United Nations Economic and Social Council (ECOSOC)

Chair Report

[Agenda A: Building a cooperative initiative to enhance supply chain diversification and self-sufficiency]

Yonsei Model United Nations 2026

Chair: Hyukwoo Kwon and Eugene Park

About the United Nations

The United Nations is the largest intergovernmental organisation that was founded in 1945 after World War II. Consisting of 193 member states, the United Nations endeavours to sustain international peace, security and cooperation, guided by the United Nations Charter.

A replacement for the League of Nations, the United Nations has been the centre of discussion and euphony for multilateral issues such as general disarmament, international security, multilateral cooperation, international economy, human rights affairs and sustainable development. The United Nations is operated under six major organs - The Secretariat, General Assembly, Security Council, Economic and Social Council, Trusteeship Council and the International Court of Justice. The United Nations has also assigned other specialised agencies and rapporteurs in reach for international peace and security.

Sessions of committees pertaining to the United Nations carry arduous responsibilities of perpetuating peace and humanitarian rights. Delegates of member states thrive to represent their designated nation and to form an international consensus on a myriad of agendas.

Committee Introduction

The United Nations Economic and Social Council (ECOSOC) is mandated to coordinate the economic, social, and environmental programs of the United Nations. Founded according to the 10th chapter of the UN Charter, the ECOSOC contributed in various international affairs including drafting the Universal Declaration of Human Rights, founding UNDP, leading the agenda of post-colonisation and development. Guided by the objective of achieving sustainable development, the Council convenes Member States, specialized agencies, and civil society to draft international normatives and craft policy recommendations for UN operations and Member States alike. The ECOSOC plays a significant role in controlling the relationship and policies between the specialized agencies of the UN, such as ILO, WHO, UNESCO and FAO. Furthermore, the ECOSOC is the one and only organization to approve NGOs to cooperate with the UN and report human rights issues to the UNGA. Its present agenda concerns agricultural supply chains, youth and digital inclusion, low-carbon and resource-efficient models of growth, and strengthening financial mechanisms to support development in low-and middle-income countries. Currently, the ECOSOC is working for sustainable development with NGOs and prosperous global governments, monitoring the implementation of each countries' SDGs through a High-Level Political Forum every July.

Agenda Introduction

Globalisation, which lasted for more than a decade, promoted the diversification of goods and increased interdependence among nations. Recently, however, it has faced serious challenges due to growing geopolitical frictions. Since the mid-2010s, political leaders empowered by populism and nationalism have adopted protectionist trade policies, resulting in higher tariffs and escalating geopolitical tensions. The term economic security reflects the risks of this situation: the weaponisation of trade—particularly in basic resources and food—can threaten the universal rights of countries in vulnerable conditions. Additionally, the supply of rare earth elements (REEs), which are essential for semiconductors, has already become a key factor in international trade conflicts. For example, OPEC countries control oil production to maximise their surplus,

and countries rich in REEs have intentionally restricted exports to pressure neighbouring chip-manufacturing economies.

Thus, the purpose of Agenda A is to build a cooperative initiative that enhances supply-chain diversification and the self-sufficiency of member states. Delegates must devise realistic policies that incentivise nations in the international market while taking their different stances into account. They should also consider the role of existing trade-related international organisations and their own national position, as well as the need to protect the local workforce that will be affected by global economic shifts.ion, securing local workforce who will be affected by the international economic shift.

Key Terms

Supply Chain

Supply chains are global networks that deliver goods and services. A small supply chain means there are fewer suppliers, which increases dependence on each supplier and makes the system more vulnerable if even one supplier fails. In contrast, a large supply chain involves a greater number of suppliers, reducing dependence on any single one and creating a more resilient structure against risks.

Self Sufficiency

Self-sufficiency means that a country or party can produce and consume certain goods without relying on others. Although it may appear to contradict the idea of free trade, self-sufficiency is important for several reasons. For LEDCs, cheap food imports from foreign nations can harm local farming industries, potentially causing large-scale unemployment and the loss of domestic agricultural capacity. This is why many FTAs and WTO agreements include protections for the food industries of LEDCs. Moreover, low levels of self-sufficiency can weaken food security by increasing dependence on foreign suppliers, which can seriously threaten a fundamental right of citizens: the right to eat.

Diversification

In international trade, the term diversification refers to the diversification of supply chains. Relying on a limited number of suppliers makes an economy vulnerable to fluctuations, while a more diverse supply chain enhances stability. Diversification is not merely a type of risk-hedging; it is a strategic policy for both nations and firms—from ensuring food security to securing new technologies such as AI chips and semiconductors. When the import of essential resources is restricted due to geopolitical conflicts, nations and firms can face serious economic challenges. Fundamental industries may be forced to shut down factories due to a lack of resources, and disruptions in energy supply can threaten basic everyday life. Therefore, the diversification of supply chains is both an important and realistic necessity.

Historical Background

After the end of World War II, world leaders agreed to build a new global economic structure known as the Bretton Woods system, which included the establishment of the International Trade Organisation (ITO), the World Bank Group, and the International Monetary Fund (IMF). Unlike the World Bank Group and the IMF, however, the ITO failed to materialise. Instead, diplomats created a framework for international trade liberalisation through a series of multilateral negotiations. In 1947, the General Agreement on Tariffs and Trade (GATT) was established as the foundation of the post-war global trading system. Despite multiple rounds of negotiations, including the Geneva Round, geopolitical risks such as the Oil Shocks and the Cold War undermined cooperation and slowed progress for decades.

In the 1980s, a paradigm shift from Keynesianism to classical economics and neoliberalism took place. As stagflation weakened state-led economic models, Western leaders such as Ronald Reagan and Margaret Thatcher promoted market deregulation and trade liberalisation. Meanwhile, détente between the United States and the Soviet Union eased long-standing Cold War tensions. Neoliberal economists strongly advocated the benefits of free trade and pushed for lower tariffs on goods. At the same time, the reduced fear of war helped open ports and lower trade barriers, accelerating global market integration. Ultimately, the fall of the Berlin Wall and the collapse of the Soviet Union led to the emergence of a unipolar international order dominated by the First World countries.

The Uruguay Round (UR) was the major renewal of the GATT, approved during the 1980s and 1990s. It was the eighth round of GATT negotiations and aimed to strengthen the existing system while establishing new norms for services and intellectual property. However, negotiators faced a serious deadlock, as the round involved many stakeholders with conflicting interests—especially regarding food and grain trade. The United States and the European Commission, in particular, held sharply opposing views. Many countries feared that approving the UR would result in unemployment among local farmers and increased dependence on large foreign capital, ultimately weakening national food security. Least developed countries, including India and South Korea, also encountered significant domestic opposition. After eight years of continuous negotiations, however, consensus was finally reached. As a result, almost all member nations opened their food markets internationally as part of their obligations, marking the beginning of the modern era of "free trade." In 1994, the Marrakesh Agreement establishing the World Trade Organization was adopted, creating the first central organisation in human history mandated to promote fair and free international trade. The WTO possesses the authority to arbitrate disputes between nations through its Dispute Settlement Body (DSB), and its agreements have binding legal force similar to international law. The current framework of negotiations is the Doha Development Agenda, though the talks have remained stalled for decades.

In the 21st century, however, the ideal of free trade is in crisis. The 2008 global financial crisis raised questions about the credibility of the international financial system, and regional cooperation has expanded more rapidly than global cooperation. China established the Asian Infrastructure Investment Bank to fund its foreign development projects, thereby challenging the US-led order. At the same time, the rise of populist governments in both developing and developed countries has revived protectionism, using tariffs and trade barriers for political support. As a result, the multipolar international order has entered a period of growing hostility and fragmentation.

In this context, reimagining the international trade order is essential. The challenge lies in designing a system that balances efficiency with fairness and ensures that the benefits of globalisation are shared more equitably among nations. The trade system must safeguard national self-sufficiency while enhancing total surplus. Therefore, this agenda must explore ways

to foster cooperative initiatives that diversify supply chains and promote a more resilient and inclusive global economy.

Status Quo

Revival of Protectionism

Protectionism is a theory and economic policy that secures domestic industries by restricting imports of foreign goods. It aims to maximise the producer surplus of local manufacturers; however, it reduces consumer surplus. This dilemma between the interests of different economic agents is the key factor in deciding whether to adopt free trade or a protectionist trade policy. Ultimately, the government must optimise trade policies to fairly benefit both producers and consumers, while considering long-term national interests.

Globalisation accelerated the collapse of the protectionist era. After the establishment of the GATT and the WTO, nations actively joined Free Trade Agreements (FTAs), removing major tariffs between trading partners. As decades-long ideological conflicts de-escalated, a cooperative and stable global order emerged, further encouraging trade liberalisation.

However, protectionism is once again playing a significant role in global affairs. The ideal of free trade has become little more than an epitaph of a previous generation. Major economies are adopting protectionist measures as part of their competition for hegemony in the international political economy. The rapid flow of globalisation and the rise of the Washington Consensus sparked backlash from various industries, leading to political movements that prioritised trade surpluses over other values. Politicians increasingly competed to demonstrate how strongly they would protect national interests, using rhetoric reminiscent of McCarthyism and engaging in black propaganda. Brexit—the United Kingdom's decision to leave the European Union—became the symbolic event that foreshadowed the revival of protectionism.

Regulatory Methods

Protectionist trade policies include a wide range of methods, from simple tariffs to complex international legal regulations. The most widely used method is the tariff, which refers

to taxes imposed on imported goods. Tariffs are preferred because their effects are visible and easy to calculate. However, they can create political burdens by restricting the sovereignty of the targeted nation, often leading to retaliatory tariffs or other forms of trade restrictions.

The anti-dumping duty is a representative example. Since Canada first adopted it in 1904, anti-dumping measures have become a favourite tool of diplomats. This policy is used to protect national industries when foreign goods are imported at prices below their "normal value," thereby being regarded as harmful to national interests and fair trade. The size of the anti-dumping duty is determined by assessing the degree of violation, in order to internalise the externality. However, due to the vagueness of Article VI of the GATT—which defines and regulates anti-dumping and countervailing duties—this policy carries the risk of being exploited. Nations may intentionally label a competitor's goods as "strategically harmful" to justify restrictions. As a result, a policy originally intended to ensure fair trade and economic stability has increasingly been weaponised and misused.

New Cold War and Economic Security

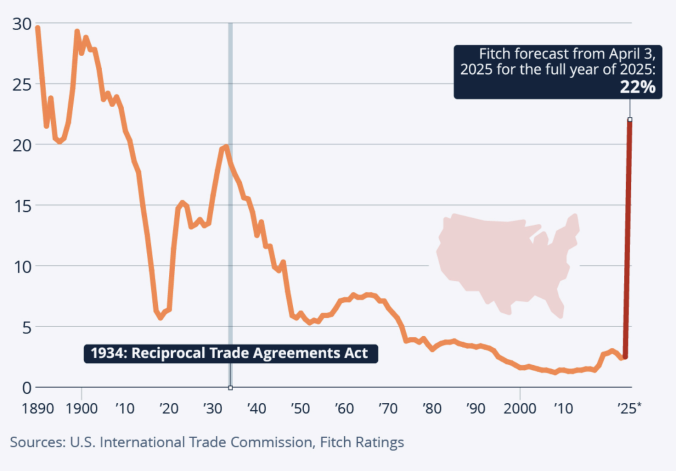

Figure 1 (2nd Source: Statistia)

The Great Recession, terrorism, and prolonged wars weakened the liberal hegemony of Pax Americana. The status of the US dollar and global financial stability were challenged by the real estate bubble, which triggered the "Eurozone Crisis" across Europe. Multiple military operations around the world, including those in the Gulf and Afghanistan, overstretched American power, creating space for China and Russia to expand their regional influence and economic presence. These shifts contributed to the rise of a multilateral international order and

intensified competition among major powers across various domains—from hard power (military and economic strength) to soft power (culture, ideology, technology, and more).

In 2018, the Trump administration imposed a 25% tariff on Chinese goods. According to Trump, the Chinese government intentionally depreciated the Yuan and subsidised state-owned enterprises to gain an unfair advantage in the export market, claiming that China was "stealing" American profits and jobs. Trump argued that free trade could be exploited as a tool of hegemonic strategy, implying the need to reorganise the global trade order—marking what he depicted as a *New Cold War*.

Self Sufficiency

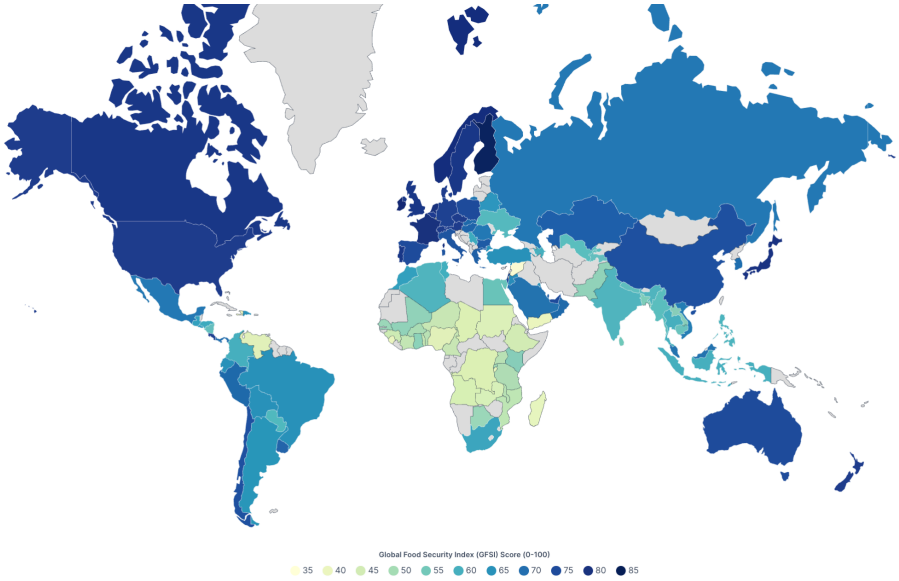

Figure 2 - Food Self-sufficiency by Nations

Self-sufficiency heavily depends on a nation's natural resources. Land, mountains, minerals, and even animals become capitalised and transformed into commodities. The food industry is one of the most polarised markets in the world. A small number of countries with vast land and fertile soil produce plants, fruits, grains, and meat in quantities large enough to feed the entire global population. Meanwhile, countries with harsh environments—including deserts or high mountain regions—struggle with food insecurity and rely heavily on foreign imports.

Figure 2 shows the food self-sufficiency rate by country. It illustrates that food self-sufficiency is highly polarised, which can lead to unequal access to food and distortions in

the global market. In such a situation, the dominance or near-monopoly of food supply by certain countries could enable them to restrict exports as a political tool. Diplomatic conflicts among economically dependent nations can therefore result in nationwide hunger, severely violating principles of fair trade and basic human rights. Although this hypothesis is a simplified representation of the complex international system, similar cases are occurring around the world today.

Self-sufficiency is not only relevant to food but also plays a critical role in the technology industry. Rare earth elements, which are essential for manufacturing semiconductor chips, are produced in only a few nations. As global awareness of technological leadership grows, some governments have begun regulating the import and export of these materials through protectionist policies. This undermines the principles of fair and free international trade and increases the risk of trade wars and global economic fragmentation. At the same time, industries face uncertainty due to the "chicken game" between major powers, creating barriers for least developed countries attempting to enter high-tech markets.

Past Actions by Nations and Organizations

The United States of America

The United States, as a hegemon, has played a leading role in shaping the global trade environment. In 1989, the US, the World Bank, and the IMF adopted the Washington Consensus, which consisted of ten principles—including tax reform, fiscal discipline, and various conditions that promote free trade. Proposed by economist John Williamson, it encouraged countries in economic crisis to adopt market-oriented policies similar to those of the United States. As a result, the Washington Consensus became the "standard reform package" for developing nations for decades, shaping the economies of Latin America and Asia throughout the 1990s. However, it is no longer widely used, as the limitations of neoliberalism have become increasingly apparent.

Over the past decade, the US has radically altered the previous paradigm of trade policy. The first Trump administration launched a "trade war" by imposing targeted tariffs in 2018, and

the Biden administration restricted the export and import of semiconductors to China through the CHIPS Act and the Inflation Reduction Act (IRA). This bipartisan agreement to maintain US leadership in the global market has driven the world back toward protectionism, echoing a return to “the war of all against all.”

China

After China opened its market to foreign investors in 1978 under Deng Xiaoping, the Chinese Communist Party (CCP) focused on developing the economy by exporting manufactured goods made with low production costs. At the same time, China invested heavily in research and development and advanced technologies through large-scale, state-controlled financing.

China’s economic goals stand in contrast to those of the United States. The Beijing Consensus proposes a different model of economic development. It consists of three main principles: national self-determination, sustainable development through innovation, and gradual, government-led integration into the global economy. Following its rapid economic growth, China sought to expand its regional leadership and diplomatic influence by establishing the Asian Infrastructure Investment Bank (AIIB) and launching inclusive ODA projects such as the Belt and Road Initiative.

India

After independence, India pursued import substitution industrialization, which restricted foreign capital but protected the domestic market. In the 1990s, structural reforms led by the IMF opened the Indian market to the world. However, India also developed nuclear weapons and publicly announced this through the Pokhran-II tests. Despite the severe Western economic sanctions that followed, the Indian public supported the decision to remain a nuclear power.

India now plays a crucial role in the geopolitical dynamics of the 21st century. As the most populous nation in the world, it is simultaneously a member of the QUAD—an Asia-Pacific regional security framework led by the United States—and BRICS, an association of major developing countries.

The European Union

In the 1990s, European nations agreed to establish a universal single currency, the Euro. The Maastricht Treaty created the European Union and the EU Single Market, removing economic barriers within Europe. This reflected the belief that economically interconnected nations would be unlikely to go to war with one another—a concept often summarised as "peace through trade." However, the 2008 global financial crisis raised concerns about the collective risks of such a union, especially after the collapse of Wall Street triggered the Eurozone Crisis and threatened the stability of the entire EU.

The 2010s were a pivotal decade for the EU. The United Kingdom left the EU, and Russia annexed the Crimean Peninsula. Rising tensions across the continent accelerated protectionist movements. In response, EU member states began developing and standardising sustainable energy sources to reduce their dependence on a small number of energy-producing nations. After Russia invaded Ukraine, food supply chains were also disrupted, as Ukraine is one of the world's major grain producers. As a result, EU policies in this period can be understood through two key principles: self-sufficiency and supply-chain diversification. These efforts illustrate how nations attempt to secure their sovereignty and resilience in times of geopolitical conflict.

Stances of Major Countries and Organizations

The United States of America

The United States is once again reshaping the global trade order. The Washington Consensus signaled a structural shift within the United States itself, contributing to the decline of the car and shipping industries. Meanwhile, the rise of China and the expansion of global liquidity produced a growing US trade deficit, concentrating frustration among domestic labour forces—especially in the Rust Belt—and generating political pressure for a reconstruction of the global economic system.

What the US now seeks is the reorganisation of global financial and industrial supply chains into, for, and centred on the United States. The Trump administration's core strategy was straightforward: tariffs and investment. It imposed a 25% tariff worldwide and negotiated with

allies to increase investment in the US. Japan agreed to invest $550, the EU agreed to invest $750, and South Korea agreed to invest $350—amounts equivalent to roughly 6.5% of their GDP over three years. The objective was to restore the US trade surplus and revive its manufacturing sector, prioritising American economic interests over those of any other state.

Furthermore, the Trump administration's foreign policy differs sharply from Washington's traditional stance. President Trump ordered the Department of Defense to be renamed the "Department of War" and made professional use of public opinion and the media, intentionally generating uncertainty. This strategic shift represents a new phase of geopolitical statecraft. Instead of pursuing free trade under liberalism, the United States is now prioritising national resilience and supply-chain sovereignty.

Some economists criticise this approach, noting that the tax incidence could increase the CPI and damage the international credibility of the United States. However, policymakers in the White House and major think tanks appear firmly convinced: what they are attempting is not merely populist exaggeration but a serious realignment of the international order—one that reshapes global power structures without military confrontation.

China

The trade war with the United States placed China in a challenging position. The rapid rise of the Chinese economy was increasingly viewed as a threat to the industries of its competitors. This dynamic paved the way for a Neo–Cold War, marked by reciprocal restrictions, strategic rivalry, and a renewed emphasis on power politics in international diplomacy.

China is expanding its leadership not only through international blocs such as BRICS and the Shanghai Cooperation Organization but also by strengthening its economic influence through the Regional Comprehensive Economic Partnership (RCEP). The RCEP effectively replaced the TPP, the US-led Asia-Pacific economic framework from which the United States later withdrew. At the same time, aware of the criticism surrounding the Belt and Road Initiative, China has introduced a more inclusive development framework: the Global Development Initiative (GDI).

The GDI aims to address shared global challenges rather than serve as a tool for strategic competition with the Western world.

In conclusion, China seeks to consolidate its economic influence among developing nations, filling the gaps created by the US-led global order. Additionally, China aims to strengthen its soft power and global image by engaging in issues related to human rights, free trade, and democracy. In the 2020s, China is leading international discussions on AI, digital rights, and data governance, supported by its academic achievements in science and technology and its vast fiscal capacity. However, China still faces inherent internal political risks—socialism, its one-party system, limited transparency, and human-rights concerns—which complicate cooperation with MEDCs and fuel criticism of imperialistic ambitions.

European Union

Recently, the European Union has been revising its long-standing policies due to changing external conditions, including supply-chain shocks and military conflict. For decades, the EU sought to develop as a welfare-oriented region by minimising military expenditure. European security relied heavily on the North Atlantic Treaty Organization (NATO), which requires unconditional military involvement in response to attacks on member states. NATO was originally founded to deter the westward expansion of the Soviet Union during the Cold War. This strong security linkage served as a shield for Europe's economic and diplomatic stability throughout the era of Pax Americana.

However, shifting external conditions in the 2020s have raised concerns about these previous policies. The war in Ukraine highlighted the critical importance of secure supply chains, while the United States' aggressive trade policies increased uncertainty in global finance. As a result, the EU is redirecting its focus toward open markets and strategic autonomy.

Possible Solutions

Establishment of a Functional Commission and Utilization of HLPF

The UN ECOSOC has established multiple functional commissions for specialised purposes. For example, the UN Statistical Commission is the highest body of national statistics agencies. Founded in 1946, it brings together the world's chief statisticians under the vision of "Better Data, Better Life," and oversees the work of the UN Statistics Division. Today, there are eight functional commissions under ECOSOC, each contributing to solving global challenges.

Given the growing importance and urgency of international trade issues, establishing a new functional commission mandated to research and monitor member states' trade policies—particularly in relation to self-sufficiency and fair competition—could be a viable solution. Additionally, the High-Level Political Forum, a major annual session convened by ECOSOC, could be further utilised to strengthen global cooperation through multilateral dialogue. This would help prevent the segmentation and fragmentation of the global economy into exclusive blocs and could serve as an effective measure to mitigate rising protectionist movements.

Reciprocal Insurance and Agreement on Necessities

The ECOSOC may adopt resolutions and recommendations that function as "soft law" for the UN General Assembly and specialised agencies. Although soft law is not legally binding on member states, it can serve as an important guideline for future agreements and the development of international law. In the process of forming international legal norms, soft law instruments—such as resolutions and consistent state practice—can contribute to the creation of customary norms through implicit acceptance within the international community.

One possible solution is to adopt a resolution establishing guidelines for a strategic economic security framework, based on the principles of reciprocal insurance and mutual assurance for essential goods. Differences in capital and natural resources have historically led to specialisation and global trade. However, these same differences may also enable the weaponisation of essential goods—such as food, grains, water, energy, and raw materials.

In cases where full self-sufficiency is unrealistic, the most sustainable way to prevent the exploitation of trade is to institutionalise risk minimisation grounded in reciprocity. Under such a framework, if a nation attempts to restrict exports of its specialised goods for strategic but

inhumane purposes, other member states may collectively reserve or adjust their own essential exports in response.

Devising a new sub-indicator for SDGs

The ECOSOC plays a significant role in planning and monitoring the implementation of the Sustainable Development Goals (SDGs). It tracks each member state's progress through the Voluntary National Review (VNR) process during the High-Level Political Forum (HLPF). ECOSOC also provides policy recommendations through the Coordination Segment, established in 2021 by Resolution A/RES/75/290 A, to enhance coherence, consistency, and accountability. The Coordination Segment aligns agendas, reports, and outlooks from other UN bodies with ECOSOC's main themes, integrating the workflow across the system.

The indicators of the SDGs are developed by the Inter-Agency and Expert Group on SDG Indicators (IAEG-SDGs), an expert group under the UN Statistical Commission (UNSC). There are currently 234 unique indicators, which may be adjusted through annual refinements and a comprehensive review conducted once every five years. Crucially, the UNSC—one of ECOSOC's functional commissions—sets and updates the SDG indicators. As the parent body of the UNSC, ECOSOC holds the mandate to politically endorse and supervise these activities.

Building on this mandate, ECOSOC could facilitate the development of new sub-indicators to monitor how economic security policies affect the SDGs—particularly Goal 2 (Zero Hunger), Goal 7 (Affordable and Clean Energy), and Goal 9 (Industry, Innovation, and Infrastructure). Such sub-indicators would strengthen resilience and risk management against protectionist actions, guide member states toward balanced policy decisions, and promote more informed public discussion within the HLPF and the Coordination Segment.

Questions to Consider

- Why is the global political economy in a deadlock situation?
- How to balance free trade and fair trade?
- Why did globalization and the existing international order fail to unite the world economy and produce protectionism?

- How to incentivize the hegemon to preserve basic self-sufficiency of the LEDCs?
- How can the international organizations adjust the member states in a realistic way?

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Chair Report

[Agenda B: Strengthening digital entrepreneurship for the sustainable development in Least Developed Countries (LDCs)]

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Chair: Hyukwoo Kwon and Eugene Park

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Agenda Introduction

With the global economy becoming increasingly intertwined and digitalized, the concept of digital entrepreneurship has become a relevant subject in discussions of sustainable development. In least developed countries, hereafter LDCs, entrepreneurs continue to face barriers such as inadequate digital infrastructure and financing. The online sphere has the potential to mend this divide; when established under supportive regulatory frameworks, digital entrepreneurship is able to generate new jobs and link local business to global value chains, thereby supporting long-term economic growth. Modern initiatives like e-residency systems or digital marketplaces demonstrate how technology can empower enterprises to overcome traditional constraints and expand their participation in the global economy.

This agenda seeks to provide outlines for both strengthening and regulating digital entrepreneurship as a means of sustainable development in LDCs. Delegates are encouraged to explore pathways of public-private partnerships, international cooperation, inclusive ways of technology sharing, and equitable financing options that can enable digital entrepreneurship in LDCs to thrive. In order to sustain and build these businesses, there should be efforts made to guarantee a steady growth and supply of qualified human capital, such as equitable quality education environments and opportunities. Safeguards that ensure respect of privacy, fair competition, and long-term growth should also be addressed. Today, the world encourages innovation at an accelerating pace; it is the responsibility of international bodies like ECOSOC to ensure that such innovation reaches and uplifts even the most vulnerable economies.

Key Terms

Digital Infrastructure

Digital infrastructure refers to the domain of physical and institutional systems that sustain a nation's capacity to participate in the digital economy. It encompasses broadband connectivity, data centers, spectrum management, and power reliability that link individuals, enterprises, and governments to the digital sphere. According to the International Telecommunication Union (ITU), the absence of robust digital infrastructure in LDCs hinders their economic potential by constraining steady and reliable access to markets and information. The establishment of resilient and interoperable digital networks thus constitutes an important prerequisite for sustainable economic transformations.

Digitalization

Digitalization refers to the systemic integration of digital technologies. Along with automation, the process often involves a reconfiguration of the modalities through which value is created, distributed, and governed. In the context of sustainable development, digitalization has the potential of enabling higher efficiency and transparency, as well as establishing new partnerships across physical borders. However, the benefits of digitalization remain

asymmetrically distributed due to the varying degrees of each nations' technological and managerial capacity.

Digital Divide

The digital divide refers to the gap between nations that have effective access to modern information and ICTs and those that do not. Said divide encompasses disparities in physical access to infrastructure such as the internet and smartphones, affordability of technology, quality of digital education, and the ability to use the digital tools meaningfully. In developing countries, it is often reinforced by inadequate mobile networks and the high cost of devices. This prevents equal participation in the global digital economy, which limits these nations' means of building wealth beyond their geographical and resource capacity. Addressing the digital divide is therefore a socioeconomic and policy imperative necessary to ensure equitable access to opportunities in education, entrepreneurship, and, ultimately, prosperity.

Entrepreneurship

Entrepreneurship is defined as the process of designing, launching, and managing a new business or venture. In digital contexts, entrepreneurship encapsulates the adaptive use of emerging technologies to solve structural deficiencies and localize global opportunities. Digital entrepreneurship is recognized as pathways to economic diversification and exogenous shock endurance. The potential of entrepreneurship is contingent upon the existence of enabling ecosystems such as financial inclusion, human capital development, and government regulations.

Entrepreneurship is critical for LDCs and their economic growth. Entrepreneurial activity is one of the main ways to generate new jobs and reduce poverty by providing alternatives to subsistence farming and informal work. In many LDCs, self-employment represents a large share of total employment but is often concentrated in low-productivity, low-innovation ventures. Entrepreneurship focused on innovation and industry growth can dramatically enhance employment opportunities and quality. Entrepreneurship also enables economic diversification by introducing new products, services, and sectors, reducing reliance on single industries and increasing resilience against exogenous shocks. It can also help address local problems with innovative solutions tailored to community needs, improving living standards to their specific community.

Regulatory Frameworks

Regulatory frameworks refer to the structured body of laws and guidelines created by governments and other regulatory bodies. They govern specific industries and ensure values such as cyber security, market integrity, and fair competition are preserved. Inadequate regulation in LDCs often results in the engenderment of digital entrepreneurship, which consequently deters investment interests. Historically, transparent but liberal regulatory architectures have attracted business and capital. The alignment of domestic and international digital regulations is crucial for the integration of LDCs into the global digital economy.

Technology Transfer

Technology transfer is defined as the structured transfer of scientific knowledge and technical expertise from entities with advanced technological capabilities to those seeking to build or enhance them. The process is indispensable for industrial upgrading in countries that lack sufficient educational or infrastructural capacities at present. More tangible forms of technology transfer include the sharing of hardware or software; however, in order for such technologies to be integrated long-term, there must also be an assisted cultivation of absorptive capacity such as human skills and adaptive policy design.

Historical Background

Digital entrepreneurship began in step with the global technological revolutions of the late 20th century. In particular, the 1970s and 1980s were defined by the innovations of personal computers and microprocessors, which revolutionized how businesses produced and exchanged value. During this period, major economies such as the United States, Japan, and Western European nations invested early and heavily in information and communication technologies. The liberalization of telecommunications in the 1980s, along with the spread of satellite networks and the invention of the World Wide Web in 1989, made it possible for information to circulate in unprecedented speed. This development of technology inevitably brought the fields of trade and entrepreneurship to the digital realm.

The 1990s saw a further shift toward globalization and the mass adoption of the internet. Along with it, the World Trade Organization was established in 1995 and subsequently worked to include information services and e-commerce within trade discussions. With such safeguards intact, entrepreneurs of developed countries began using online platforms to exchange ideas and connect with consumers directly. The first wave of digital startups such as Amazon, eBay, and Alibaba demonstrated worldwide how online markets could democratize commerce and reduce entry barriers for small and medium enterprises. The Dot-com Boom that followed accelerated investment in digital infrastructure but also revealed the volatility of early online ventures when the bubble burst in 2000.

The 2010s was a decade of innovation. The growth of industries such as fintech, edtech, and agritech illustrated the diversification of digital enterprises beyond e-commerce. The Covid-19 pandemic in 2020 further accelerated digital transformation as lockdowns pushed businesses to migrate online. This inevitably gave rise to new entrepreneurial models that emphasized remote transaction and collaboration. As the ideals of entrepreneurship increasingly began to be considered as a means of substantial economic growth, there have also been efforts made to take advantage of business building in order to uplift developing nations. Recognizing the potential of digital entrepreneurship in achieving the SDGs, governments and international organizations led initiatives such as the United Nations Conference on Trade and Development's eTrade for All in 2016 and the World Bank's Digital Economy for Africa initiative in 2019.

Today, the focus of digital entrepreneurship continues to expand. Emerging technologies such as artificial intelligence and rising popularity of social media have provided entrepreneurs with new tools to enhance scalability. However, these advancements have also continued widening the digital divide between developed and developing nations. LDCs, constrained by limited technological infrastructure, digital literacy, supportive policies, and access to finance, continue to face barriers to utilizing digital entrepreneurship for their economic growth.

Status Quo

Entrepreneurship in the Global South

The global expansion of digital entrepreneurship stands as both the signature of a borderless modernity and the reflection of its entrenched divides. In advanced economies such as the United States, the Republic of Korea, and the member states of the European Union, digital transformation has been elevated from a private innovation agenda to a national imperative. Initiatives including the EU Digital Decade and South Korea's Digital New Deal exemplify the strategic assimilation of entrepreneurship into statecraft. These efforts have recast start-ups into agents of national growth and soft power. Within these developed environments, digital entrepreneurs are sustained by robust infrastructural endowments, abundant capital liquidity, and institutional continuity, allowing them to operate as frontiers of economic renewal and technological sovereignty. The World Economic Forum has estimated that more than two-thirds of new value creation over the next decade could come from digitally enabled platforms. These fields include technology spend, retail, travel e-commerce, insurance e-commerce, information ICT product and service exports, chip manufacturing, and data centers. Global North countries, given their technological and budgetary capacity, have been and will continue to extract more value from digital entrepreneurship, reinforcing their technological sovereignty and embedding entrepreneurial ecosystems into faster economic growth.

Digital Entrepreneurship in Developing Nations

In contrast, LDCs face structural constraints that inhibit the full flourishing of digital entrepreneurship. Multi-lateral initiatives including the United Nations Conference on Trade and Development's eTrade for All and the World Bank's Digital Economy for Africa blueprint have sought to build digital literacy and enterprise capacity; however, the implementation of these programs remains inadequate due to political and financial obstacles and the volatility of emerging markets.

For example, 2023 data from the International Telecommunication Union show that internet usage in LDCs remains below 36 percent, compared to over 90 percent in high-income countries. Meanwhile the World Bank reports that fewer than 20 percent of small and medium-sized enterprises in low-income countries engage in any form of digital trade, and those that do often rely on unstable platforms controlled by foreign firms. These conditions reflect a digital entrepreneurship gap in which the triple barrier of inadequate skills, limited access to capital and weak institutional backing stifles innovation and risk-taking.

The gap in digital entrepreneurship growth is also quantified by composite indices such as the Digital Entrepreneurship Ecosystem Index, which assesses national ecosystems, multiple pillars on technology infrastructure, digital user citizenship, digital multi-sided platform, and digital technology entrepreneurship. Countries that perform poorly on such indices often lack regulatory clarity, interconnectivity, investor readiness, and human-capital support, thereby constraining entrepreneurship even when formal programmes exist.

Concentration of Digital Power and Platform Dependency

Simultaneously, the global digital ecosystem is characterised by increasing concentration of power in a limited number of transnational infrastructures. Within the European Union alone, wherein digital entrepreneurship has largely flourished, the value of digital retail payments surpassed €1 trillion annually by 2023, more than double the 2017 level. This denotes how the payment infrastructure industry is dominated by scale and network-effects worldwide. This structural dynamic creates an environment in which local entrepreneurs may find themselves dependent on global platforms rather than developing parallel competitive networks.

The International Monetary Fund has raised concerns about infrastructure dominance and cross-border spill-overs in digital finance and payment systems. As cloud services, data centres and payment rails become concentrated, the barrier to entry for new entrepreneurs in developing contexts rises. The shift from a fragmented digital ecosystem to one dominated by a few "platform-ecosystems" thus exacerbating global dependency. Though innovation may flourish locally, scaling beyond domestic borders becomes contingent on external platforms and capital.

Emerging Technologies and Challenges

The digital entrepreneurship landscape is rapidly continuing to change, especially influenced by emerging technologies such as generative artificial intelligence, blockchain, and the Internet-of-Things. These tools are increasingly functioning as structural forces revolutionizing how entrepreneurs generate ideas and reach markets. A 2025 systematic review of Gen AI in entrepreneurship identifies new major research clusters such as sustainable innovation, market and business model transformation, and data-driven technological trends, suggesting that the very direction of entrepreneurship is evolving from human ingenuity alone toward algorithmic collaboration. Such technological convergence demands adaptive

infrastructure such as high-speed internet connectivity, seamless data systems, and cloud capacity.

These advances also mean there will be new vulnerabilities to address. Countries without robust digital ecosystems face widening developmental gaps as they struggle to integrate or regulate AI ventures, often constrained by limited infrastructure and skilled labor. The potential risk at stake is both economic exclusion and national dependency on technologies and standards designed elsewhere. Furthermore, technologically advanced jurisdictions are shaping the global innovation landscape, which means newly established laws revolving around technology are often determined by the already existing benefactors. LDCs may not get a say in who benefits from digital entrepreneurship and under what rules. Thus, the challenge for both domestic and international policymakers is to balance innovation and global growth with inclusion. They must work to build environments where emerging technologies can share opportunities without entrenching the divides they were meant to overcome.

Policy Inconsistencies

The governance of digital entrepreneurship remains intertwined with regulatory inconsistencies. While international discourse frequently celebrates "inclusive digitalisation," the frameworks that govern digital trade, taxation, and data protection have been designed primarily around the capacities and priorities of advanced economies. The rules of participation in the digital economy are drafted elsewhere exclusively, often by the very actors that stand to benefit most from their enforcement. For example, the General Data Protection Regulation of the European Union is widely regarded as the standard for global data privacy and has become a de facto entry requirement for participation in cross-border digital trade. However, according to UNCTAD's Data Protection and Privacy Legislation Worldwide report in 2024, only 57 percent of LDCs have enacted any form of data-protection law, and fewer than one-fifth have enforcement agencies capable of monitoring cross-border data transfers. Thus firms from Europe or North America can export digital services globally, while entrepreneurs in countries like Malawi or Chad are excluded from markets due to non-compliance with foreign regulatory standards.

Similarly, trade liberalisation has progressed unevenly. While WTO's Joint Statement Initiative has produced guidelines to facilitate global digital trade, only a handful of LDCs such as Bangladesh, Nepal, and Cambodia are active participants. Most others have refrained, concerned about regulatory sovereignty and the loss of tariff flexibility. These apprehensions are not unfounded. According to the World Bank, compliance with e-commerce provisions typically demands digital customs systems, cybercrime units, and electronic certification frameworks, which fewer than 30 percent of LDCs currently maintain. In this sense, global digital policies operate on what scholars have coined "asymmetric openness", where liberalisation benefits those with pre-existing infrastructure and penalises those without it. Fiscal policy gaps further reinforce this divide; though the OECD/G20 Inclusive Framework on BEPS aims to curb tax avoidance by multinational tech firms, African LDCs lose an estimated $2.5 billion annually due to weak enforcement and auditing.

Models of Partial Success

Despite these looming obstacles, a few select nations have demonstrated that strategic governance, when supported with visionary investment, can recalibrate the digital sphere. Rwanda's ICT Hub Strategy is one such model. Through deliberate public-private partnerships and rapid 4G infrastructure expansion, the nation achieved broadband connectivity exceeding 90 percent within less than a decade. Innovation centres such as kLab and FabLab Rwanda have cultivated ecosystems in e-health, education, and fintech, thereby elevating the digital sector to nearly 6 percent of national GDP by 2022.

Another notable model could be Estonia's experiment in digital sovereignty. In Estonia, 99 percent of public services have been digitalized, and the launch of its globally lauded e-Residency programme has attracted over 100,000 foreign applicants from 170 countries. Through digitalization efforts, the nation has transcended its geographical and resource limitations to demonstrate successful experimentations of e-governance and entrepreneurial openness. These cases affirm that digital entrepreneurship can evolve from a privilege of wealthier nations into a medium for equitable development when sustained by coherent strategy and infrastructural vision.

Past Actions by Nations and Organizations

UNCTAD eTrade for All Initiative

The eTrade for All initiative was established by the UNCTAD. It was one of the first global frameworks for promoting inclusive digital economies. The program brought together over thirty international organisation partners, including the World Bank, WTO, and ITC, to assist developing nations in strengthening e-commerce infrastructure. Through Rapid eTrade Readiness Assessments, UNCTAD supported over forty LDCs in identifying barriers to digital entrepreneurship. While the initiative advanced coordination between donors and governments, its progress has also been hindered by limited implementation capacity within target economies.

G20 Digital Economy Development and Cooperation Initiative

Launched in 2016, this initiative emphasized bridging the digital divide through investment in digital infrastructure and human capital. The G20 promotes public-private partnerships that prioritize digital skills training, particularly for marginalized groups like women and youth. Its multi-stakeholder model encourages innovation-driven economic diversification and regional integration through digital entrepreneurship, supporting sustainable economic development in the global South.

World Bank's Digital Economy for Africa (DE4A) Initiative

In 2019, the World Bank collaborated with the African Union and launched Digital Economy for Africa (DE4A) with the goal of ensuring that every African individual, business, and government is digitally enabled by 2030. With over $2.5 billion invested in e-government systems and entrepreneurship training, DE4A has improved access to digital finance for more than sixty million Africans. However, persistent inequalities in internet connectivity and gender participation continue to challenge the program's inclusivity.

ASEAN Digital Masterplan 2025

Adopted in 2021 by the Association of Southeast Asian Nations, the Digital Masterplan 2025 aims to build a unified regional digital economy through enhanced connectivity and collaborative regulation. The plan seeks to narrow intra-regional gaps by improving e-commerce

interoperability and facilitating start-up collaboration. The progress varies among member states, but ASEAN's coordinated approach has advanced digital inclusion as a regional priority.

Digital India Programme

Launched in 2015, India launched its Digital India initiative to align national policy with technology and inclusive development. The program's key components include Startup India, Digital Saksharta Abhiyan (Digital Literacy Mission), and the Unified Payments Interface (UPI). They together have revolutionized financial access and e-governance. Today, the UPI processes over 11 billion transactions monthly, while rural internet usage has more than doubled since 2016.

China's Digital Silk Road

Introduced under the Belt and Road Initiative, China's Digital Silk Road (DSR) signifies their effort to expand the nation's influence through digital infrastructure investments across Asia, Africa, and Latin America. By financing fiber-optic networks, satellite systems, and e-commerce logistics, the DSR has expanded access to emerging markets while exporting Chinese technical standards. Over 80 countries have now signed cooperation agreements under this initiative. However, concerns regarding technological dependency and data sovereignty remain, creating debates over the long-term implications of such partnerships.

UNDP and UNCDF Entrepreneurship Initiatives

UN committees continue to promote digital entrepreneurship through targeted grassroots programs. The UN Capital Development Fund has financed fintech pilots in nations such as Nepal, Malawi, and Samoa. The UN Development Programme has supported more than 200,000 young entrepreneurs in the Asia-Pacific through its Youth Co:Lab project. The UNDP's global innovation network, covering over 115 countries, has focused on using digital tools to address development challenges, while its Digital X Programme works to connect local startups in LDCs with global partners and funding opportunities.

Stances of Major Countries and Organizations

United States

The United States has been a primary global advocate for open digital markets and innovation-driven economic growth. By taking initiatives such as the Digital Connectivity and Cybersecurity Partnership, the U.S. supports digital infrastructure development and private-sector investment in developing countries. American development agencies such as the USAID have funded capacity-building programs focusing on ICT literacy and e-commerce readiness. The U.S. also promotes fair competition and intellectual property protection to attract global venture capital into LDC markets. It is worth noting that the United States government's emphasis on liberalized digital trade and limited regulation sometimes contrasts with the interventionist approaches favored by other states.

China

China's stance emphasizes state-led digital transformation and South-South cooperation. Under the framework of the DSR, China has invested heavily in fiber-optic networks, cloud infrastructure, and digital payment systems in LDCs across Africa and Southeast Asia. The China-Africa Cooperation Forum has provided billions in concessional loans and technology transfer agreements, which has enabled partner nations to access 5G and data center technologies. The government of China advocates for "digital sovereignty", arguing that each nation should define its own regulatory framework without external interference. This stance aligns with China's broader model of development assistance that entwines infrastructure financing with long-term strategic partnerships.

India

India is considered as a role model for affordable digital innovation in the Global South. Its Digital India and Startup India initiatives are notable templates for building low-cost and high-impact entrepreneurship domains. Through the India-UN Development Partnership Fund, New Delhi provides technical aid to LDCs for e-governance, digital payments, and mobile-based health and education systems. India actively shares its Unified Payments Interface (UPI) model and open-source digital public goods through the India Stack platform. Its foreign policy

prioritizes capacity-building over direct aid, seeking to help other developing countries replicate India's success in fostering grassroots entrepreneurship through technology.

Germany

Germany's position prioritizes capacity-building and sustainable digital transformation. Through the German Agency for International Cooperation (GIZ) and the Digital Transformation Centers established across Africa and Asia, Berlin focuses on developing digital skills and supporting tech startups through harmonized regulation. The Marshall Plan with Africa and Make-IT Initiative have provided mentorship and funding to over 500 digital entrepreneurs across LDCs. Germany's approach emphasizes environmental sustainability and social equity. Their objective remains in ensuring that digital progress contributes to long-term resilience.

Rwanda

Rwanda represents one of the most successful LDC cases of digital transformation. Its Vision 2050 and Smart Rwanda Master Plan integrate ICT into sectors such as education, agriculture, and finance. With support from the World Bank, Rwanda has launched the Kigali Innovation City, a plan designed to incubate startups and attract investors. The government has also prioritized gender-inclusive entrepreneurship through the Digital Ambassadors Program, which has trained over 25,000 citizens in ICT literacy. Rwanda internationally advocates for fair technology transfer, emphasizing that equitable access to knowledge and digital tools is essential for the self-reliance of developing nations.

Possible Solutions

Expanding Technological Infrastructure and Access

Expanding digital infrastructure is the most obvious and fundamental step toward enabling entrepreneurship in developing economies. Governments should prioritize investment in nationwide networks, particularly in rural and underserved areas. This can be effectively achieved through partnerships with private telecom operators and international donors. Financially, joint funding from entities can ensure individual LDCs receive capital support for

infrastructure building or coordinate a fund specifically dedicated to supporting LDCs' infrastructure projects. Technology-specific entities of developed nations—both private and public—can aid in transferring expertise and skill in order to accelerate their adoption in LDCs.

For long term growth, beyond the quality of technology, infrastructure policy should emphasize affordability of such technologies, as universalized digitalization has proven to improve their potential in business building. Governments can work to establish tiered pricing models for internet access and support community Wi-Fi networks through local cooperatives. Effort must also be made to ensure that energy supply, server maintenance, and cybersecurity infrastructure are sustainable. This means, while foreign aid to building infrastructure and access is important, it is equally crucial to prevent long-term dependency on foreign contractors. The creation of innovation hubs under UNIDO or ECOSOC can further serve as incubators where small entrepreneurs gain and create independent access to shared digital tools and workspace.

Promoting Government Innovation Initiatives

National digital transformation strategies often struggle at the local level, where entrepreneurship actually begins. Municipal and provincial governments should be empowered to implement local digital entrepreneurship strategies that reflect community needs. Governments should look to hosting hackathons, design sprints, and civic-tech challenges to foster cooperation between its citizens. Case studies such as ThüCAThon demonstrate how such initiatives can mobilize entrepreneurs and generate socially relevant innovation. To sustain such momentum, governments should provide structured follow-up support, including incubation grants, patent assistance, and "idea recycling" mechanisms that allow unselected projects to find new hosts or collaborators. National and international ministries can support these efforts by offering small innovation grants or matching funds for local projects that align with broader digital transformation goals. Encouraging collaboration between local authorities and national innovation agencies ensures that progress at the municipal level contributes directly to national development objectives.

Finance and Investment Cooperation

Access to capital is a decisive determinant of entrepreneurial growth. To address the chronic underfunding in LDCs, can establish Digital Entrepreneurship Agencies to centralize

funding programs and attract foreign investors. Under the guidance of UNCTAD and UNDP, these agencies can create financing mechanisms that encompass state-backed grants, multilateral loans, and private venture funds. Successful precedents include Kenya's iHub, supported by Google and the Omidyar Network, and Rwanda's Innovation Fund. These efforts mobilized over $100 million in blended financing for startups from foreign government and private investors. To encourage similar models in developing regions, countries can collaborate with the World Bank's IFC and the Asian Infrastructure Investment Bank to establish regional venture platforms that pool resources from multiple states.

At the national level, governments may be encouraged to offer tax incentives to banks and investors who support start-ups. Regionally, nations can collaborate to harmonize financial regulations for crowdfunding and digital payments, ensuring that cross-border investments are safe and transparent. Because trust plays an immense role in the movement of capital, it is also critical that unambiguous and transparent financial regulations are entact, thereby enabling investors to funnel in their capital without unnecessary risk. Cooperative regulatory frameworks for equity crowdfunding and digital payment systems could help enable cross-border investment by small donors and diaspora networks. By linking national funding structures to international financial domains, governments can make startup financing transparent and self-sustaining.

Building Education and Human Resource

Human capital inevitably remains the most vital pillar of digital entrepreneurship. Though neither tangible nor quantifiable, they are the very means by which businesses birth and grow. Thus governments should cooperate with UNESCO, UNDP, and the private sector to develop digital literacy education that includes entrepreneurship, coding, and data analytics into public education available for all. Higher education institutions can partner with multinational technology firms to offer joint degree or certification programs in fintech, AI, and e-commerce management, as seen in Rwanda's partnership with Carnegie Mellon University Africa.

To enhance teaching capacity, international efforts could establish training fellowships for the educators themselves, enabling those from LDCs to study at partner universities and return as national instructors. Special scholarships and accelerator programs for women and marginalized groups can further ensure equitable participation. Cooperation between ministries of education,

labor, and technology will allow graduates to transition directly into innovation-focused employment. This would reinforce the link between learning and entrepreneurship and allow independent, sustainable growth while adding to the domestic economy.

Regulation and Policy Frameworks

As mentioned in the financial component of possible solutions, policy design is essential for reliable and fair digital markets. Beyond the finances, governments should enact business policies to legally recognize online enterprises and protect them from corruption, data misuse, and unfair competition. At the regional level, states could collaborate through Digital Governance Forums, coordinated by UNCTAD or OECD, to pursue rightful security standards. These forums could foster mutual recognition of digital policies and digital taxation norms, thus reducing regulatory fragmentation and enabling startups to scale across borders. Developing countries, in particular, would benefit from capacity-building programs designed to align domestic digital regulations with global practices. Domestically, governments should enhance transparency through blockchain-based public procurement systems, reducing corruption in startup funding and grant allocation. National legislation should further clarify responsibilities in data management, ensuring that user information is handled ethically and securely. Strengthening anti-trust oversight in cooperation with regional competition commissions will also help prevent monopolistic practices by dominant technology firms. By updating competition laws to address algorithmic pricing, digital mergers, and platform monopolies, governments can create a level playing field that fosters fair competition and consumer choice.

Questions to Consider

- Why is entrepreneurship important?
- How might digital entrepreneurship contribute to the achievement of the UN SDGs?
- What barriers do LDCs face in building resilient technological infrastructure?
- What barriers do LDCs face in fostering supportive human capital?
- What barriers do LDCs face in acquiring financial support for entrepreneurship?
- What policy incentives could encourage venture capital firms to invest in digital enterprises based in LDCs?

- How can LDCs receive assistance and investment without creating excessive dependency?
- What regulatory measures can ensure that the rapid growth of digital entrepreneurship in LDCs does not exacerbate inequality or compromise data privacy or fair competition?
- How can education and vocational programs be designed to build a digitally literate workforce while ensuring accessibility to women, youth, and underrepresented groups?

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