The General Assembly Second Committee
Economic & Financial

Purview of the General Assembly Second Committee

The Second Committee makes recommendations on means to improve the economic development of Member States and maintain the stability of the international financial and trade network. The economic issues considered by the Second Committee are distinguished from those considered by the Fifth Committee in that this Committee deals solely with financing the economic assistance to Member States, whereas the Fifth Committee addresses the budgetary issues within the United Nations System. The Second Committee does not address social issues that affect development; such issues are considered by the Third Committee. For more information concerning the purview of the United Nations's General Assembly as a whole, see page 24.

Website: www.un.org/ga/second/index.shtml

Entrepreneurship for Development

In 2012, the Rio+20 United Nations Conference on Sustainable Development urged Member States to pursue new methods to eradicate poverty. Noting the staggering disparities between developing and developed countries, the Conference reported that current policies were insufficient to address poverty in a sustainable manner. Today, least-developed and landlocked countries, and those affected by conflict, currently face severe challenges in providing economic mobility for their socially vulnerable, especially women and youth. Increasing the ability for individuals in these countries to create and sustain small and medium enterprises is a crucial element for promoting economic growth. Whereas previous resolutions advocated technology sharing, expansionary monetary policy, or debt consolidation, current discussions emphasize supporting the capacity of small and medium sized business owners to sustain economic growth.

Entrepreneurs strive to develop and market innovative products and services. Entrepreneurs who seek to develop businesses that make a profit but also address local social, health and environmental concerns are widely referred to as social entrepreneurs. While some entrepreneurs in the developed world are able to access venture capital, entrepreneurs in the developing world frequently work within resource-scarce environments. Moreover, many entrepreneurs face bureaucratic permitting processes that stymie market entry for months or years, government entities that require bribes to function, litigious environments and lack of access to capital and traditional banking services. These conditions tend to discourage entrepreneurial ventures. According to a 2013 report from the Organisation for Economic Co-operation and Development, access to financial capital assets, education and supportive attitudes toward failure are the three main indicators for the success of entrepreneurs. The United Nations must act now to help entrepreneurs and solve key issues surrounding their success or failure.

In December 2012, the General Assembly Second Committee adopted the first resolution on "Entrepreneurship for Development." The resolution recognized that entrepreneurs possess a unique capability to address issues within their own community, including water scarcity, food insecurity and health threats. To capitalize on entrepreneurial potential, the resolution called upon Member States to create habitats conducive for individuals to start their own businesses. The General Assembly also invited technology transfers, supported entrepreneurial education and advocated for reducing barriers that discourage new ventures. In addition, the resolution called for a High Level Thematic Debate that would include members from the scientific, academic and business communities to discuss with policymakers key new methods for increasing economic growth in the developing world.

The High Level Thematic Debate hosted on 26 June 2013 addressed how entrepreneurship can support the post-2015 development agenda. Although the developing world faces various challenges, members from non-governmental organizations, venture capitalists and scholars agreed with the President of the 67th session of the General Assembly that "the post-2015 agenda will largely stand or fall on whether governments will be able to work together with individuals who embody the spirit of socially-responsible entrepreneurship."

The High Level Thematic Debate highlighted various successful programs such as the International Labour Organization's (ILO) programs, Women's Entrepreneurship Development and Youth Entrepreneurship programs, which train women and youth to commercialize their ideas into enterprises. In addition, the debate called for continued support of partnerships between academia and business to promote youth entrepreneurs; for example, programs similar to the United Nations Information Center's partnership with the Modern University of Business and Science in Beirut, which promotes entrepreneurship to Lebanese high-school students. Recognizing that all Member States possess different levels of expertise in supporting entrepreneurship, the United Nations Conference on Trade and Development produced a policy framework to assist policymakers in developing governmental institutions that provide an enabling environment for entrepreneurs.

Secretary-General Ban Ki-moon and the President of the General Assembly have frequently called upon Member States to increase the ability and opportunity for entrepreneurs to thrive. Specifically, they listed current actions the United Nations is taking such as the Global Compact initiative and cooperation between the World Bank, United Nations Commission Trades and Development, ILO and the United Nations Capital Development fund, which is working with the MasterCard Foundation to give access to financial services to the poor in Sub-Saharan Africa. United Nations actors involved in this area also include the United Nations Industrial Development Organization, which recognizes that Africa would be especially benefited by positive entrepreneurship programs and is seeking to work with the Office of the Special Advisor on Africa and the African Union. But the United Nations has limited capabilities and many of the actions that would help to foster entrepreneurship must be taken within individual Member States.

Crowdsourcing—which refers to the practice of gathering creative or financial resources from a large group of people—is one potential area of growth for entrepreneurial development. Similar to microfinance and microloans, crowdsourcing is strongly supported by the Secretary-General's Envoy on Youth. Its relatively new features makes it difficult to grasp its future impact of the program and how it will be regulated or supported

by Member States. Some contentious issues in this area include how to best support entrepreneurs through governments and whether subsidies, loan guarantees and other methods could possibly infringe upon international trade obligations.

Questions to consider from your government's perspective on this issue include the following:

- How can entrepreneurship support development objectives?
- What role does financing of entrepreneurs, including microfinance, microcredit, crowdfunding, crowdsourcing, etc. have in the feasibility of promoting entrepreneurship in development? What role promoting these policies is available to the United Nations? Member States? Regional bodies? Private industry and non-governmental organizations?
- What education policies could best boost entrepreneurship in the context of developing countries?

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PROMOTION OF NEW AND RENEWABLE SOURCES OF ENERGY

An estimated 1.2 billion people lack access to basic electricity and 2.8 billion people still depend on nonrenewable sources or traditional biomass for cooking, heat and light. As more people escape poverty and the global middle class continues to grow, global demand for all forms of energy is rapidly increasing. This demand causes significant problems. The widespread use of wood and other biomass contributes to pollution and deforestation. There are also development implications: communities that use biomass must dedicate significant resources to gathering biomass, reducing the time they have available to perform other productive work. The large-scale use of carbon-based energy sources—coal, oil and natural gas—are causing global climate change and contributing to unprecedented levels of pollution in some regions. Climate change has the prospect of causing rising sea levels and unstable weather patterns. Simultaneously, nonrenewable sources of energy are being depleted and becoming more expensive. Member States recognize that identifying new and renewable sources of energy will be critical to both the eradication of poverty and sustainable development for the future.

Over the last 30 years, new and alternative forms of energy have become increasingly common and affordable. Wind turbines have become more widely deployed, and new technology may allow "kite" turbines to be placed up in the high-speed winds of jet streams. For decades, the efficiency of solar panels has been increasing and dropping in cost-per-watt. In many regions, solar panels are reaching grid parity—the point at which the cost-per-watt of an energy source are more economically effective to install than traditional non-renewable power plants. Other, low-tech options—such as cheap, foldable solar stoves— also meet the cooking and heat needs of those with the least economic means. However, mass adoption of these technologies face several roadblocks. Large wind turbine farms and solar plants require extensive supporting infrastructure to carry the energy to markets. Wind and solar are also both non-continuous sources of energy; wind turbines, for example, only spin about a third of the time. The nuclear disaster in Fukushima, Japan, when four nuclear reactors underwent a series of failures in the aftermath of an earthquake and tsunami in 2011, has discouraged investment in nuclear energy. As these sources struggle, the controversial practice of hydraulic fracturing has unlocked massive reserves of natural gas. As a result, natural gas has become an alternative energy of choice for many new projects because of its low cost and comparably low environmental impact.

During the 1970s, with the rise in and volatility of costs for petroleum, more attention was focused on new and renewable sources of energy. This led the General Assembly to convene the United Nations Conference on New and Renewable Sources of Energy in Nairobi in 1981. The conference examined alternative forms of energy, including wind, solar, bio-mass, geothermal and hydropower. It adopted the Nairobi Program of Action for the Development and Utilization of New and Renewable Sources of Energy as a blueprint for national and international action. The Nairobi Program identified five broad areas for concentrated action: energy assessment and planning; research, development, and demonstration; transfer, adaptation, and application of mature technologies; information flows; and education and training. Endorsing the Nairobi

Program later that year, the General Assembly set up an interim committee to launch immediate implementation and, in 1992, established the Committee on the Development and Utilization of New and Renewable Sources of Energy, open to the participation of all States as full members.

In 1994, the Secretary-General reported to the Committee that in 1990 new and renewable energy sources accounted for 17.7 percent of the total energy consumption. The drop in oil prices during the 1980's had led to a decline in investment in renewable energy resources. But growing concern for the environment lent urgency to efforts to find alternatives to fuels that contributed to global warming.

Since the 2002 World Summit on Sustainable Development in Johannesburg, new and renewable energy sources have received a great deal of attention. The Johannesburg Plan of Implementation called for substantially increasing the global share of energy derived from new and renewable sources of energy. In the Secretary-General's 2007 report on the promotion of new and renewable sources of energy, it was highlighted how achievement of the Millennium Development Goals and of more equitable socio-economic development will depend on providing the poor with increased access to modern energy services to enable them to meet their basic needs and for income-generation. With strong international support, many Member States undertook initiatives to expand the proportion of energy generated by these alternative and new sources.

United Nations and the World Bank launched the Sustainable Energy for All Initiative (SE4ALL) in late 2011. This new multi-stakeholder initiative sets three main goals for 2030: providing universal access to electricity and modern fuels for cooking, doubling the rate of improvement in energy efficiency, and doubling the share of renewable energy. The initiative attempts to lower the barrier of high up-front costs that are associated with renewable energy by supporting new business models, investments and partnerships that increase access to renewable energy. The partnership also finances a variety of renewable energy sources. SE4ALL promotes financing from Member States, African Development Bank, Sustainable Endowment Institute, World Institute of Renewable Energy and CleanStart, among others.

Building on this energy, the United Nations General Assembly in 2012 declared 2014-2024 the United Nations Decade of Sustainable Energy for All. Looking forward, the General Assembly will need to consider how to translate the high interest in this issue into tangible results. Several issues merit consideration from the body. First, Member States need to consider the barriers to shifting toward renewable and sources of energy. There are still technological barriers to the widespread use of renewable energy forms in some applications, like motor vehicles, that have not been fully addressed. Scaling the use of these technologies is particularly challenging. Many forms of renewable energy continue to suffer from high start-up costs and high maintenance costs. Finding additional ways to reduce the costs of renewable technologies to parity with existing sources of energy is crucial. Member States should consider how to scale the growth of small-scale, renewable energy technologies into the developing world. In many States, poor electricity infrastructure, large distances and difficult terrain mean that reaching rural communities with traditional infrastructure may be cost prohibitive. New, small-scale technologies could provide a good solution—but there remain significant economic and regulatory barriers. The widespread growth of mobile phone access in the developing world demonstrates that networked and distributed models can be effective, as long as the incentives are right for providers.

Questions to consider from your government's perspective on this issue include the following:

- What actions can the United Nations take to help reduce barriers to the use of renewable energy, particularly in developing countries?
- What actions can Member States take to support the development of new renewable energy technologies?
- How can the United Nations support the deployment of small-scale, renewable energy options in rural areas and developing countries?

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