

## COLMUN 2010

### WORLD BANK BOARD OF EXECUTIVE DIRECTORS

**CHAIR:** Lina Torres, Andrés Espitia

#### INTRODUCTION

Created in 1944 as one of the two Bretton Woods Institutions (along with the International Monetary Fund), the World Bank was tasked with providing developmental loans to countries looking for post-war reconstruction. The Bretton Woods Institutions were created by the end of World War II in order to create an international economic system that would help war-torn countries rebuild and support their efforts to develop. Nowadays, the aims of the World Bank have been pointing towards the reduction of poverty regarding the main objective of achieving a sustainable and inclusive world.

The Bank consists of two main development institutions, the IBRD and the IDA. The IBRD aims to reduce poverty in middle-income and creditworthy poorer countries, while IDA focuses on the world's poorest countries. These institutions work is complemented by IFC, MIGA and ICSID. All five of these institutions together make up the World Bank Group. Each institution –excepting the ICSID- has its own twenty-four member Board of Executive Directors. Their meetings take place whenever the World Bank requires it and its objectives are to consider the viability of loans, credits and policies that should guide these actions in different Member States taking into account a fore-cast of their political, legal, social and economic situation and the effects of these particularities in other Member States and the international system.

For the purposes of **COLMUN II** delegates may think of the World Bank as a single monolithic organization with only one exclusive Board of Executive Directors in charge of its entirety. Hence, **COLMUN II** delegates to the World Bank will serve as one of the twenty-five<sup>1</sup> members on the Board of Executive Directors that may consider and decide on viability of loans, credits and policies that should guide these actions in different Member States taking into account a fore-cast of their political, legal, social and economic situation and other strategic issues that impact the World Bank's Group general operations.

The first item of the Agenda is the Topic A: Mechanisms for supporting economic development in fragile states: debt relief and development aid. Taking into account the potential extension of this topic, there's a possibility to not develop the second item of the Agenda, Topic B: Agricultural development and land policy reform for enhancing economic growth strategies. We recommend focusing the preparation on Topic A, but as this is high-level committee, Delegates should be prepared for any eventuality.

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<sup>1</sup> Taking into account that the number of Executive Directors will increase by one totalling 25 as of July 2010.  
<http://go.worldbank.org/NSNRG8JZNO>

## HISTORY AND BACKGROUND

From 1 July to 22 July 1944, delegates from 44 states met in a town in New Hampshire called Bretton Woods. The group convened for the purpose of establishing an international financial organization, one that would ensure both the efficacy of the financial markets and support nations development and reconstruction to allow a new world to emerge. Therefore, the WB was the first-ever Multilateral Development Bank.

In the next few decades, the World Bank expanded and evolved. The International Finance Corporation (IFC) was created in 1956 as an agency devoted especially to promoting private sector growth in developing states. The International Development Association (IDA) was added in 1960, as a branch devoted to providing grants and low-interest loans to the poorest states of the developing world. Then, in 1966, demand for an arbitrator for investor-state disputes led to the creation of the International Centre for the Settlement of Investment Disputes (ICSID) and, finally, in 1988 the Multilateral Investment Guarantee Agency (MIGA) was established as an association designed to promote foreign direct investment (FDI) by insuring the loans of investors.

The World Bank's principal ally is the United Nations Organization, both multilateral and independent organisms. Their alliance became tangible in 2000 when the Millennium Development Goals were adopted as a main stream in the International System.

There are 186 member countries, which are shareholders. The shareholders are represented by a Board of Governors that –according to the Bank's Articles of Agreement- is the Bank's senior decision making body at being the ultimate policy maker. Because of governors only meet annually, they delegate the conduct of the general operations of the Bank to 25 Executive Directors<sup>2</sup>, from which each one of the five largest shareholders (France, Germany, Japan, United Kingdom and the United States) appoint one. China, the Russian Federation and Saudi Arabia each elects its own Executive Director, while the other Executive Directors are elected by the other members. Although powers of the Bank are vested in the Board of Governors by virtue of a Bank By-Law, the Board of Governors has delegated to the Executive Directors all its powers, except those specifically reserved to it under the Articles of Agreement<sup>3</sup>.

The Board of Executive Directors consists of the President of the World Bank and 25 Executive Directors acting as a unit. The President is the presiding officer, is responsible for overall management of the Bank and is in charge of representing Bank's interest to ensure its viability and sustenance; ordinarily has no vote except in case of an equal division. For its part, the Executive Directors have a dual responsibility, as they represent the interests and concerns of their country or group of countries to the Boards and the Bank's management,

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<sup>2</sup> Taking into account that the number of Executive Directors will increase by one totaling 25 as of July 2010. <http://go.worldbank.org/NSNRG8JZNO>

<sup>3</sup> Specific reserved powers under the Articles of Agreement are those to admit and suspend members, to increase or decrease the authorized capital stock, to determine the distribution of the net income of the Bank, to decide appeals from interpretations of the Articles of Agreement by the Executive Directors, to make formal comprehensive arrangements to cooperate with other international organizations, to suspend permanently the operations of the Bank.

as well as the interests and concerns of the Bank to the country or group of countries that appointed or elected them.

## **SIMULATION**

The World Bank is a specialized agency and operates independently of the United Nations; therefore, this committee will function differently from many of the standard UN committees that delegates may be used to, although almost all Rules of Procedure established in COLMUN II still apply.

### **Committee Procedure**

#### *Members*

- **Directors**  
Are the maximum authorities of the committee and in addition from the powers set in the handbook of COLMUN II, will act as the Bank's Presidency. Directors will have right of intervention for guiding committee's work and ensuring the Bank's interests.
- **Executive Directors**  
There are 25 Executive Directors<sup>4</sup>. Executive Directors have a dual responsibility, as they represent the interests and concerns of their country or group of countries to the Boards and the Bank's management, as well as the interests and concerns of the Bank to the country or group of countries that appointed or elected them.
- **Observers**  
Observers within the Board of Executive Directors are representatives of direct involved countries in the items of the Agenda, whose participation in the board is essential for the development of very specific issues as happens with Topic-A.  
The Observer Status means that the representative will have the right of speech and deliberate in order to present and negotiate their proposal, but will not have voting power in neither procedural or substantive matters. Perhaps, passing to voting process of a proposal requires a pre-approbation of the recipient country; if the recipient has a representative that is Observer, he will be the one in charge to give the avowal instead of the Executive Director that represents that country.

#### *Before the Conference*

Prior to the start of the conference, the Directors of the committee will select the proposals to be discussed throughout the course of the conference. The Proposal Format can be found in the ANNEX-B.

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<sup>4</sup> The list of Executive Directors and countries in representation by voting power can be found in Annex-A

For Topic A, Directors will only receive proposals from directly involved and appointed Member States. This means from Somalia, Afghanistan and the Democratic Republic of Congo. These proposals will be available and published for delegates one and a half- month before the conference, for each delegate to review it beforehand and prepare the work sessions.

Topic B proposals must be submitted to Directors before September 18 of 2010. No proposal sent after this deadline will be selected. Prior to the start of the conference, the Directors will select three loan proposals to be discussed throughout the course of the conference. Selection will be based on two main criteria: the writing quality of the loan proposal and its relevance to the topic, and the integration potential that may have for promote an active participation of all members of the Board.

### *Agenda*

The order of the agenda is predetermined by the Chair and will be the one specified below. In consequence, the Chair won't consider motions for 'Setting the Agenda'.

- Topic A: Mechanisms for supporting economic development in fragile states: debt relief and development aid.
- Topic B: Agricultural development and land policy reform for enhancing economic growth strategies.

### *Quorum*

The Quorum required for opening the session of the Board of Executive Directors shall be a majority representing at least two thirds (2/3) of the total votes.

### *Parliamentary Procedure*

Delegates of the World Bank committee, unlike those of other committees, do not serve as political representatives of their nation. Instead, delegates represent economists that represent a group of countries or their own. As such, political considerations on grounds of ideological differences may not be taken into account during debate<sup>5</sup>.

Standard COLMUN II Rules of Procedure established in the Handbook will rule all World Bank sessions, this means that all the motions and requests to the Chair contained in these Handbook are applicable for the World Bank parliamentary procedure excepting the following:

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<sup>5</sup> Article 10, Section 10 of the World Bank Articles of Agreement states that political activity by World Bank delegates is "prohibited" and "only economic considerations shall be relevant to their decisions".

- **Set the Agenda Motion to set the Agenda won't be entertain**
- **Motions to divide the question** this motion will not be entertain. Dividing the question results irrelevant due to the structure and format of proposals.
- **Rights of reply** Rights of Reply are out of order since political considerations will not be discussed.

### *Voting Basis*

- For procedural matters there will be one vote per one Executive Director. Procedural matters will always be voted by placards.
- For substantive matters, since the World Bank is an organization of shareholders, voting powers are based on a weighted system of voting that allot a number of shares to each country determined by the quota that the IMF have assigned. Each Executive Director will have a voting power percentage proportional to the sum of all the shares from the countries that represent. Substantive matters will always be voted by roll-call.

### *Dynamic of the Board's work over Proposals*

When committee first begins, the Chair will introduce the first proposals that the board will discuss. Then the respective representative will be asked to give a ten-minute presentation on the proposal, followed by five minutes that may be used as 'Points of Inquiry'. The purpose of this period is to ensure that delegates understand the technicalities of each proposal, therefore the 'Points of Inquiry' must be specific questions to clarify certain points that are unclear because are not at all specific or may have various interpretations. Any intervention out of this bounds will be declared by the Chair as 'Out of order'.

Following the presentation, the Chair will entertain motions for either formal or informal debate. Delegates will debate each proposal for begin to formulate ideas as to how to amend the proposal —specifically if are loans in points such as the "Details", "Total Amount", and "Repayment Schedule" sections. Amendments may strike, modify, or add clauses to the original proposal.

The amendments requires a minimum of 5 signatories for being submitted to the Chair. This can be done at any time of the debate before it runs out. Once the debate is over the Chair will read the entertained amendments. Each amendment can be discussed for a maximum time of 10 minutes and can be vote or table and will be voted on individually. The first step in voting on the amendment is for the beneficiary country of the proposal to approve it, as the World Bank cannot force any country to accept agreements or loans. If the country does not approve the amendment, it fails. The second step in voting is a simple majority vote in which each Executive Director receives one vote. If the amendment does not receive a simple majority, the amendment fails.

After reading, discussing and voting all the amendments, the Chair will ask the representative of the beneficiary country to pre-approve the proposal because the World Bank cannot force countries to accept agreements or loans. If the country does not approve the proposal, the Chair shall decide based on the situation of the committee, whether to open a new debate on the proposal or if it is automatically discarded. Else, the Chair starts the voting process by roll-call.

Finally, when the voting process finishes, the Chair will proceed to introduce the next proposal.

### *Crisis Management*

According to World Bank's policies, the Bank is prepared to handle any type of economic crisis that may arise within the Board of Executive Directors and to propose solutions using the established format.

## TOPIC A:

Mechanisms for supporting economic development in fragile states: debt relief and development aid.

- Somalia
- Afghanistan
- Democratic Republic of Congo

*“Only by securing development can we put down roots deep enough to break the cycle of fragility and violence”*

**Robert Zoellick<sup>6</sup>**

### Introduction

Fragile and conflict situations are critical to the World Bank’s mission of reducing poverty. In the past decade, the almost continuous economic growth in developing countries has raised more people out of poverty than at any previous time. But this success has contrasted with the intractable poverty of a core group of fragile and conflicted-affected countries for which achieving 2015 Millennium Development Goals is, to this day, an impossibility.

The World Bank’s definition of *Fragile States* covers low-income countries scoring 3.2 and below on the Country Policy and Institutional Assessment (CPIA), which is used to assess the quality of country policies and the main input to IDA’s Performance-Based Allocation (PBA) system<sup>7</sup>. The World Bank use this term to refer to countries that have three main characteristics: political instability, weak institutional capacity and poor governance. You may note that both three factors are totally interrelated since –for example- the problem of poor governance in a country can be interpreted as an effect of the weak institutional capacity that leads to political instability, in fact each characteristic can be the starting point of this vicious circle. One thing is for sure, the longer this cycle persists, the more vulnerable and prone will be the country to either conflict<sup>8</sup> development or conflict effects; taking into account that three out of four *Fragile States* experience ongoing violence as the residue of past severe conflict.

Conflict is particularly severe development challenge because beyond promoting institutional and governance weakness, it constrains efforts to reduce poverty, limit service delivery to vulnerable population and creates potential negative spillovers for neighboring countries.

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<sup>6</sup> Actual President of the World Bank.

<sup>7</sup> World Bank, 2010 (<http://go.worldbank.org/NEK8GNPSO0>)

<sup>8</sup> For the purposes of this guide, conflict is defined as a situation in which a clash between two parties causes violence.

During this session, there have been set two particular parameters for limit the Board's approach, in order to tackle the topic concisely and achieve a proactive work. The first one refers to debt relief and the second one, to development aid.

### **Context of the World Bank on the issue**

The WB has typically focused on supporting peace-building efforts and laying the basis for longer term institutional and economic recovery. The development strategies focuses on allocate development aid (from the WB, other organisms such as UNDP or even from other countries) in areas such as private sector recovery, job creation, infrastructure rehabilitation and service delivery, state institution-building supporting political periods of transition and building key state functions to take on a strong and accountable role in facilitating economic growth and service delivery; completion of larger scale capital investments; activities to strengthen domestic reform currents and national debate over long-term poverty-reduction strategy.

Nevertheless, the most complete initiative of longer-term assistance strategies with flexibility to adjust in response to periods of increased fragility, has been the Country Assistance Strategy (CAS), which lays out a selective program of World Bank Group support for a particular country. This strategy is developed by Bank staff in meetings with government officials, in consultation with country authorities, development partners and other stakeholders. It takes as a starting point the country's own long-term vision for development, continuing with the identification of the key areas where the Bank Group's assistance can have the biggest impact on poverty reduction. In its diagnosis, the CAS takes into account the performance of the Bank's portfolio in the country, the country's creditworthiness, state of institutional development, implementation capacity, governance, and other sectorial and cross-cutting issues.

### *Focus on Afghanistan, Somalia and the DRC*

The World Bank's country work is always grounded in either a Country Assistance Strategy (CAS) or an Interim Strategy Note (ISN). Perhaps the ISN are only adopted when there is a of readiness for a CAS, because (a) a high degree of uncertainty prevents clarity concerning the nature of the longer-term engagement; (b) the country has no medium-term development/poverty reduction strategy to frame the Bank's program; and/or (c) the Bank has insufficient country knowledge<sup>9</sup>.

Afghanistan and Somalia have develop ISN only, because previous international engagement with these countries has failed to yield significant improvements; and donors and others continue to struggle with how best to assist these fragile states, that are also classified as 'Severe Low-Income Countries Under Stress (LICUS)'. Their ISN can be characterized as reflecting Bank engagements in their circumstance that –for fragile and conflict affected countries- has been called 'Transition from conflict'.

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<sup>9</sup> World Bank Report "CAS Retrospectives and Future Directions". Chapter VI. September, 2009.

Afghanistan's ISN is valid for the period of 2009-2011, while Somalia's latest ISN was in effect from 2008-2009.

In the case of the Democratic Republic of Congo, the WB prepared a CAS that covers the period 2007-2010. The DRC have present a constant improvement in governance and social development since 2001, when the country re-engage to the Bank which in 1991 suspend it's financial assistance due to the deteriorating economic and political situation.

## **MISSION OF THE BOARD OF THE EXECUTIVE DIRECTORS**

The Board of Executive Directors will discuss the proposals that will be presented by each of these countries, emphasizing specially in the ones that don't have a main framework of action that may be determine only if the countries current have a CAS. The objective is to reach an integrative proposal for each country that may guarantee a short-term poverty reduction and a significant progress in the satisfaction of people basic needs ensuring socioeconomical indicators stability.

## **CURRENT SITUATION OF SELECTED COUNTRIES**

Since all information that must be provided below should be official and proceed from the World Bank, and safeguarding the copyright of these documents; the basic bibliography for each case is shown below.

### **➤ AFGANISTAN**

Country Overview for 2010

<http://go.worldbank.org/S4219L33P0>

ISN for the Islamic Republic of Afghanistan

<http://siteresources.worldbank.org/EXTLICUS/Resources/AFISN2009.pdf>

Timeline

<http://news.bbc.co.uk/2/hi/1162108.stm>

Official Country Profile

<http://go.worldbank.org/EEXQKXSB00>

### **➤ SOMALIA**

Country Brief

<http://go.worldbank.org/79I6OT35O0>

Background of CAS in Somalia

<http://go.worldbank.org/7ZHTPLRQX0>

ISN for Somalia

[http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2007/07/09/000090341\\_20070709085342/Rendered/PDF/39951.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2007/07/09/000090341_20070709085342/Rendered/PDF/39951.pdf)

Timeline

[http://news.bbc.co.uk/2/hi/africa/country\\_profiles/1072611.stm](http://news.bbc.co.uk/2/hi/africa/country_profiles/1072611.stm)

Official WB Profile

[www.worldbank.org/somalia](http://www.worldbank.org/somalia)

➤ ***Democratic Republic of Congo***

Country Brief

<http://go.worldbank.org/VU4KGZ3JX0>

Official WB Profile

<http://go.worldbank.org/ZNBNXQVJB0>

CAS for the DRC

<http://go.worldbank.org/3NRDONER00>

WB Projects Overview on the DRC

<http://go.worldbank.org/FEE11R7K50>

Country Timeline

<http://news.bbc.co.uk/2/hi/africa/1072684.stm>

## TOPIC B:

### Agricultural Development and Land Policy Reform for Enhancing Economic Growth strategies in Colombia

Agriculture is the main principle when designing an economic development plan. It is still one of the most important activities (if not the most) held by human beings due to the impact it has in the consolidation of the productive system and life quality standards in almost every country.

However, the tremendous advance in other fields, such as industry and services, has depleted the attention and importance in agricultural topics, due to a great number of governmental decision-makers, enterprises, NGO's and multilateral organizations. Cities have become the spotlight for economic growth; in the other hand rural areas are the focuses of poverty. For instance, seventy-five per cent of world's poor population is established among rural areas in developing countries, yet only four per cent of official development assistance goes to agriculture. In Colombia the situation is not very different, 80% of rural population below poverty line and 42% under the extreme poverty line. Illiteracy rate nearly doubles the countries rate rising to 15%.

The true challenge for the WB is to provide financial aid under violent conditions. Guerillas (FARC and ELN mainly) and paramilitary squads have forced most of Colombia's rural labor force to flee to the cities. Due to this, Colombia has the worst fertile land distribution of the entire world; infrastructure is far below the Latin American mean; and ecological damage due to Coca crops is vast. Could agricultural reactivation help Colombia with his Drug War? This is a challenge, we hope, fulfills your expectations. The following illustrates Colombia's economic composition by sectors:

**Agriculture: 9.1%**

**Industry: 38.2%**

**Services: 52.8%**

Promoting pro-poor agricultural growth is not easy. It is subject to risks from many areas, from uncertain prices to the weather. Many investments, while providing high payoffs, can take years, even decades to fully materialize. And because the population directly affected by rural development is widely dispersed, and often has little political voice, the results are often not visible to influential decision-makers. With the myriad demands on limited development funds, it is not surprising that in recent years agriculture has not received as much attention as it should have<sup>10</sup>.

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As a financial organization, the World Bank has developed over time different kind of strategies and tools, in order to solve problems and needs towards the agricultural field, in different countries and under different points of view. The latest version of those alignments is expressed in the World Bank Group Agriculture Action Plan: FY2010–2012, which is the result of an immense research and diplomatic effort in both, human resources as well as signing countries that guarantee excellent academic solutions.

Nevertheless, these strategies can't be transformed into reality by themselves, it is responsibility of World Bank Executive Directors, to create worldwide, regional and local projects that promote the goals and objectives the World Bank has determined in terms of agricultural development as well as the successful investments in the bank who will eventually lead to more possibilities to help and contribute in further proposals and negotiations.

## BIBLIOGRAPHY

- IFAD (International Fund for Agricultural Development): [www.ifad.org](http://www.ifad.org)
- RURAL POVERTY PORTAL: [www.ruralpovertyportal.org](http://www.ruralpovertyportal.org)
- AGRICULTURE AND RURAL DEVELOPMENT DEPARTMENT OF THE WORLD BANK: [www.worldbank.org/landpolicy](http://www.worldbank.org/landpolicy)
- World Bank Group Agriculture Action Plan: FY2010–2012: [http://siteresources.worldbank.org/INTARD/Resources/Agriculture\\_Action\\_Plan\\_web.pdf](http://siteresources.worldbank.org/INTARD/Resources/Agriculture_Action_Plan_web.pdf)
- EU LAND POLICY GUIDELINES: [http://ec.europa.eu/development/icenter/repository/EU\\_Land\\_Guidelines\\_Final\\_12\\_2004\\_en.pdf](http://ec.europa.eu/development/icenter/repository/EU_Land_Guidelines_Final_12_2004_en.pdf)
- WORLD BANK – FRAGILE AND CONFLICT AFFECTED STATES <http://go.worldbank.org/BNFOS8V3S0>
- WORLD BANK – SOURCEBOOK: AGRICULTURE INVESTMENT: <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTARD/EXTAGISOU/0,,contentMDK:20974694~menuPK:2755952~pagePK:64168445~piPK:64168309~theSitePK:2502781,00.html>