



CONFERENCE A

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Documentation of the Work of the Economic Commission for Africa
(ECA)

Economic Commission for Africa (ECA)

Committee Staff

Director	David S. B. Godoy
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Chair	Rachel Mucho
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Agenda

- I. Innovative Financing for Africa's Transformation
- II. Access to Energy
- III. Including Vulnerable in Economic and Social Development

Resolutions adopted by the Committee

Code	Topic	Vote
ECA/1/1	Innovative Financing for Africa's Transformation	30 votes in favor, 0 votes against, 1 abstention

Summary Report

The Economic Commission for Africa (ECA) held its annual session to consider the following agenda items:

- I. Innovative Financing for Africa's Transformation.
- II. Access to Energy.
- III. Including Vulnerable Populations in Economic and Social Development.

The session was attended by representatives of 31 Member State representatives and 3 Observers.

On Sunday, the committee adopted the agenda of I, II, III, beginning discussion on the topic of Innovative Financing for Africa's Transformation.

During the informal session, delegates were divided into three working groups, having different focuses on the scope of approaches to the agenda. By Monday evening, the Dais received a total of 3 working papers, covering a wide range of sub-topics: microcredit in taxation systems, promoting small businesses to improve financial stability, establishing public and private partnerships, and combating corruption. Having discussed the proposals, the three working groups made a decision to elaborate one joint proposal, which was introduced to the Dais by the end of the evening session on Tuesday.

On Wednesday, draft resolution 1/1 had been approved by the Dais. Moving into voting procedure, the draft resolution, with two friendly amendments introduced, was adopted by the Commission as ECA/1/1 by a total of 30 votes in favor and one abstention. The documents embraced ideas from the three initial proposals as well as the new proposals, including the establishment of a knowledge-sharing database, improving banking systems, and cooperation with African Trade Insurance Agency.

Throughout the four days in session, the Commission demonstrated its devotion to a high-quality result. The Commission demonstrated extensive diplomatic skills and consensus was easily established. With great work and organization, the Commission was able to provide innovative ideas that can help the development and financing of the African continent.

Code: ECA/1/1

Committee: Economic Commission for Africa

Topic: Innovative Financing for Africa's Transformation

- 1 *The Economic Commission for Africa,*
 2
 3 *Fully supporting* the efforts made by the African Development Bank (AfDB) to fight poverty, improve living
 4 conditions, and to promote investment of public and private capital,
 5
 6 *Acknowledging* the importance of the Economic Commission for Africa's (ECA) African Social Development Index
 7 (ASDI) in its utility for social inclusion, poverty, and labor market development,
 8
 9 *Taking into account* the adoption of the 10th principle in the United Nations (UN) Compact Leaders Summit on 24
 10 June 2004, which defines corruption as "the abuse of entrusted power for private gain,"
 11
 12 *Affirming* the principles in the Index framework of the non-governmental organization (NGO) Transparency
 13 International,
 14
 15 *Acknowledging* the African Union Convention on Preventing and Combating Corruption, adopted by the 2nd
 16 Ordinary Session of the Assembly of the Union on 11 July 2003 in Maputo, and *recalling* the Regional Anti-
 17 corruption Programme for Africa for 2011-2016,
 18
 19 *Highlighting* the importance of public education programme with the involvement of local communities in the
 20 process of social and economic sustainable development that addresses national and international corruption,
 21
 22 *Acknowledging further* efforts that have been made in terms of innovative ways of financing by Member States in
 23 collaboration with organizations including the Leading Group on Innovative Financing and the Intergovernmental
 24 Committee of Experts on Sustainable Finance,
 25
 26 *Taking into account* the successful implementation of the World Bank Promoting Innovation for Inclusive Financial
 27 Access Project that broadened access to finance for Micro and Small Enterprises with a focus on younger
 28 generations, women and under-developed regions,
 29
 30 *Recalling* General Assembly Resolution 67/223 entitled Promotion of Eco-tourism for Poverty Eradication and
 31 Environmental Protection, adopted in 2012,
 32
 33 *Having examined* the 16th Article on the Doha Declaration on Financing for Development (2009) stating the
 34 importance of having a more efficient tax collection, broadening the tax base and effectively combating tax evasion,
 35
 36 *Recalling* the African Union Resolution 486 (XXI) Alternative Sources of Financing the African Union, adopted in
 37 2013, which proposes the implementation of mechanisms to improve tax collection,
 38
 39 *Concerned* about embezzlement and misappropriation every year on the continent due to illicit financial flows at
 40 trading points,
 41
 42 *Bearing in mind* that tax breaks are essential for the development of small businesses across Africa,
 43
 44 *Recognizing* the efforts of the UN Organization on Drugs and Crime (UNODC) in the training and education of
 45 NGOs, investigative journalism, and combating of instances of corruption,
 46
 47 *Recalling* article 3 of the World Bank Innovative Financing for Development titled "Development Finance via
 48 Diaspora Bond" (2009) that demonstrated the long-term benefits of diaspora bonds as the instrument for external
 49 development finance,
 50
 51 *Emphasizing* the successful introduction of diaspora bonds by Israel and India in 1951 and 1991 respectively,

52 *Understanding* that the introduction of diaspora bonds could raise additional funds annually in the African continent,
53 according to the African Economic Brief on Diaspora Bonds and Security of Remittances for Africa's Development
54 issued in 2013,
55

56 *Having reviewed* the objectives of the African Trade Insurance Agency (ATIA), AfDB, and African Risk Capacity
57 including *inter alia* reduction of investment risks and trading risks in Africa,
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59 *Commending* the establishment of the Africa 50 Infrastructure Fund by AfDB in 2012, which aims at mobilizing
60 private financing to accelerate the speed of infrastructure development in Africa and focus on high-impact national
61 and regional projects in the energy, transport, information and communication technologies, and water sector,
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63 *Recalling* General Assembly Resolution 67/223 in the Promotion of Ecotourism for Poverty Eradication and
64 Environmental Protection,
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66 *Keeping in mind* the outcome of the Ninth African Development Forum that has been held in Morocco in August
67 2014, promoting new forms of partnership for Africa's transformation, technology transfers and innovative methods
68 of financing,
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- 70 1. *Encourages* all Member States to sign and ratify the Convention Against Corruption;
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- 72 2. *Welcomes* the establishment of education programmes in order to raise public awareness about anti-corruption
73 strategies;
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- 75 3. *Suggests* that Transparency International and other related NGOs, in cooperation with ECA and the African
76 Union (AU), standardize their reports on corruption, illicit financial transactions, and instances of severe tax
77 evasion in African states, with:
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 - 79 a. Their findings reported to the AU and ECA;
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 - 81 b. Annual reports being published by NGOs, such as the African Peer Review Mechanism (APRM), in
82 conjunction with ECA and Transparency International;
83
 - 84 c. Organizations encouraging African governments to enact legal protections for whistleblowers and
85 other individuals who report acts of corruption during the course of any and all investigation of these
86 individuals' claims;
87
- 88 4. *Supports* the removal of barriers to aid asset recovery and the simplification of the international legal
89 proceedings, which occur after the approval of national judicial systems, in recovery through increased
90 cooperation between Member States and the World Bank Stolen Asset Recovery programme;
91
- 92 5. *Recommends* the creation of a micro-credit programme in partnership with the AfDB Group which will:
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 - 94 a. Utilize the African Social Development Index (ASDI) as a measure of proper allocation of funds to
95 focus on including vulnerable populations in economic and social development;
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 - 97 b. Be funded by private donors, participating Member States, and supporting corporations;
98
 - 99 c. Support information sharing and networking between microenterprises;
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 - 101 d. Develop micro-credit opportunities and provide vocational training for young entrepreneurs in rural
102 communities:
103
 - 104 i. Aimed particularly at empowering youth with the tools needed to engage in the local
105 economy;

- 106 ii. Limiting Annual Percentage Rates (APR) to a sustainable rate that would benefit and protect
107 low-income populations;
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- 109 e. Utilize public-private partnerships;
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- 111 6. *Encourages* Member States to share experimental economic designs, experiences and knowledge in the fields of
112 finance and economics concerning the promotion and development of the private sector, especially small and
113 medium enterprises, through training programmes and consulting services:
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- 115 a. Through increased international cooperation on the subject to provide adequate financial and scientific
116 assistance;
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- 118 b. Through increased cooperation with the World Bank’s Stolen Asset Recovery to combat illicit funds
119 leaving African nations in cooperation with the World Bank and the AfDB;
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- 121 7. *Welcomes* the implementation of an equitable and efficient tax system that will:
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- 123 a. Increase transparency in terms of tax payment;
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- 125 b. Recommend African governments to reform their current tax codes to better combat corruption and to
126 become more self-sustainable;
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- 128 c. Strengthen tax collection strategies regarding multinational corporations and Small and Medium
129 Enterprises;
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- 131 d. Improve tax collection methods to lessen the occurrence of tax evasion;
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- 133 8. *Encourages* combating illicit financial flows and the recovery of stolen assets through cooperation with the
134 Stolen Asset Recovery Initiative of the World Bank and UNODC to insure that foreign direct investment (FDI)
135 and revenues are spread adequately through:
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- 137 a. Modeling of an agency after the Independent Commission against Corruption;
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- 139 b. Strengthening of border security and management in Africa to prevent capital loss from illicit financial
140 flows by helping Member States to focus on fighting trade and transfer mispricing;
141
- 142 c. Sharing of information between Member States aimed at combating tax evasion;
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- 144 9. *Endorses* the implementation of diaspora bonds by encouraging diasporas to develop financial links with their
145 home countries in the purpose of:
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- 147 a. Including displaced individuals in the African economy;
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- 149 b. Securing financial income in Member States;
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- 151 10. *Reaffirms* the importance of remittances and the need to increase inflows by reducing transfer costs;
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- 153 11. *Encourages* the reaffirmation of the ATIA, to strengthen networks with partnering organizations including
154 ECA; an independent organization supported by the AfDB, and the African Risk Capacity, run by the AU, by:
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- 156 a. Submitting biannual reports produced by ECA on work done throughout the year to the organizations
157 previously mentioned who then submit recommendations to the AU;
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- 159 b. Expanding the networks of activity to include small-to-medium sized enterprises;
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- 161 c. Expanding to include all Member States;

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12. *Calls on* all Member States of the United Nations to support the Africa 50 Infrastructure Fund through the AfDB, which was established to both broaden and strengthen the AfDB's investment and financing programmes;
 13. *Strongly recommends* Member States to remain actively seized on the matter in order to update and elaborate innovative forms of financing;
 14. *Suggests* an increase in sales tax related to tourism, due to some Member States' reliance on tourism as a major source of national income, with an increase in rate at the discretion of Member States based on current standards:
 - a. To be applied to hotels and cruises;
 - b. To be applied to airfare tickets coming in and out of Africa;
 - c. To include taxes on foreign exchange transactions;
 - d. To direct the collected funds towards the government of the state that the airport/hotel/port is located;
 - e. To direct a percentage of all taxes collected on tourism towards aiding the access to health care for vulnerable population;
 - f. To forward to relevant Member States without international airports an adequate percentage of the levied taxes;
 15. *Calls upon* the African states to aim for further development of tourism industries to fully harness the economic potential of the sector by:
 - a. Establishing and protecting national parks;
 - b. Protecting archeological sites;
 - c. Protecting historic man-made sites.
 16. *Recommends* Member States to remain actively seized on the matter, undertaking to set up the Tenth African Development Forum in order to update and elaborate innovative forms of financing, following the example of the Ninth African Development Forum, which states the importance of advancing the post-2015 development goals among other topics.