Princeton Model United Nations Conference 2017

World Bank
Chair: Fritz Hillegas
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Dear Delegates,

Welcome to PMUNC! I’m Fritz Hillegas and I’ll be your chair for World Bank: Latin America and the Caribbean. First, I’ll let you know a little bit about me. I’m a junior at Princeton and live in Lawrenceville, NJ—a mere 30-minute drive away. I’m majoring in the Woodrow Wilson School and concentrating in Urban Studies and Latin American Studies. I’m involved in a bunch of different things around campus from being president of the Club Swim team to being a member of Princeton’s Mock Trial team. Also, I’m a member of the International Relations Council. This will be my second time participating in PMUNC in addition to my experience as Chief of Staff for PICSIM (Princeton’s college Model UN conference). Finally, I’m one of the Project Leaders for El Centro, and ESL volunteer tutoring program that teaches ESL classes at a local Community Center in Trenton.

I’m thrilled to be chairing this committee because both of these topics are extremely important in understanding how urban environments will develop as issues of sustainability and scarcity of resources develop. The first topic, the Haitian earthquake in 2010, is the perfect example of how future development needs to change in order to adapt to the new challenges caused by global warming, increasing population size, and greater disparity of wealth. Delegates will be challenged to find a balance between cost and durability to minimize the extent of the damage done by natural disasters, which are becoming more and more common. All the while, delegates will be challenged to deal with the human welfare issues of crippling poverty, hunger, corruption, and safety.

The second topic surrounding Argentina’s power supply and sustainability projects has similar base issues. Argentina is a developing economy and serves as one of the largest in Latin America. Delegates will have to navigate the pressures for rapid development with the urgent need
to reduce emissions all while expanding power supply and transportation access. I will provide personal insight on this topic from my research there this summer and I look forward to hearing your solutions to the issue!

Please feel free to reach out with any questions you have and I’m really excited to see you all in November!

Best,

Fritz
The World Bank was created at the Bretton Woods conference in 1944 and is based in Washington D.C. The primary focus of the corporation is to grant loans to developing countries in order to fund capital programs that it has. In recent years, the World Bank has placed particular focus on funding programs that achieve sustainable development while mitigating the effects of this development on the environment. The primary criteria that the World Bank uses to inform their direction are the Millennial Development Goals: eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality, reduce child mortality, improve maternal health, combat HIV/AIDS malaria and other diseases, ensure environmental sustainability, and develop a global partnership for development.

One of the primary focuses of the World Bank partnerships is to focus on the needs and targets of the country to which the funds are being granted. This allows for the development to cater to the needs of the country and ensures that the development will be supported by the country itself.

While the World Bank covers a variety of issues all around the world, it is important to focus on how it responds in circumstances that require immediate action. While the World Bank is technically a natural disaster relief organization like the Red Cross, it does help the countries to recover from such events and helps to formulate plans for the immediate, mid-range, and long term. It is important to keep all three of these time frames in mind. The World Bank has a wealth of information about development policy in all parts of the world which can be extremely helpful in research and policy proposals.
TOPIC A: RESPONSE TO THE HAITI EARTHQUAKE

Introduction

The magnitude 7.0 earthquake that shook the small island country of Haiti on January 12th, 2012 was one of the worst natural disasters to occur in modern day history. The mega-quake was only made worse by the following aftershocks of 5.9 and 5.5 respectively which furthered the destruction on the underdeveloped country. More shocking than the material destruction was the death toll of 300,000 people, made worse by the countries sub-par building codes, lacking transportation system, and insufficient funding to recover from the disaster.¹

More daunting than the disaster in and of itself is the recuperation after the fact. With a country in disarray that had preexisting issues involving funding, development, scarcity of supplies, and corruption the road to recovery can be long and hard; however, this is where international institutions such as the World Bank can be pivotal in accelerating the redevelopment process.

With funding being used for the right purposes in the right places, the World Bank has the ability to make a real impact. While the World Bank had a relationship with Haiti prior to the earthquake, this recovery process provides a unique opportunity to make long lasting change in the ways that the country develops. The World Bank in Latin America and the Caribbean will be tasked with finding solutions to some of the short and long term issues that face the island nation to minimize susceptibility to future disasters in addition to boosting the social and economic activities.

This team made up of country-specific, regional, and global experts will strive to accelerate the recuperation process post-earthquake and will work with the Haitian government to develop/restructure many of the countries core programs spanning from economic development, to

education, to housing and to environmental sustainability. Targeted funding will help the country move on from the disaster, while being sensitive to the intricate social issues that parallel this redevelopment process.

History

Haiti

As the poorest country in the Western Hemisphere, Haiti is known as one of the most unstable economies across the world. The small country located on the western half of the island of Hispaniola, was originally inhabited by the Taino until it was discovered by Christopher Columbus in 1492. In 1697 Spain ceded the western third of the island to the French, who built this part of the island into one of the richest places in the Caribbean. The forest and sugar industries thrived through the importation of African slaves, adding up to a population of 500,000. The slave population revolted and eventually gained its independence in 1804; however, the country’s history has been burdened by political and economic instability for a majority of the past two centuries.²

Haiti is a free market economy that depends greatly on the agricultural sector. Exports to the US are central to the economy as the lack of tariffs makes for easy access to the American market.³ Poverty is one of the central issues facing the island nation as 60% of the country lives under the national poverty line, 24% of which are living in extreme poverty.⁴ This is worsened by the country’s rampant unemployment—with 40% of people not holding a formal job.⁵

Another area where Haiti is extremely lacking is its infrastructure—from the telecommunications network to the transportation network there are areas which are beckoning for an increase in investment and development. While the mobile phone network is relatively large, the country lacks widespread internet access with only 12% of people using the internet regularly. The transportation network is ranked 155th in the world based on length of roadway (given it is a small island nation this is not horrible, but still not great) and the road conditions are all but abysmal, traffic congestion is high, public transportation is deficient, and traffic laws are widely ignored. To top it all off, the country has no major army or defense agency which can aid in the event of emergencies. UN peacekeepers keep widespread disputes or revolts from getting out of hand.  

The World Bank and Haiti  

The World Bank is an international financial institution founded in 1944 under the name “The International Bank for Reconstruction and Development.” The bank eventually assumed its current name, The World Bank Group, and grew to include five separate institutions focusing on different aspects of global development. These different organizations allow the group to more effectively reach its current goals of “ending extreme poverty and promoting shared prosperity.”

The branch of the World Bank that is of most interest with regards to Haiti is the International Development Association. Founded in 1960, the main goal of this organization is to focus on the countries that are the poorest—aiding in the process of the eradication of poverty. A
relationship was slowly formed between Haiti and the World Bank starting in the 1980s when the bank focused on minimizing Third World Debt with an aim to simplify the economies of developing countries.\textsuperscript{11} The World Bank has become increasingly involved in providing aid and assistance to Haiti leading up to the earthquake in late 2010 as the country has seen a drastic reduction in economic growth as the country’s GDP dropped as low as -3.5% in 2004. Post-earthquake, the country’s economic growth has been seeing a steep decline.\textsuperscript{12} The International Development Association’s involvement in Haiti has been led by 5 goals coupled with the UN’s Millennium Development Goals.\textsuperscript{13} The IDA has set out to: “

1) Manage the effects of climate change
2) Foster gender equality and empowerment
3) Break the cycle of conflict and poverty
4) Create good jobs and support a strong private sector
5) Build open, effective and accountable institutions”

One of the ways that the IDA was involving itself before the earthquake was through its international program to focus attention on nutrition in order to spur development. Haiti had a strong prevalence of under-nutrition which was one of the side effects of its economic slumps, previous natural disasters, and the lack of infrastructure including distribution networks.\textsuperscript{14} However,

these problems only highlight the underlying difficulties and dangers that face the World Bank and
International Development Association as they try to enact policy for change in this socially
complex and under developed island nation.

Current Situation

On the 12th of January 2010 at 4:53 pm a category 7.0 earthquake struck Haiti 15 miles south of the capital city of Port-au-Prince. While earthquakes in this area are commonplace given the island’s location along the Enriquillo-Plantain Garden strike-slip fault system where the Caribbean tectonic plate meets the Gonâve microplate; however, the earthquakes are often minor and cause little to no damage. It was ruled that this particular earthquake was triggered by the Léogâne Fault which cuts across Haiti in a northwestern direction.
Port-au-Prince is a densely populated urban area with a population of around 2.4 million people.\textsuperscript{15} Figure 1\textsuperscript{16} demonstrates the severity of shaking in different areas across the island of Hispaniola. It can be inferred that the areas of higher intensity typically had a greater level of destruction. A multitude of buildings, homes and structures came crashing to the ground as the lack of building codes made it so that buildings were unable to hold their integrity under the violent shaking. Even the nation’s capital building, pictured below, was left in shambles with the rotunda collapsing to the ground.\textsuperscript{17}

The widespread failure of building structures across the country lead to hundreds of thousands of deaths as individuals were trapped under concrete and brick rubble. Upwards of 300,000 people died and 1.5 million people were left homeless after the quake (although the US government claims that the death toll was

\textsuperscript{17} http://www.npr.org/2010/01/14/122547242/haitis-buildings-werent-fit-to-withstand-quakes
only around 85,000 individuals). Unfortunately, after the initial destruction of the quake, the worst was yet to come.

The already crumbling infrastructure was destroyed or blocked in many areas of the country by rubble that fell from unstable buildings. This means that travel across Haiti by land is extremely hard, if not near impossible. To make matters worse, the electricity grid was completely shut down as much of the infrastructure was destroyed alongside the buildings and roads. With little or no access to other areas of the island—let alone the outside world crime started to soar with looting for food and items of value becoming commonplace. This was only exacerbated by a mass prison escape from a damaged penitentiary and the lack of armed ground forces present in Haiti. This led to several people leaving the crowded urban centers for security and health reasons as the sanitation systems were damaged and broken as well. In addition to the damaged sanitation systems, hospitals were almost useless as the lack of electricity and damaged facilities meant that a lot of the equipment was not usable. Therefore, public health and preventing the spread of communicable diseases is of the upmost importance in order to prevent even more deaths from occurring.

As made blatantly clear, there are several problems that need to be addressed in a timely and organized fashion. Some of the most pressing issues are debris removal, reconstruction/redevelopment, housing solutions, public health, and social programs such as education. Given the fact that Haiti is a country that already has a long history of poverty and under-development, it is of the upmost importance to help create and fund programs that not only help the country recover from the atrocity left in the wake of the earthquake, but to ensure the gradual economic and social development of Haiti in a way that ensures the country moves towards the World Bank’s goal of poverty eradication. Additionally, keep in mind that the funding for many of

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these projects and solutions will come through the International Development Agency because of the extreme poverty that existed in Haiti even before the earthquake. This means that funds are given in either in loans with an extremely low, or non-existent, interest rate or they’re given in the form of grants. Both forms of funding are specifically aimed at encouraging development without the detrimental effects that interest has been known to have previously. What we are trying to achieve here is not under the umbrella of humanitarian assistance; instead, the goal is to create an action plan that will help Haiti to recover from the destruction of the earthquake while at the same time forming a foundation from which further development can prosper. Historically, “IDA resources finances tourism in the North, transport connectivity and market infrastructure in the Centre and Artibonite regions, the development of regional value chains in each of the 10 departments, and technical assistance on financial inclusion.”

In addition to the International Development Association, there are some other forms of funding that are available to help spur development post-earthquake. For one, the International Finance Corporation, the branch of the World Bank that covers private sector investment, is a great resource for the emerging private sector in Haiti. The corporation aims to achieve, “Creating immediate jobs, access to basic infrastructure, and income opportunities by making catalytic investments despite remaining challenges” in addition to, “Supporting the development of a sustainable and inclusive economy, through advisory programs that help address challenges and foster a more conducive environment for investors and for micro, small, and medium enterprises.”

The work that the International Finance Corporation does can help to aid the main goals of the recovery process like improving access to water, energy, internet, transportation, etc. It is important

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to consider the benefits of investment from the IFC versus the IDA given that the IDA is focused on more widespread, governmental spending while the IFC works with specific clients and businesses to help and spur development through entrepreneurship and business.

Country Policy

Haiti is a semi-presidential republic where an elected president chooses a prime minister that almost always represents the predominant party in the parliament. The president, René Préval and prime minister, Jean-Max Bellerive then select a cabinet which is approved by the senate. The legislature is structured as a bicameral system with senate, or the upper house, which consists of 30 elected individuals who serve 6 year terms. Additionally, there is a chamber of deputies, or the lower house which has 99 members. 21 The president is viewed as the Head of State while the Prime Minister is the Head of Government.

Leading up to the earthquake, René Préval served two separate terms—the first in 1996 and the second in 2006; however, both of his presidencies were strained by decreasing domestic stability, increasing economic strife, and shrinking growth. The earthquake has negatively marked the very end of his presidency as it only increased the population’s mounting frustration in the ability of the government to foster development and decrease poverty. 22 Additionally, mounting concerns about labor and the cost of food amongst the strong base of poor supporters Préval had led to riots and the eventual firing of his Prime Minister; However, Preval’s insistence on fostering relations with

both the other Latin American countries and the US helped him to drop the cost of food and will serve as a good resource to commence the redevelopment process.\textsuperscript{23} One of the important things to keep in mind is that the earthquake hit very close to the presidential election, and the political instability that comes with a change in regime can definitely affect the effectiveness of development plans. Especially since corruption is very prevalent throughout the Haitian government, it is important to pay attention to the political climate to ensure that funding projects will be used for their intended purposes.\textsuperscript{24}

Historically, Haiti has held strong diplomatic and economic relations with the United States which will be essential to rely on throughout the recovery process for the country. Additionally, the country has close ties with the bordering country of the Dominican Republic which was also slightly affected by the massive quake. However, due to cultural and linguistic differences Haiti remains relatively isolated from the rest of the Caribbean and Latin America. This means that recovery process will likely involve assistance from international aid groups and more developed countries rather than help from countries close to the island nation.\textsuperscript{25} This is important to keep in mind during the recovery planning process.

\textbf{Key Words}

World Bank: With 189 member countries, staff from more than 170 countries, and offices in over 130 locations, the World Bank Group is a unique global partnership: five institutions working for sustainable solutions that reduce poverty and build shared prosperity in developing countries.

International Development Association: The International Development Association (IDA) is the part of the World Bank that helps the world’s poorest countries. Overseen by 173 shareholder nations, IDA aims to reduce poverty by providing loans (called “credits”) and grants for programs that boost economic growth, reduce inequalities, and improve people’s living conditions.

International Finance Corporation: a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries.

GDP: Gross Domestic Product, or the value for all the goods and services produced in a yearly period. This is one of the common ways that economic growth is measured and it will be of particular importance in creating an action plan for the long term development of Haiti.

Public vs Private Sector: The public sector is that which refers to the government or governmental agencies and the associated funds, institutions, projects, etc. The private sector refers to businesses, corporations, and any institution not owned/controlled by the government. The distinction between these different sectors is important in coming up with the development plan.

Some Notes

There are a few major themes that are of the upmost importance when considering different solutions to post-earthquake development. The primary theme to focus on is the opportunities in both the public and private sectors to drive development. While large scale public projects can be
great to stimulate economic growth, decrease unemployment, and advance infrastructure, there can be just as much promise in funding smaller businesses who work separately from the government.

One thing to keep in mind is that Haiti is much different from a highly-developed country like the US. Although America has its fair share of natural disasters, we have the intricate infrastructure systems to aid in relieve and reconstruction efforts. Our government is stable and we have access to a large volume of funds that can be dispersed with relative ease. Haiti has a long history of social and economic struggle that will make the redevelopment process that much harder. Coupling the reparation of the old and insufficient systems with the creation of new and better equipped systems that support the needs of the population more adequately is key. Additionally, it’s important to think of the redevelopment not only in an economic sense where infrastructure and growth is central—finding ways to create social programs that inform and inspire can be just as important. For example, education can be a great way to minimize unemployment, improve literacy, and decrease poverty. Look for new places of growth that haven’t been explored yet! Look at different programs that the World Bank has created in other areas of the globe. There is a plethora of research on the Haitian earthquake online, especially on the World Bank’s website. Finally, remember that there is more than one way to solve a problem!

Questions

These questions are not finite or required. I’ve included them to help start your research process and to guide your thinking to specific areas of the issue.

- Where should the funding for loans and grants come from? What proportion of the funds should go to aid the public sector versus the private sector?
- What should the timeline be for the redevelopment to occur? How will projects be scheduled and how will the size of their undertaking come into consideration?
• What projects should be prioritized to kick-start growth and recovery?

• How will improving development be ensured in the long run for this country which has historically had social and economic issues?

• What solutions have worked in other situations across the globe to solve these issues of development?
Introduction

Argentina is one of the key countries in the Latin American region. The country is not only one of the largest nations land-wise in the region, but also it is one of the most prominent economies. Recent developmental and economic activity has encouraged for an expansion of many of the country’s major systems. While the capital district of Buenos Aires rivals the infrastructure and power grid of some European cities, the country as a whole is underdeveloped; however, the World Bank has been strengthening its relationship with Argentina in order to help it reach the next stage of development.

One of the things that remains very clear is the unique and intricate political and economic situation in this South American country. Military coups, political instability, and economic strife have led to various consequences felt across all sectors of the population. Energy, or lack thereof, has caused many issues with development throughout the past decade as demand has surged while supply has struggled to keep up. While Argentina used to be a large exporter of energy, various government shortfalls and lack of development has created a need for energy importation, namely liquefied natural gas and oil. The World Bank hopes to ease Argentina’s dependence on fossil fuels while maintaining a stable energy market.
History

Argentina is a country that has a history full of political and economic conflict. Once a colony of Spain, Argentina has underlying roots of Spanish and European culture. Wide scale immigrations from Italy and Spain between the late 1800s and early 1900s had a great impact on Argentinian culture and society. Most of the country’s current situation can be explained by the political timeline post-WWII. After the war, a wave of populism swept the country under President Perón and his infamous wife Eva Perón. Under their supervision, the country’s poor saw wide scale improvements in their basic rights through the unionization of labor, governmental support programs, and the nationalization of several different industries including the fossil fuel industry.

In 1955 Perón was removed from office through a military coup, after which the military was heavily involved in Argentinian rule, although Perón did return to power for a brief stint before his death in 1974. In 1976, a military dictatorship took over led by Jorge Rafael Videla whose administration was notorious for human rights violations including the 15-30,000 individuals who mysteriously disappeared in police custody. Videla handed the power over to a series of successors, whose short reign ended in 1983 when the Falklands War and struggling economy prompted a coup that returned democracy to Argentina.

Once democracy took over once again, the country faced a great depression that lasted until 1990 mainly due to high inflation and national debt. The International Monetary Fund got involved during Alfonsín’s presidency when it provided loans to fund the Argentine president’s economic

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plans.\textsuperscript{29} In the 1990s the country had a long period of economic boom based on, “trade openness, privatization, deregulation and supply-side policies.”\textsuperscript{30} During this time, the Argentinian energy market changed drastically as the change in policy was lauded as, “one of the most efficient and advanced in the world.”\textsuperscript{31} Throughout the 1990s, the supply of energy grew alongside the GDP, a rate which continued until 2002. This meant that the supply of energy was able to keep up with the increasing demand. Unfortunately, this did not last as the economic crisis that ravaged Argentina from 1998-2002 led to a stagnant level of growth in supply. While the country was able to manage its lack of supply for a few years, the energy crisis became a real problem under Kirchner’s administration. \textsuperscript{32}

While Argentina is a country rich with natural resources (especially natural gas), there has been little investment in the growth of its domestic production.\textsuperscript{33} Therefore, the country has turned to external sources for energy—mainly in the form of oil and liquid natural gas. The country pumps gas through a pipeline from Bolivia, it receives liquefied gas shipments from Qatar, and it receives

fuel oil from Venezuela.\textsuperscript{34} This method of energy procurement is inefficient and expensive, as it puts a lot of strain on the Argentinian Central Bank. The Central Bank has become drained of a lot of its dollar supply since fuel needs to be purchased in dollars. This can be an issue given the high, fluctuating rate of exchange between the Argentinian peso and the US dollar.\textsuperscript{35}


Current Situation

Almost a decade after the economic crisis in Argentina the country is on the verge of an energy crisis as growth in the supply of energy has all but stopped. The energy market is relying upon the extra supply created in the pre-crisis years. Post-economic crisis, development of both industry and housing has been rampant, driving demand up ever closer to the level of supply. Due to a lack of investment in new energy procurement infrastructure, the Argentinian government has had to find different ways to supplement the strained domestic energy market. This has led to a certain level of dependence on imported fossil fuel, which is not only unsustainable, but also has long term environmental impacts around the world.36

As discussed in Topic A, one of the primary goals of the World Bank beyond the eradication of extreme poverty is fostering development programs that are

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environmentally friendly and sustainable. The pie chart above demonstrates Argentina’s current energy supply based on source. The country depends on gas to provide the majority its energy—gas and oil together make up almost seventy percent of the country’s entire supply of energy. Additionally, while almost a quarter of the country’s power comes from hydroelectricity, this model in and of itself can have detrimental effects on the environment and the ecosystem. The reservoirs created by dams degrades the natural habitat and can endanger certain species of animals. Therefore, other forms of energy production can be a lot more desirable for environmental reasons.

As mentioned previously, there is a lengthy economic history that gives background to Argentina’s current energy state. Long cycles of political and economic struggle lead to lack of infrastructural investment, which then leads to short term-quick fixes which are never replaced with long term solutions. The most recent quick fix of importing liquefied gas and oil has led to a depletion of the Central Bank funds which has huge ramifications on a macroeconomic level. However, if the government does nothing to increase the supply of energy and it leads to blackouts or price increases, it affects their ability to perform well during the election cycle. Therefore, possibly the best solutions to tackle this energy issue will be policies which encourage private investment to increase domestic energy infrastructure in a wide variety of different sectors. The goal of this overhaul should not be to immediately eliminate dependency on fossil fuels. Instead, the focus

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should be on developing a diverse portfolio of energy sources that will be both sustainable and environmentally responsible.\textsuperscript{39}

In order to achieve these goals, there are a few things that need to be recognized. First of all, the climate for investment in the energy sector is not very accommodating. The primary reason for lack in investment spending is the freezing of energy tariffs that happened under Nestor Kirchner’s presidential regime during the mid 2000s. “The freezing of tariffs and frequent shifts in policy towards investors tended to deter the capacity investments needed to sustain and increase the supply of energy and other goods and services, provoking increasing shortages as demand increased faster than supply.”\textsuperscript{40} In other words, Nestor Kirchner’s freezing of energy tariffs created a price ceiling which restricted companies’ revenue possibility. With decreased revenue and increasing costs, the energy companies didn’t have the resources or the desire to create new infrastructure to increase capacity because the returns on their investment would be greatly diminished by the lack of tariff increases. While a subsidy structure was eventually put in place to offset the difference in revenues created by the freezing of tariffs, this only worsened the issues within the energy sector as it favored large firms to smaller private investment.\textsuperscript{41}

This theme of regulation across the energy sector has only increased under Nestor Kirchner’s wife, Cristina Fernández de Kirchner. It’s important to keep this in mind as solutions to the lack of energy supply caused by low levels of infrastructure capacity investment will create disincentives for private firms to expand their current capacity. While loans could provide a good


solution to problems with infrastructure investment, it’s important to keep in mind the overarching regulatory issues. Working alongside the Argentinian government to provide investment in the energy sector alongside policy change that favors the diversification of energy sources through the preexisting subsidy structure could be one way to provide a meaningful solution to the issue.42

With solution proposals, it’s of paramount importance to keep in mind that the Argentinian government under Kirchner is heavily involved in social welfare programs that benefit the poor. The tariff freeze is an example of said policy as it keeps prices low enough so that the poorest citizens in Argentina can still afford the energy they use throughout their daily lives. Additionally, keeping the tariffs low keeps prices in other industries like transportation low, which is of the upmost importance in places like the capitol of Buenos Aires where often the poorest citizens need to travel very far to get to work as they are forced to live outside of the city. Any sort of loan/infrastructure investment made by the World Bank will have to ensure that energy company revenues will increase without external costs increasing as government regulation has already caused a widening gap between the two with the price ceiling and subsidy programs.

**This topic can seem intimidating at first as the energy market comes with a slew of new terminology and is relatively intricate, especially in Argentina. Fortunately, the Argentinian government has extensive information online about its energy regulation and the various programs that it has to raise the level of power capacity. Searching for ENARSA (the nationalized energy company), for RenovAR (the current renewable energy project that was created 6 years after the time frame of this committee), and for the Argentina page on the CIA World Factbook are all great

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ways to start your research on this topic. There is a plethora of information out there which makes the topic easier to understand!

**Policy**

Under both of the Kirchner administrations Argentina has leaned more and more towards becoming a welfare state. The government has appealed to the lower classes through the creation of various welfare programs like cash incentives to encourage school attendance, and subsidized vaccinations and medical care. One of the other major programs that has been put in place is this tariff freeze which has led to energy being sold on the Argentinian market for less than it’s worth on the international market. While Kirchner would claim that this has allowed for energy to be affordable for even the poorest of the poor in Argentina, opponents including global economists claim that, “this energy consumption-promoting / production-discouraging price policy is largely behind Argentina’s growing energy problems.” The increasing costs of subsidies to fill the gap between the set price and the market price in addition to protectionist measures against the importation of energy has only worsened the crisis.

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While the Kirchner administration has led to major challenges throughout the energy sector, there is some specific legislation that’s been put in place which is promising for the renewable energy sector specifically. Law 25,019 from 1998 prioritizes the creation of wind and solar energy using tax incentives and subsidies to bolster investment in the renewable energy sector. This policy was superseded in 2007 when Law 26,190 was put into place which stresses importance of all forms of renewable energy not only for the creation of jobs, but also for the creation of extra energy supply. The program had a similar incentive structure with feed in-tariffs, tax incentives, and a national target for growth in renewable energy. The table below details the different sectors of renewable energy.

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energy, what the current capacity of each sector is, and what the feed-in tariffs are for the various sectors.

After this law was passed, the Federal Secretariat of Energy decided to use the state-owned energy company, ENARSA, launched an auction in 2009 of different energy contracts to promote investment in new capacity infrastructure for renewable energy in order to reach its goal of 8% growth in renewable energy. GENREN “aimed to deploy 1000MW of renewable electricity capacity distributed among technologies as follows: 500 MW of wind energy; 150 MW of liquid biofuel-fired power generation; 120 MW of solid urban waste; 100 MW of biomass; 60 MW of small hydro; 30 MW of geothermal; 20 MW of solar; and 20 MW of

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biogas. GENREN offered a 15-year Power Purchase Agreement (PPA) denominated in USD. It is clear that Argentina is desperately trying to invest in the expansion of its renewable energy sector to try and offset some of the lack in supply of energy; therefore, this provides a great opportunity for the World Bank to invest both through the private and public sectors. Renewable energy programs will not only be environmentally responsible in trying to mitigate the effects of global warming, but also it will help to maintain low energy prices for some of poorest citizens of Argentina while increasing jobs and relieving financial strain on the central government.

**Keywords**

**Renewable energy sources**—“capture their energy from existing flows of energy, from on-going natural processes, such as sunshine, wind, flowing water, biological processes, and geothermal heat flows.”

**Feed in tariffs**—“A feed-in tariff (FIT) is an energy supply policy that promotes the rapid deployment of renewable energy resources. A FIT offers a guarantee of payments to renewable energy developers for the electricity they produce. Payments can be composed of electricity alone or of electricity bundled with renewable energy certificates. These payments are generally awarded as long-term contracts set over a period of 15-20 years.”

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Kirchnerism- a form of left wing populism that was the philosophy followed by Nestor and Cristina Kirchner from 2003 to 2015. “Usually the important themes for left-wing populists include anti-capitalism, social justice, pacifism and anti-globalization, whereas class society ideology or socialist theory is not as important as it is to traditional left-wing parties.”

ENARSA- the state owned power company of Argentina

CAMMESA- “CAMMESA is an Argentine, private, non-profit company. The main objectives of Argentina’s wholesale power market administrator CAMMESA are to coordinate economic-technical deliveries from the SADI grid, supervise the quality and security of SADI’s operations, oversee economic transactions in the spot and future markets, and manage billing, collection and financial operations of market funds. 80% of CAMMESA is owned by agents of the wholesale electricity market while the other 20% is owned by the Energy Ministry.”

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Conclusion

Argentina is a history of complex history, political instability, and economic struggle. While the country is one of the largest economies in Latin America, it has had long periods of economic depression intermixed with periods of rampant growth. It is of the upmost importance to keep the intricacies of politics in this country in mind when creating solutions—ensuring that they encompass the needs of both the industrial sector and the population in general (specifically the poor). There are a few central questions to keep in mind during your research.

- How will you fund renewable energy investment?
- What solutions will you provide that ease the strain of strict regulation on the energy sector?
- What resources does Argentina have already?
- How can solutions maximize the economic impact, both with regards to the energy market and labor market?
- How can sustainability of the solutions be ensured over the long term?