bond can help small businesses continue its production and sales even in an economic crisis. This sustainability leads to continued economic activity in the depression, eventually mitigating some effects of the depression (Brown).

### *Benefits of small businesses*

Largely, bringing businesses to the local area is done by providing workplaces for people that might not be able to be employed by corporations; in fact, according to the Small Business Administration, small businesses created 64% of new jobs and generated 44% of the United States' private sector's wages of the United States ("U. S. Small Business"). Per the same source, small corporations also, by count, make up 99.7% of all firms in the United States (Brown).

So what can successful small businesses do to the local economy? Like previously said, they can bring jobs and economic activity, even in times of difficulty. However, as a secondary effect, the increased amount of economic activity leads to increased tax revenue in the area. This tax, if properly used, will come to benefit the people in the society, leading to better infrastructure and quality of life. In short, small businesses indirectly affect the amount of tax that the area generates, benefitting the society in the long run.

### **Microfinancing**

Therefore, as small businesses take an integral part in the composition of local, and eventually those in the macroscopic level, many parties, especially government-related ones, should aim towards ensuring the success of these small businesses. One method of doing so is the successful creation, establishment, employment, and regulation of microfinancing operations. As aforementioned, microfinances and microcredits help solve a large issue with the success of small businesses, which is done by providing financial support.

Yet, if financial support is the goal, why wouldn't normal loans suffice? Surely, as there is no 'restriction' to how much can be borrowed, wouldn't the traditional sense of loans be more helpful for the small businesses?

### *Advantages of microfinances*

As mentioned above, microfinancing aims to create a much more intimate relationship between the client and the loaner than other banking services. Such reduced opaqueness and increased transparency between the two parties are essential: without the transparency, risk assessment of the small business becomes difficult, leading to an unclear measurement of a company's capabilities. As a result, the financial aid could land in the hands of those that might not be as successful as a company that was next in line (Coyola). In large banking systems, such intimacy is difficult to achieve and maintain. Therefore, microfinancing can help ensure that small businesses with great promises for success can develop themselves to aid its local society. Also, microfinancing operations are more accessible for small businesses. Because the microfinancing system relies on smaller amounts of collateral and faster procedures than traditional banking systems, small businesses can quickly receive aid if required. Not only that, but with cases of microcredit, those without access to formal banking institutions for reasons such as lacking credit scores can look towards microfinancing to receive help (Glisovic and Martinez). If a variety of entrepreneurs or managers of small businesses turn to the group-based model, then the small businesses could benefit more. With the group-based microfinancing model, businesses become responsible for each other. As each business has a part in the loan, it places the responsibility of the loan into all partaking in the loan. This keeps the business owners to be more conscious, causing them to become more focused into repaying (Tice; Glisovic and Martinez).

Also, as loans aren't excessively grand, the small business's chance of profligating and wasting the earned financial aid is reduced.

### **Issues in helping small businesses with microfinancing**

Yet, as great microfinances can be, they aren't completely free of problems when providing aid to small businesses.

One example of a challenge with regards to microfinancing is the lack of proper risk assessment methodologies (Glisovic and Martinez). This challenge is similar to the one mentioned under 'Advantages of microfinances', paragraph 1; in the case of lack of proper risk assessment methodologies, the transparency helps the microfinancing institution to measure the risk involved with loaning.

Another challenge that microfinancing institutions meet is that the diverse needs of the clients of the institutions are not fully met (Glisovic and Martinez). In other words, the microfinancing institutions do not have differentiated 'products' to tailor to each and every need of their clients. This is partly caused by the lack of dedicated departments for small businesses in the microfinancing institutions. Because there are no dedicated departments, detailed coordination between the microfinancing institution and small businesses would consequently be absent. Then, the small businesses would be unable to communicate their specific needs with the financing institutions. As small businesses have separate, diverse characteristics, each case has to be looked at separately. Hence, if the microfinancing institution cannot cater to each need and demand, the small businesses will not be able to reap the maximum amount of benefit from the microfinance, so the benefits given to the local community will decrease.

Finally, a shortage of management information system structures might be present in the microfinancing institutions (Glisovic and Martinez). If this is the case, then the institutions will experience difficulty in organizing and managing the small businesses that have loaned from them. This inability to systemize loans taken from the institutions would lead to difficulty in management for the microfinancing institutions, leading to issues with future loans to small businesses.

## Major Countries and Organizations Involved

### Nigeria

Nigeria can be taken as an example for both successes and failures of microfinancing for small businesses. Government-instituted microfinancing banks began in 2007, as the local settings and situations provided difficulty for large, commercial banks to provide direct loans to small businesses (Edwin et al.). Such situation included issues such as the volatile economic situation, absence of individual skill of fund management within the businesses, and lack of technology to provide improved production. With the introduction of government-funded microfinancing banks, many small businesses became able to begin their operations and continue them, something that was not possible as the large, commercial banks saw the loans to be too risky.

However, failures soon arose (Edwin et al.). One prominent failure was the corruption by public officials. This corruption sprouted the issue of embezzlement of funds intended to microfinance by the public officials. Not only that, but the funds given weren't fully assessed; the monetary support went mainly towards purchasing food, not methods to grow those foods. Therefore, only the immediate issue was looked at, but not with a long-term view. Another issue was that the government continued to change their policies. This caused confusion within the microfinancing institutions, causing various projects to be abandoned and discontinued.

Yet, a large issue with the Nigerian microfinancing project was that the funds used to finance small businesses were not fully retrieved. Approximately 70% of the money provided by the government-instituted microfinancing banks were lost after the loans. This could be explained by the public sentiment that the borrowers saw the loans as what they paid as tax. In other words, in the eyes of the borrowers, they were retrieving what was rightfully theirs. Thus, a need to educate those loaning became evident (Edwin et al.).

### The United States of America

In the United States of America, microfinancing began in the late 1980s. Initially, the microfinances were aimed to help low-income and minorities, but now, the institutions provide funds to virtually anyone that require them.

Since 1995, small businesses represent 99.7% of all firms present in the United States, as stated under "Benefits of small businesses." (Brown)

The United States has the Small Business Administration, which monitors the small businesses and provides benefits to them. As their program, they provide three Cs: Capital, Contracts, and Counselling (Campbell). The Capital can be thought of as the normal microfinancing and microcredits, or the direct loans given to the small businesses. Contracts represent business contracts between the small business and the government, which can be thought of as outsourcing government-related tasks to the

small businesses, ensuring that the small businesses have a constant task, leading to constant revenue. Contracts have proven to be successful, generating around \$8 billion to small businesses. Counselling is, in essence, the non-monetary aspect of microfinancing; the Small Business Administration has programs to educate small businesses about aspects such as funds management and interactions within markets.

### The Grameen Bank

The Grameen Bank, founded by Muhammad Yunus, was created in Bangladesh with the objective of eradicating poverty through small loans (Hayes). Initially, \$27 to \$500 was given to individuals so they could begin businesses such as selling goods or providing services so that the borrowers could begin more economically sustainable lives for themselves. According to Yunus,

“You look at the tiniest village, and the tiniest person in that village, a very capable person, a very intelligent person. You only have to create the proper environment to support these people so that they can change their lives.”

Such creation of “the proper environment” has been done by requiring that borrowers are in groups of 5 and pay in 50 instalments over a year’s worth of time. In the case that one of the group of 5 did not pay, the entire group loses their cumulative credit and therefore their loan as well. This unforgiving yet fair policy could be seen as the 97% repayment rate, despite high interest rates, reaching over 20%.

Yet, the Grameen Bank is not perfect. There have been reported cases of borrowers resulting in suicide due to the unforgiving nature of the Bank. Also, a lack of regulation was also evident. Thus, some of the lending rules were not fully covered by the Bank, evincing issues with the enforcement of the rules that the Bank itself created. (Hayes)

Indeed, the Grameen Bank was successful in helping the majority of poor Bangladeshi people to thrive economically. It has also spearheaded the movement towards microfinancing for small businesses. However, issues have become evident, and a need to find methods to fix said issues are important as well.

### The United Nations Capital Development Fund (UNCDF)

The UNCDF is a microfinance and investment capital created by the United Nations and affiliated with the United Nations Development Programme (UNDP) to aid 48 of the least developed countries (“UNCDF”). It especially aims to help individuals and businesses that do not have access to formal loans due to issues of eradication, literacy, credit, or collateral. It has two main projects: financial inclusion and localized investments. The financial inclusion is the actual loan to people and businesses, similar to the United States Small Business Administration’s “Capital.” The localized investments are education programs to explain how a combination of structure and innovation can help economic expansion and thus development as a whole.

## Timeline of Events

Date	Description of event
18th century	The Irish Loan Fund System was created by Jonathan Swift, which aimed to help the then-famine struck Irish citizens.

July 30, 1953	The United States Small Business Administration was formed.
1966	United Nations Capital Development Fund was founded.
1976	The Grameen Bank was created to see how credits and microfinances can help the poor.
October 1983	The Grameen Bank was authorized by the Bangladeshi law to act as a separate bank.
1990	Compartamos Banco, the largest microfinancing institution in Latin America, was founded. Some controversy exists, especially with what the bank does in regards to the profit created with the interest from loans.
1998	India's SKS Microfinance Limited (now Bharat Financial Inclusion Limited) was founded.
January 2009	State of the Microcredit Summit Campaign Report 2009 was released, along with a statement that the world's poorest 100 million families were given a microcredit loan.
September 25, 2015	Sustainable Development Goals was initiated. Of the 17 Goals, 1 (No Poverty) and 8 (Decent Work and Economic Growth) can largely be aided by microfinance.

## Relevant UN Treaties and Events

There have been UN Treaties along with events that aim to expound upon the idea of microfinancing and its aid towards small businesses. Although primarily concerned with helping individuals in poverty by helping them to create small businesses, the effect of these treaties, resolutions, and events goes both ways.

- Role of microcredit in the eradication of poverty, 18 December 1997 ([A/52/628/Add.6](#))
- Role of microcredit and microfinance in the eradication of poverty, 20 December 2006 ([A/RES/61/214](#))
- Establishment of a United Nations capital development fund, 15 December 1960 ([A/RES/1521\(XV\)](#))
- United Nations Capital Development Fund, 4 December 1974 ([A/RES/3249\(XXIX\)](#))
- International Year of Microcredit 2005, 22 February 1999, ([A/RES/53/197](#))

Yet, there still is no discrete resolution regarding the role of microfinance for small businesses.

## Previous Attempts to solve the Issue

Solutions regarding this issue has been largely individual to nations. Such is evident with the lack of a common international definition of key terminology and common goals within nations and therefore governments.

However, since the creation of the Grameen Bank and various local banks in countries, developments to further the position of microfinancing to help small businesses prosper is underway, albeit littered with issues in organizing them. International efforts are also being made, especially in regards to the UNCDF, World Council of Credit Unions, the Microloan Foundation, and the Microcredit Summit Campaign. Of the few international efforts given, the Microcredit Summit Campaign is one that has seen a degree of international success; the Campaign was able to reach its self-instituted goal of providing for the poorest families in the world. Yet, some aspects have proved to be too idealistic, which led to the Campaign developing further to work with other organizations such as Results.

Controversy also exists regarding the for-profit nature of some microfinancing institutions. Namely, Compartamos Banco, a Mexican microfinancing institution, received criticism for moving into for-profit instead of the initial non-profit nature (Estañol). The question is, should such banks seek to profit from the poor? Setting high interest rates would satiate the desire for monetary gain from the poor, yet would provide a rationale for the institution to create operations in previously isolated regions. For example, Compartamos Banco's borrower numbers have increased from 60,000 to 900,000 people over just 8 years ("Poor People").

## Possible Solutions

Microfinance should definitely be accessible to those that need it the most, yet should be employed in a manner which allows those with the drive and determination to succeed to benefit from the loans. The accessibility factor should be the largest consideration to be taken for systemizing microfinance so that those in rural, underdeveloped areas with a lack of access to traditional funding institutions can receive financial aid. With this, costs of expansion and projects to isolated areas must be taken into account, along with costs for maintaining and organizing funds for microcredit itself. If possible, a method to assess such costs and ensuring that they become covered is integral if microfinancing operations are to be continued. Such information should also be organized and kept in a clear and understandable manner, which will ensure that an overview of the costs can be easily understood for future reference.

Communication between the microfinancing institution and those borrowing, or the local community, should also be a continuous effort. If the purpose of the microfinancing operation is to aid the local community, then their needs should be sufficiently conveyed to the financing institution. Therefore, a creation of a method, either by periodic conferences or spokespeople per community would also be an essential part in the success of microfinancing operations in the local communities.

Education programs intending to teach the borrowers regarding fund usage and organization of businesses must also be taken into consideration to ensure that the funds are not wasted. Such education could be covered by microfinancing institutions; then, assuring the quality of such programs is vital to the success of the small businesses.

An extension to the UNCDF or the UNDP could also be evaluated to include not only the 48 least developed countries, but to all regions that can benefit from microfinancing. Then, a method of evaluating the projected benefit gained for a country or region with the introduction of a microfinancing

project must also be developed. In short, an extended operation would help, but specifications regarding that extension should also be in place.

However, as microfinance potentially benefits all individuals and small businesses in all countries, programs should be kept, continued, and developed in all countries regardless of their development. Although this might be idealistic, ensuring that microfinance will be present in all countries will allow small businesses to thrive, continuing their economic benefits in their respective areas.

Development of the microfinancing structure itself is also important in the success of microfinancing. In short, complete and functioning management information systems should be readily available to all microfinancing institutions. Risk assessment should also be able to cover each small business or individual's loan request separate from others, as subjective as possible.

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## Appendices

- I. <https://www.globalcommunities.org/> (Homepage of the Global Communities organization)  
*Global Communities is a non-governmental organization that aims to provide various communities the means of funding for individuals that wish to make a change. The organization works with communities, governments, other NGOs, and private sectors to achieve this.*
- II. <https://www.kiva.org/> (Homepage of the Kiva organization)  
*Kiva is notable for its method of gathering capital to aid loaners. It does so by taking in donations from people by showing who to donate to and what the loaners do with the money. It builds a level of connection – something that isn't present in other microfinancing organizations.*
- III. <https://opportunity.org/> (Homepage for Opportunity International)  
*Opportunity International boasts a 99% repayment rate, something that should be aimed by other microfinancing institutions. Understanding how the organization maintains its high repayment rate is integral if any MFI wishes to continue operations without sustained losses.*
- IV. <https://www.coindesk.com/microlending-trends-startups-look-blockchain-loans/> (Microlending Startups Look to Blockchain for Loans)  
*This news article highlights some of the successes that microfinancing has experienced, yet also shows some of the issues an organization, BanQu, has had with its implementation.*
- V. <https://www.howwemadeitinafrica.com/providing-credit-kenya-can-learn-microfinance-company/60562/> (Providing credit in Kenya: What we can learn from this microfinance company)  
*This article shows the situation of microfinancing in Kenya. Seeing how it can be implemented in a country with a high proportion of people without banking (60% according to the article) can provide insight on how it can be implemented in similar countries.*

<b>Forum:</b>	General Assembly 2 <sup>nd</sup> Committee
<b>Issue:</b>	Establishment of a Technology Bank for Least Developed Countries
<b>Student Officer:</b>	Vijay Krishnan
<b>Position:</b>	Deputy Chair

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## Introduction

A technology bank is a relatively new concept that has been brought into the fore by the UN, it aims to ensure that the entire world can have access to technology, a resource that is becoming more and more important in the lives of people around the world. The main idea here is that the world is becoming an increasingly more interconnected place and therefore a global economy is being formed as a result of the increased global interactions. In the current situation, several Less Economically Developed Countries (LEDCs) are in the periphery when it comes to the use of technology. As a result, they are under threat of struggling to develop and reducing the rate of growth further if they do not incorporate technology into their day to day activities. The technology bank will try to ensure that this does not occur by making sure that the LEDCs get the help that they require in understanding and utilizing new technology. This includes the integration of the poor countries of the world into the global knowledge based economy, by facilitating access to common research and technical developments (UN-OHRLLS).

Moreover, the establishment of a technology bank is a direct attempt to achieve one of the Sustainable Development Goals (SDGs). The establishment of a technology bank specifically looks at target 17.8 which calls for a “fully operationalizing the technology bank and science, technology and innovation capacity-building mechanism for least developed countries” (Risse). Thus, the establishment of a technology bank is a key issue to ensure the growth of a good future for all countries and the world as a whole.

The technology that the bank would focus on would be things such as, medical infrastructure, telecommunications, educational technology as well as internal connectivity. The overarching goal of a technology bank for the least developed countries is to promote the structural transformation of these economies, eradicate poverty and enhance the concept of sustainable development (New).

## Definition of Key Terms

### Technology Bank

A technology bank is a bank that assists in developing the science, technology and innovation capabilities of countries. It attempts to do this through improving technology related policies in specific countries and facilitating access to new technologies (New).

### Least Developed Countries

Least Developed Countries (LDCs) are a set of 47 countries around the world that account for 12% of the global population who are considered as economically under developed (Exploradia).

### Sustainable Development Goals

The SDGs are a set of 17 goals that were developed by the UN in order to make the world a better place by the year 2030, they were an extension to the Millennium Development Goals (MDGs) which ended in 2015.

## Background Information

### Technology and Economic Development

It is no secret that there is a clear relationship between the exposure to technology that a country and its levels of economic development as well as general living standards. The lower the exposure to technology that a country has the more likely it is that the country experiences relatively less economic growth and the population suffers with lower quality of living conditions. This is because a lack of technology puts a cap on the level of educational that a person can receive, the internet is becoming more and more an integral part of everyday life thus, by students in a country not being exposed to this technology it becomes harder for them to find work in the industrial sector in the future. Moreover, a lack of technology reduces the amount of global interactions a country can participate in as financial flows may be restricted. Production processes may be enhanced through technology and through the lack of its implementation it is possible that a country would not be able to compete on the world market when it comes to exports and trade (Kvochko). Technology can also improve healthcare systems in a country with new machines and processes thus, the lack of this technology can not only reduce the quality of human capital but also reduce the quality of life of the population of a country. It is true that economic development is required to invest in technology however, an investment in technology can massively promote economic growth as well.

#### *Sierra Leone as a Case Study*

Sierra Leone ranks as one of the 47 countries that are considered to be LDCs and it has done so since 1982. Sierra Leone is an example of a country that has been war torn for a long time and thus it's government has been unable to invest in new technology over the course of the war as they have been pre-occupied. This has resulted in Sierra Leone having a very low real GDP and a poor education and healthcare system. In fact, much of this is because Sierra Leone has only just got 3G and fibre internet. In fact, only 1.8% of the population has consistent access to the internet. This has meant that the country and its population have been isolated from the rest of the world where the main mode of communication is still only the radio.

### How can technology bank enhance the development process?

A technology bank will play an integral role in bridging the gap for LDCs in terms of their access to modern day technology. The technology bank will try to improve the governmental policies that pertain to development of technology in the country. Moreover, the technology bank would assist with facilitating the development of technological infrastructure too. By this it is meant that the technology bank will ensure that internet is accessible to the population and the entire country is connected through telecommunications network (Kvochko). Moreover, health care systems may be improved too which can

only lead to economic growth for the country. Exposure to technology can increase the chances of the population of a country to be involved in the global economy and streamline several production processes. As mentioned before the investment in technology can act as engine for growth for all of these LDCs.

### *Example of how technology can help the economy*

The ICT industry itself in a country can create several jobs for the local population. Worldwide there is expected to be a 22% increase in jobs in the technology centre by 2020. This presents a unique opportunity for LDCs that develop technological backgrounds now to take advantage of this growth. For example, in Australia running and developing the brand new super-fast national broadband network is expected create 25,000 new jobs. The positive effect of ICT on other sectors of the economy is also prevalent, for example in China a 10% increase in broadband penetration is co related with 2.5% GDP growth.

### **Benefits of a Technology Bank**

It is a well-known economic concept that the world's poorest countries often operate in the primary sector of the economy where the use of technology is limited. Being stuck in the primary sector of an economy can restrict economic growth to a certain extent as prices fluctuate often and people working in the primary sector, thus cannot invest further to achieve growth. The technology bank will ensure that the economy can be restructured in the sense that more jobs will be created in the secondary and even possibly the tertiary sector. The economic shift of these economies into these sectors will work as the backbone to sustainable economic development.

Secondly, trade acts as an engine for economic growth, and it is common to see that world's least developed countries make up for only a small fraction of world trade. This is partly down to the fact that the countries possess poor port facilities and limited shipping and cargo technology for firms to maintain profitability with trade in and out of these aforementioned countries. The technology bank can improve the technology in these ports in order to facilitate for larger ships to be docked in the country, and the process of loading and offloading goods more efficient. This will allow firms to exploit larger economies of scale when shipping to these countries thus making it more likely for trade relations to grow between the less developed countries and foreign trading giants. This is an example of technology can assist in reducing the friction of distance experienced by the least developed countries which encourages global interactions thus enhancing economic growth.

Thirdly, and perhaps the most direct impact that a technological bank can have is the improved in internal connectivity which improves quality of life for the citizens of the country. Innovation such as mobile banking which originated in Kenya, through the concept of 'M-Pesa' has been a revelation in several African countries. This system allows easy transfer of funds from one person to another, making remittances very easy to send for people living in the cities. As many LEDCs do, Kenya has a set of core cities where job opportunities are more than they are otherwise, as result many people migrate to these cities from their villages and towns. M-Pesa has made it a lot easier for these people to send remittances back to their villages and towns, as a result improving the quality of life of their families, in these impoverished areas.

Finally, the long-term implications of a technological bank are such that it fosters a more driven and academically inclined new generation. The technological bank not only serves the purpose of

facilitating technology access in a country, but also access to scientific innovations and research that goes on around the world. The attainment of this information can in-turn pique the interest of the younger generation of the country and they can then drive the change in their own country in the future. Sustained economic growth must come from within the country and the technological bank can help ensure that this occurs.

As one can see from the above examples and information, the development of a technology bank is very important for LDCs at the moment as it can play an integral role in developing technology in these countries which can have a very positive impact on economic and financial growth of the country.

## Major Countries and Organizations Involved

### Sierra Leone

As mentioned previously, Sierra Leone is an example of a country that has been considered as a LDC for a while now. Moreover, they are also a country that is widely considered to be technology less developed than most other countries around the world.

### Haiti

Haiti is widely considered to be the world's least technologically developed country. Much of it still lacks reliable connection to electricity and power whilst telecommunications and internet is still a step too far. A lot of this can also be accredited to the earthquake of 2010 from which it still seems to be recovering.

### Cambodia

Cambodia is a country which seriously lacks communication and trading ability with the rest of the world. It seems to be cut off from the rest of the world and much of this may be attributed to the primitive technology used there.

### Kiribati

Kiribati is known to be the most isolated country in the world. The extent to which it lacks technological development is far deeper than economic development. Basic water processing units are unavailable to the country whilst lack of cold storage has caused a problem with food borne diseases too.

### United States of America

The United States of America (USA) is one of the most technologically advanced countries in the world and thus their expertise and input as to how to approach the problem in LDCs would be highly valuable.

### Japan

Similar to the United States of America, this country is very technologically advanced and has a strong economy that is heavily reliant on technology. Its proximity to some countries that suffer from the problem of lack of technological infrastructure could make it a key asset to the technology bank.

### Turkey

Turkey has volunteered to be the host country of the technology bank that has been currently commissioned by the UN.

## World Bank

The World Bank maybe an important financier of the several technological infrastructure projects that may be undertaken by governments as a result of the policies that have been adopted by countries through the technology bank.

## Timeline of Events

Date	Description of event
September 2015	Adoption of sustainable development goals, one of them being regrading technology banks
January 2016	SDGs are put into action
23rd December 2016	The UN General Assembly adopted a draft resolution on the topic at hand
23 <sup>rd</sup> March 2017	Trusts find is open to all stakeholders, including member states. A set of representatives on the committee is started to be drafted.
22nd September 2017	UN officials welcome the creation of the technology bank. The bank is put into action in Istanbul Turkey
November 2017	The council of the technology bank conclude their first meeting in New York. The agenda for 2018 is set.

## Relevant UN Treaties and Events

- UN Sustainable Development Goals
- Resolution A/71/L.52
- Charter of Tech Bank A/71/363

## Previous Attempts to solve the Issue

A technological bank for LDCs was put into place by the UN on the 22<sup>nd</sup> of September 2017 after being proposed in a resolution submitted to the UN General Assembly on the 23<sup>rd</sup> of December 2016. Of course, this was after the inclusion of the technology bank in the SDGs that were drafted by the UN. The technology bank that was proposed in the UN General Assembly, is set to be constructed and ready to be operational in Istanbul, Turkey. It is important to consider that a technological bank is a very new issue to be tackled by the UN, and the newly formed committee in the form of the Technology Bank in

Turkey is still in its infancy. This technology bank required heavy investment and much of this was done by the respective UN organs but also by the Turkish government.

Turkey has been continuously involved with the propulsion of the idea of a technology bank for least developed countries, in 2011, the Istanbul Programme of Action for Least Developed Countries organized by the UN-OHRLLS called for a technology bank dedicated for the least developed countries as well. The impact of this was that the SDGs that were formed in 2015 were heavily influenced by this concept causing it to be integrated as part of SDGs.

The fact that, the establishment of a technology bank for least developed countries is on the SDGs is an effort to show the importance of this issue. The UN will model itself on meeting these goals over the next several years, thus with the technological bank having a specific mention in there, it directs a lot of attention to making sure that it is done.

## Possible Solutions

One possible suggestion in terms of the adoption of the technological bank is in terms of how often each LDC must meet with the technological bank committee. Each country that is part of the LDC list must meet with the bank to set out a concrete goal for the next 5 years. A list of procedures that will be followed in order to achieve this goal will also be drafted by the bank and the government of the given country in unison. Perhaps it can also be decided that the technology bank should hire a set of 'national technology development experts'. These experts will be assigned to each of these LDCs countries in order to clarify any problems that the government may have and would advise and guide the policies that help with the goal of technological development. The technology bank should also draft a set of guidelines that should be followed in case of an emergency that cuts one country from the world. For example, what steps would the bank take if an earthquake strikes a country and cut telecommunications systems.

The technologically advanced countries such as the ones that were previously mentioned in the report could also hold annual workshops for government officials that intend to give ideas to the country as to how to deal with the growing technological landscape of their country. The bank may also find ways in which information transfer about technology can be made possible, feasible or easier between countries.

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## Appendix

### Appendix A- List of Least Developed Countries

Afghanistan (1971)	Malawi (1971)
Angola <sup>1</sup> (1994)	Mali (1971)
Bangladesh (1975)	Mauritania (1986)
Benin (1971)	Mozambique (1988)
Bhutan (1971)	Myanmar (1987)
Burkina Faso (1971)	Nepal (1971)
Burundi (1971)	Niger (1971)
Cambodia (1991)	Rwanda (1971)
Central African Republic (1975)	Sao Tome and Principe (1982)
Chad (1971)	Senegal (2000)
Comoros (1977)	Sierra Leone (1982)
Democratic Republic of the Congo (1991)	Solomon Islands (1991)
Djibouti (1982)	Somalia (1971)
Eritrea (1994)	South Sudan (2012)
Ethiopia (1971)	Sudan (1971)
Gambia (1975)	Timor-Leste (2003)
Guinea (1971)	Togo (1982)
Guinea-Bissau (1981)	Tuvalu (1986)
Haiti (1971)	Uganda (1971)
Kiribati (1986)	United Republic of Tanzania (1971)
Lao People's Democratic Republic (1971)	Vanuatu <sup>2</sup> (1985)
Lesotho (1971)	Yemen (1971)
Liberia (1990)	Zambia (1991)
Madagascar (1991)	

### Appendix B- Useful Sources

<http://unohrlls.org/technologybank/>

<http://sdg.iisd.org/news/technology-bank-for-ldcs-officially-established/>

<https://www.weforum.org/agenda/2013/04/five-ways-technology-can-help-the-economy/>