AN INITIATIVE OF

YOUTH EMPOWERED SOCIETY

BALKH MUN

BALKH MODEL UNITED NATIONS 2019

Economic and Finance Committee (ECOFIN)

Background Guide

Dear Delegates,

On behalf of Youth Empowered Society & Secretariat of BMUN 2019, it's my distinct pleasure to welcome you to the Balkh Model United Nations 2019, to be held in Mazar-i-Sharif, Balkh on 25th, 26th & 27th April 2019.

Balkh Model United Nations provides delegate to express their opinions regarding a very large scale of issues and gives the unique opportunity to tackle those issues with innovative ideas. It's expected from you to do an attentive research in order to come up with innovative and applicable solutions to the issues you have been given. This is a tremendous event to hone your MUN skills, meet lifelong friends and have unforgettable experiences.

In this background guide, you are going to find some general information regarding your committee's topics. However, it's impossible to know everything, so please do not limit yourself with this background guide. Always remember, that there is so much to discover and so much to learn.

Lastly, I must say that I am very excited to be working with you and I am looking forward to seeing the passionate and resolution –driven debate, diplomatic cooperation and inventive solutions that will come out of this conference. Please do not hesitate to contact us with any question or concern you may have regarding this committee or Balkh MUN. Hope to see you all in near future.

Sayed Murtaza Hashimi
Founder & President
Balkh Model United Nations 2019

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Committee Overview:

The Economic and Financial Committee is one of the six participating members of the General Assembly also called the "Second Committee" due to the order of its formation. Established by the UN Charter of 26 June 1945, ECOFIN was formed as a standing and one of the most vital committees to help bring back financial stabilization to Europe after the Second World War.

ECOFIN consists of all 193 Member States with permanent membership (no country may be left out in committee sessions no matter the financial/social crisis). Each member of the committee has the power to pose one vote, the veto power is not included in this committee.

It is a committee within the United Nations that is held responsible for solving and preventing problems concerning global finances and economics as the name implies. This committee also works on macroeconomic policies including international trade, external debts, financing for development and poverty eradication.

The Committee stresses upon the issue of Least Developed Countries and the effects they have on the modern world; the Greek crisis has set a tumult on the above topics.

As this Committee is part of the larger General Assembly it is the main financial organ of the United Nations. This meaning, ECOFIN's resolutions come superior to the ones passed by the International Monetary Fund (IMF), the World Trade Organization (WTO), the World Bank or other financially concerned.

Topic A: Promotion of Global Sustainable Development: The Aspect of Energy, Trade and Financial Relations

Energy:

Measure of the ability of a body or system to do work or produce a change, expressed usually in joules or kilowatt hours (kWh). No activity is possible without energy and its total amount in the universe is fixed. In other words, it cannot be created or destroyed but can only be changed from one type to another. Energy is the ability to do work. Energy has got several definitions, from the aspects of economy to physics. In both ways, the definition is correct.

When people use electricity in their homes, the electrical power is probably generated by burning coal or natural gas, by a nuclear reaction, or by a hydroelectric plant on a river, to name just a few sources. When people fill up a car's gasoline tank, the energy source is petroleum (gasoline) refined from crude oil and may include fuel ethanol made by growing and processing corn. Coal, natural gas, nuclear, hydropower, petroleum, and ethanol are called energy sources. Renewable and nonrenewable energy sources can be used as primary energy sources to produce useful energy such as heat or used to produce secondary energy sources such as electricity.

Energy sources are divided into two groups:

- Renewable (an energy source that can be easily replenished)
- Nonrenewable (an energy source that cannot be easily replenished)

Renewable energy
There are five main renewable energy sources:

- Solar energy from the sun
- Geothermal energy from heat inside the earth
- Wind energy
- Biomass from plants
- Hydropower from flowing water
- Nonrenewable energy

Most SEMCs (State Emergency Management Committee) are at an early stage of energy policy development; currently it is fragmented as well as mostly:

- Supply-oriented (while demand and customer needs are largely neglected);
- Energy and export focused (while largely disconnected from other transversal public policies such as transport, urbanization, regional development and environment);
- Insufficiently based on verifiable evidence (as there is a lack of reliable and accessible information and data in the context of powerful stakeholders: public energy monopolies, equipment manufacturers, banks);
- Short-term focused; neglecting long-term vision and synergies with other sectors and externalities;
- Relying on poor or inadequate policy cycles, in particular insufficient stakeholder and public consultation, inadequate design, low enforcement or weak monitoring and evaluation (feedback).

The above features result in weak energy administrations that are particularly problematic given the strength of dominant energy monopolies. These weaknesses reduce the capacity to design, enforce and evaluate effective energy policies. Nevertheless, it should be noted that countries such as Jordan and Tunisia, and more recently Morocco, have placed more emphasis on both energy policies and the institutional setting. Hydrocarbon exporting countries, such as Algeria and Egypt have established relatively strong administrations and companies.

The increased availability of energy services might be a key to stimulate economic development along the different stages of the development process. The evidence underscores the importance of energy in economic development (Quoilin, 2005). Nevertheless, what is the causality and correlation between the two variables? Can one affirm that access to energy favors development? Or on the contrary that development supports energy consumption? Or perhaps a third variable exists inducing the two effects? The answer is probably at the intersection of these three proposals. One can in any case affirm that the development is concomitant with energy consumption. Also, the interactions among energy, other sectors, and economic activity significantly evolve along the various development stages. Clearly, more analytical work appears to be necessary to better understand the relationships between them and the role of energy in economic growth and development.

Trade:

Trade is a basic economic concept involving the buying and selling of goods and services, with compensation paid by a buyer to a seller, or the exchange of goods or services between parties. The most common medium of exchange for these transactions is money, but trade may also be executed with the exchange of goods or services between both parties, referred to as a barter, or payment with virtual currency, the most popular of which is bitcoin.

Financial relations:

International economics is concerned with the effects upon economic activity from international differences in productive resources and consumer preferences and the international institutions that affect them. It seeks to explain the patterns and consequences of transactions and interactions between the inhabitants of different countries, including trade, investment and migration.

- International trade studies goods-and-services flows across international boundaries from supply-and-demand factors, economic integration, international factor movements, and policy variables such as tariff rates and trade quotas.
- International finance studies the flow of capital across international financial markets, and the effects of these movements on exchange rates.
- International monetary economics and international macroeconomics study flows of money across countries and the resulting effects on their economies as a whole.
- International political economy, a sub-category of international relations, studies issues and impacts from for example international conflicts, international negotiations, and international sanctions; national security and economic nationalism; and international agreements and observance.

Financial relationships are those relationships in which the individual benefits by receiving a salary, royalty, intellectual property rights, consulting fee, honoraria for promotional speakers' bureau, ownership interest (e.g., stocks, stock options or other ownership interest, excluding diversified mutual funds), or other financial benefit. Financial benefits are usually associated with roles such as employment, management position, independent contractor (including contracted research), consulting, speaking and teaching, membership on advisory committees or review panels, board membership, and other activities from which remuneration is received, or expected. ACCME considers relationships of the person involved in the CME activity to include financial relationships of a spouse or partner.

The ACCME has not set a minimum dollar amount for relationships to be significant. Inherent in any amount is the incentive to maintain or increase the value of the relationship.

With respect to personal **financial relationships**, *contracted research* includes research funding where the institution gets the grant and manages the funds and the person is the principal or named investigator on the grant.

Conflict of Interest: Circumstances create a conflict of interest when an individual has an opportunity to affect CME content about products or services of a commercial interest with which he/she has a financial relationship.

The ACCME considers **financial relationships** to create actual conflicts of interest in CME when individuals have both a financial relationship with a commercial interest and the opportunity to affect the content of CME about the products or services of that commercial interest. The ACCME considers "content of CME about the products or services of that commercial interest" to include content about specific agents/devices, but not necessarily about the class of agents/devices, and not necessarily content about the whole disease class in which those agents/devices are used.

With respect to **financial relationships** with commercial interests, when a person divests themselves of a relationship it is immediately not relevant to conflicts of interest but it must be disclosed to the learners for 12 months.

Promotion of Global Sustainable Development:

Economics is at the core of Global Sustainable Development. You will be critically analyzing economic models and theories of sustainable development through quantitative and qualitative approaches. Your modules with Economics will provide you with an essential background in micro and macro-economics, as well as methodologies for statistical analysis. Meanwhile, your studies with Global Sustainable Development will empower you to consider the human and environmental costs and implications of development. You will ask critical questions about the nature of economic growth, how its benefits are often unevenly distributed, and what measures can be successfully implemented to build a sustainable future for all.

Further reading and resources:

https://warwick.ac.uk/fac/arts/schoolforcross-facultystudies/gsd/prospectivestudents/jointhonours/gsdeconomics/

https://www.investopedia.com/terms/t/trade.asp

https://www.accme.org/accreditation-rules/policies/financial-relationships-and-conflicts-interest

James E. Anderson (2008). "international trade theory," *The New Palgrave Dictionary of Economics*, 2nd Edition.Abstract.

Devashish Mitra, 2008. "trade policy, political economy of," *The New Palgrave Dictionary of Economics*, 2nd Edition. Abstract.

A. Venables (2001), "International Trade: Economic Integration," *International Encyclopedia of the Social & Behavioral Sciences*, pp. 7843-7848. Abstract.

https://www.rand.org/topics/international-economic-relations.html

https://medicine.utah.edu/cme/Relevant%20Financial%20Relationships1/Financial%20Relationship%20Definitions.php

https://www.eia.gov/energyexplained/index.php?page=us_energy_use

https://en.wikipedia.org/wiki/International_economics

https://www.un.org/sustainabledevelopment/

https://en.wikipedia.org/wiki/Trade

Topic B: Modern Energy and its Environmental and Socio-economic impacts

Socioeconomics (also known as social economics) is the social science that studies how economic activity affects and is shaped by social processes. In general it analyzes how societies progress, stagnate, or regress because of their local or regional economy, or the global economy. Societies are divided into 3 groups: social, cultural and economic.

Socio-economic development is the process of social and economic development in a society. Socio-economic development is measured with indicators, such as GDP, life expectancy, literacy and levels of employment. Changes in less-tangible factors are also considered, such as personal dignity, freedom of association, personal safety and freedom from fear of physical harm, and the extent of participation in civil society. Causes of socio-economic impacts are, for example, new technologies, changes in laws, changes in the physical environment and ecological changes.

Modern Energy is not based on traditional ideas about subtle energy from ancient cultures, New Age subtle energy medicine or any form of ancient religious or spiritual tradition.

Modern Energy is based on the provable, measurable, experiential reality of the living energy body in modern people. The theory of Modern Energy can be found in EMO Energy in Motion (Hartmann, 2002/2016).

Energy is central to nearly every major challenge and opportunity the world faces today. Be it for jobs, security, climate change, food production or increasing incomes, access to energy for all is essential. Working towards this goal is especially important as it interlinks with other Sustainable Development Goals. Focusing on universal access to energy, increased energy efficiency and the increased use of renewable energy through new economic and job opportunities is crucial to creating more sustainable and inclusive communities and resilience to environmental issues like climate change.

At the current time, there are approximately 3 billion people who lack access to clean-cooking solutions and are exposed to dangerous levels of air pollution. Additionally, slightly less than 1 billion people are functioning without electricity and 50% of them are found in Sub-Saharan Africa alone. Fortunately, progress has been made in the past decade regarding the use of renewable electricity from water, solar and wind power and the ratio of energy used per unit of GDP is also declining.

However, the challenge is far from being solved and there needs to be more access to clean fuel and technology and more progress needs to be made regarding integrating renewable energy into end-use applications in buildings, transport and industry. Public and private investments in energy also need to be increased and there needs to be more focus on regulatory frameworks and innovative business models to transform the world's energy systems.

The complexity and interdependences between socio-economic sectors, countries and regions necessitate a multi-sectorial and integrated analysis in order to accurately assess their main

features. An in-depth and multi-dimensional approach is also necessary to design, enforce, monitor and evaluate public policies, and enhance stakeholders' (investors, consumers, civil society) information and involvement in the development cycle of those public policies. Furthermore, they need to take into account the perspective of broad-based political reforms related to the Arab Spring. Energy plays a crucial role as a global commodity and as a cornerstone of socio-economic development. In the 11 southern and eastern Mediterranean countries (SEMCs), 1 this role is even greater with the combined persistence of energy poverty and sizeable exporting energy sectors, with their potential curse and burden effects. Given the quantitative and qualitative importance of both energy consumption and energy sectors in the socio-economic development of the economies analyzed, an in-depth understanding of their positive and negative impact is of the utmost importance for policy design. Thus, this paper focuses on:

• The interactions between energy consumption and supply and socio-economic development;

• The mechanisms and channels of relations between energy supply and demand policies and economic and social development;

• A scenario approach which integrates the national and regional energy policies in synergy with the socio-economic development of the region.

A first level of the economic impacts of the energy sector is to consider the various inputs and interactions with other sectors. The analysis based on input-output tables confirms that forward linkages of the energy sector (in particular electricity, and gas, bundled together with water supply) are particularly large in both OECD and non-OECD countries (Paczynski, 2012). A forward linkage can be interpreted as a measure of the extent to which a given sector supplies inputs used by other sectors down the value chain. The energy sector is also strongly interconnected –i.e. it is trading production inputs with many sectors, especially down the value chain. Energy-related investments can provide significant contribution to total investments. Employment effects of energy sector activity can be particularly significant through indirect channels - i.e. in other sectors cooperating or trading with the energy sector. Also, from a fiscal perspective, taxation of the energy sector is an important source of budget revenue. Beyond those standard interactions, as the size of the energy sector is usually substantial, ranging from 2-3% to 10-15% of GDP20 in large energy exporting economies and requiring advanced technology (e.g. efficient oil refining, electricity generation and transmission) its quantitative and qualitative spillovers are often significant. Thus, it may create a dependency and become a source of cyclicality (notably through energy investments).

The socio-economic impacts differ between sub-sectors and energy type. The centralized energy systems (e.g. oil and gas upstream and downstream, large-scale electricity generation) require sizeable up-front investment and highly qualified jobs in its design (R&D) and completion while then operation is less labor-intensive and does not require high skill level. The new and decentralized renewable energy systems (e.g. wind, PV, biomass and also energy efficiency) also require significant investment and R&D qualifications but more highly qualified jobs for the operation and maintenance. Various and converging studies have estimated that the EE&RE sectors create for each unit of energy supply between 5 to 7 more

qualified jobs than the traditional energy sector and spread over the territories (EmployRES 2009; EREC and, 2009).

The combination of advanced technology and demand for skilled jobs stimulates development of the education and training systems. Also the R&D impacts on research are significant due to the size of budgets engaged and multiplicating effects. A side effect may be a 'brain drain' towards the energy sector, especially the exporting hydrocarbon sub-sector (that can afford higher salaries), at the expense of other sectors.

Customer energy bills depend on two factors: the level of consumption and the unit price. For network energies (electricity, gas, district heating), a tariff system applies, taking into account the level of consumption and the fact of connection and use of the network. In some cases, a flat tariff (the bill amount is fixed, based on criteria such as size of flat or number of occupants for residential tariff) may apply. An increase of energy prices may result from developments in the global market, higher taxation and/or specific national conditions (scarcity or complexity of access to energy resources and/or consumers). Higher energy consumption by consumers can be produced by higher economic activity, search for greater comfort (e.g. air conditioning), outdated equipment and/or low consumer awareness. Excessively high energy bills compared to net revenues reduce customers' purchasing power and hit business competitiveness and household welfare. For the most vulnerable sectors of the population, high energy bills take up a disproportionately high share of the household budgets and/or reduce accessibility to basic services (lighting, food refrigeration); such a situation is known as energy poverty.10 structurally this increases non-payment rates to the detriment of energy infrastructure maintenance and investment.

Environmental impacts:

Although electricity is a clean and relatively safe form of energy when it is used, the generation and transmission of electricity affects the environment. Nearly all types of electric power plants have an effect on the environment, but some power plants have larger effects than others.

The effect of power plants on the landscape:

All power plants have a physical footprint (the location of the power plant). Some power plants are located inside, on, or next to an existing building, so the footprint is fairly small. Most large power plants require land clearing to build the power plant. Some power plants may also require access roads, railroads, and pipelines for fuel delivery, electricity transmission lines, and cooling water supplies. Power plants that burn solid fuels may have areas to store the combustion ash.

Many power plants are large structures that alter the visual landscape. In general, the larger the structure, the more likely it is that the power plant will affect the visual landscape.

Fossil fuel, biomass, and waste burning power plants:

In the United States, about 64% of total electricity generation in 2017 was produced from fossil fuels (coal, natural gas, and petroleum), materials that come from plants (biomass), and municipal and industrial wastes. The substances that occur in combustion gases when these fuels are burned include

- Carbon dioxide (CO2)
- Carbon monoxide (CO)
- Sulfur dioxide (SO2)
- Nitrogen oxides (NOx)
- Particulate matter (PM)
- Heavy metals such as mercury

Nearly all combustion byproducts have negative effects on the environment and human health:

- CO2 is a greenhouse gas, which contributes to the greenhouse effect.
- SO2 causes acid rain, which is harmful to plants and to animals that live in water. SO2 also worsens respiratory illnesses and heart diseases, particularly in children and the elderly.
- NOx contribute to ground-level ozone, which irritates and damages the lungs.
- PM results in hazy conditions in cites and scenic areas and coupled with ozone, contributes to asthma and chronic bronchitis, especially in children and the elderly. Very small, or *fine PM*, is also believed to cause emphysema and lung cancer.
- Heavy metals such as mercury are hazardous to human and animal health.

Power plants reduce air pollution emissions in various ways

Air pollution emission standards limit the amounts of some of the substances that power plants can release into the air. Some of the ways that power plants meet these standards include:

- Burning low-sulfur-content coal to reduce SO2 emissions. Some coal-fired power plants *cofire* wood chips with coal to reduce SO2 emissions. Pretreating and processing coal can also reduce the level of undesirable compounds in combustion gases.
- Different kinds of particulate emission control devices treat combustion gases before they exit the power plant:
  - *Bag-houses* are large filters that trap particulates.
  - Electrostatic precipitators use electrically charged plates that attract and pull particulates out of the combustion gas.
  - Wet scrubbers use a liquid solution to remove PM from combustion gas.
- Wet and dry scrubbers mix lime in the fuel (coal) or spray a lime solution into combustion gases to reduce SO2 emissions. Fluidized bed combustion also results in lower SO2 emissions.
- NOx emissions controls include low NOx burners during the combustion phase or selective catalytic and non-catalytic converters during the post combustion phase.

Many U.S. power plants produce CO2 emissions

The electric power sector is a large source of U.S. CO2 emissions. Electric power sector power plants that burned fossil fuels or materials made from fossil fuels, and some geothermal power plants, were the source of about 34% of total U.S. energy-related CO2 emissions in 2017.

Some power plants also produce liquid and solid wastes

Ash is the solid residue that results from burning solid fuels such as coal, biomass, and municipal solid waste. *Bottom ash* includes the largest particles that collect at the bottom of the combustion chamber of power plant boilers. *Fly ash*is the smaller and lighter particulates that collect in air emission control devices. Fly ash is usually mixed with bottom ash. The ash contains all the hazardous materials that pollution control devices capture. Many coal-fired power plants store ash sludge (ash mixed with water) in retention ponds. Several of these ponds have burst and caused extensive damage and pollution downstream. Some coal-fired power plants send ash to landfills or sell ash for use in making concrete blocks or asphalt.

Nuclear power plants produce different kinds of waste

Nuclear power plants do not produce greenhouse gases or PM, SO2, or NOx, but they do produce two general types of radioactive waste:

- Low-level waste, such as contaminated protective shoe covers, clothing, wiping rags, mops, filters, reactor water treatment residues, equipment, and tools, is stored at nuclear power plants until the radioactivity in the waste decays to a level safe for disposal as ordinary trash, or it is sent to a low-level radioactive waste disposal site.
- High-level waste, which includes the highly radioactive spent (used) nuclear fuel assemblies, must be stored in specially designed storage containers and facilities (see Interim storage and final disposal in the United States).

Electric power lines and other distribution infrastructure also have a footprint

Electricity transmission lines and the distribution infrastructure that carries electricity from power plants to customers also have environmental effects. Most transmission lines are above ground on large towers. The towers and power lines alter the visual landscape, especially when they pass through undeveloped areas. Vegetation near power lines may be disturbed and may have to be continually managed to keep it away from the power lines. These activities can affect native plant populations and wildlife. Power lines can be placed underground, but it is a more expensive option and usually not done outside of urban areas.

Further reading and resources:

https://www.un.org/sustainabledevelopment/energy/

https://www.eia.gov/energyexplained/index.php?page=electricity_environment

https://www.eia.gov/energyexplained/index.php?page=nuclear_fuel_cycle

https://goe.ac/what_is_modern_energy.htm

https://en.wikipedia.org/wiki/Socioeconomics

The Theory of Social Economy. Reprinted 1967, Augustus M. Kelley. From the Mises Institute, select among sections

What is Socioeconomics? An Overview of Theories, Methods, and Themes in the Field, Forum for Social Economics

Max Weber, 1922. *Economy and Society*, 2 v

https://www.definitions.net/definition/socioeconomic+development

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