

ECONOMIC AND FINANCIAL COMMITTEE

BACKGROUND GUIDE

A world map in shades of blue and white, centered on the Atlantic Ocean. Overlaid on the map is the NHSMUN 2010 logo, which consists of the text "NHSMUN" and "2010" flanking a circular graphic of white squares arranged in concentric, slightly offset rings.

NHSMUN 2010



NATIONAL HIGH SCHOOL MODEL UNITED NATIONS

The 36th Annual Conference • March 17-20, 2010

October 2009

Lisa Cuesta
Secretary-General
University of Pennsylvania

Jerry Guo
Director-General
Dartmouth College

Ryan Burke
Conference Director
University of South Carolina

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Under-Secretary-General
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Chris Talamo
Under-Secretary-General
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Dear Delegates,

Let me be the first to welcome you to the 2010 National High School Model United Nations Conference! My name is Max Ross, and I serve as the Under-Secretary-General (USG) of the General Assembly Mains Committees (GA Mains). As far as my duties as USG are concerned, I stay heavily involved with your Directors, Assistant Directors, and Chairs during both the preparation and simulation parts of the conference. Essentially, my job is to ensure that all aspects of the GA Mains committees run smoothly, from the time that topics were selected last spring to the time that actual debate takes place in committee this winter. You will soon see for yourselves that your dais is both exceptionally talented and extremely dedicated, and there is no doubt that this will be reflected in your experience at the conference. My advice to you: come well prepared, have an open mind, and get as much out of the experience as you possibly can! The conference will only be as great as its delegates are, and I have no doubt that all of you will help make NHSMUN 2010 productive and enjoyable for all.

Now, a little bit about myself: I was born and raised in New Jersey, and despite the bad rap that out-of-state residents frequently give it, I would never want to grow up anywhere else! I'm currently a junior at Dartmouth College in Hanover, New Hampshire, where I'm studying Romance Languages and International Studies. I have a number of hobbies and passions, but none is quite as thrilling as the airing of a new episode of *LOST*. That's right—if you would ever like to discuss theories, characters, or your favorite scenes of what I consider to be one of the finest shows in the history of television (or if you are not a *LOST* fan and need someone to explain why it is a valuable time investment), please contact me!

Including my years as both a delegate and staff member, this year's conference will be my seventh consecutive NHSMUN, six of which I have spent on GA Mains. Needless to say, I am very fond of these larger committees. I greatly enjoy the diverse perspectives that surface during debate, and I'm sure that this year will be no exception. Although I will not be sitting on the dais, I will be floating around the different GA Mains committees and ensuring that everything is going smoothly. I will be highly accessible throughout the conference, and if you see me walking by, please stop me and introduce yourself!

Your esteemed Directors and Assistant Directors have been hard at work for the past year working with the rest of staff to ensure that you will have the best experience possible at the conference. I'd like to ask all of you to put effort into these topics and to respect the mission of our conference and the integrity of our staff.

I'm very excited to meet all of you in March! Until then, please feel free to contact me at the email address or telephone number below with any questions or concerns that you may have.

Sincerely,

Max Ross
Under-Secretary-General, GA Mains
maxross03@gmail.com | (732)-859-6466



NHSMUN is a project of the International Model United Nations Association, Incorporated (IMUNA). IMUNA, a not-for-profit, all volunteer organization, is dedicated to furthering global issues education at the secondary school level.



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Chris Talamo
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Dear Delegates,

Welcome to NHSMUN 2010! My name is Oliver Kempf, and I will be the director of the Economic and Financial Committee (ECOFIN). I've been with NHSMUN for four years, and I'm just as excited for this year's conference as I was for my first.

Life outside of NHSMUN, while enjoyably limited, is filled with a decent balance of work and play. I am currently a sophomore at Boston University majoring in Aerospace Engineering. This academic endeavor comes with the aspiration of becoming an astronaut and joining NASA for its first manned mission to Mars. I also do radiation and Alzheimer's research at the Boston University Photonics Center. In my spare time, I feed my internet addiction (retweeting TFLN is my guilty pleasure), watch inordinate amounts of television (horror movies anyone? or maybe some Will and Grace?) and consume a variety of consumables (predominantly food, with Apple products and museum derived knowledge a close second).

NHSMUN can be extremely daunting, for even the most seasoned Model UN-er, and ECOFIN even more so. However, I know that with preparation and self-confidence you will experience the most amazing of adventures. I am here to help facilitate such an adventure so feel free to contact me with any questions, comments, or concerns; I will be extremely happy to hear from you. I look forward to working with and getting to know each and every one of you. I have the utmost faith that this year's conference will be the most productive yet, and therefore, also the most rewarding.

Best,

Oliver Kempf
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Bard College
Annandale-on-Hudson, NY 12504



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A NOTE ON RESEARCH AND PREPARATION

Delegate preparation is paramount to a successful and exciting National High School Model United Nations 2010 Conference. We have provided this Background Guide to introduce the topics that will be discussed in your committee; these papers are designed to give you a description of the topics and the committee. They will not give you a complete description of the topic areas and they will not contain the most up-to-date information, particularly in regards to rapidly evolving issues. We encourage and expect each delegate to fully explore the topics and be able to identify and analyze the intricacies of the issues. Delegates must be prepared to intelligently utilize their newly acquired knowledge and apply it to their own countries' policy. You will find that your state has a unique position on the topics that cannot be substituted for or with the opinions of another state.

The task of preparing and researching for the conference is challenging, but it can be interesting and rewarding. We have provided each school with a copy of the **Delegation Preparation Guide**. The Guide contains detailed instructions on how to write a position paper and how to effectively participate in committee sessions. (**Note:** some position papers have unique guidelines that are detailed within respective committees' Background Guides.) The Guide also gives a synopsis of the types of research materials and resources available to you and where they can be found. A brief history of the United Nations and the NHSMUN conference are also included. The annotated rules of procedure complete the Delegate Preparation Guide.

An essential part of representing a nation in an international body is the ability to articulate that state's views in writing. Accordingly, it is the policy of NHSMUN to require each delegate (or double-delegation team) to write position papers. The position papers should clearly outline the country's policies on the topic areas to be discussed and what factors contribute to these policies. In addition, each paper *must* address the Research and Preparation questions at the end of the committee Background Guide. Most importantly, **the paper must be written from the point of view of the country you are representing at NHSMUN 2010** and should articulate the policies you will espouse at the conference. All papers should be typed and double-spaced. The papers will be read by the Director of each committee and returned at the start of the conference with brief comments and constructive advice.

You are responsible for sending a copy of your paper to the Director of your committee. Additionally, your delegation is responsible for bringing a bound copy of all of the position papers—one for each committee to which your school has been assigned—to **the conference** (to be submitted during registration). Specific requirements of the bound copy have been sent to the faculty advisor/club president. In addition to position papers, each delegation must prepare one brief summary statement on the basic economic, political, and social structures of its country, as well as on its foreign policy. Please mail country summary statements to the Director-General of NHSMUN 2010 at the address below. All copies should be **postmarked** no later than **February 16th** and mailed to:

Jerry Guo, Director-General
Hinman Box 658
Dartmouth College
Hanover, NH 03755

Oliver Kempf, Director
Bard College
Annandale-on-Hudson, NY 12504

(Country Summaries)

(Individual papers)

Delegations are required to mail **hard copies** of papers to the Director-General and Directors.
NHSMUN Staff will not consider e-mail submissions as an adequate substitution.

Delegations that do not submit position papers to Directors or Summary Statements to the Director-General will be ineligible for awards.

COMMITTEE HISTORY

The Economic and Financial Committee (ECOFIN) is the second of the six General Assembly Main Committees in the United Nations (UN). The Second Committee was created as a standing committee to “promote international co-operation in the economic field,” as outlined in Article 13 of the United Nations Charter of 26 June 1945 (“Charter” 13). According to its mandate, ECOFIN addresses issues including macroeconomic policy, financing for development, sustainable development, human settlements, poverty eradication, globalization and interdependence, operational activities for development, and information and communication technologies for development. The committee discusses each topic during every session, in addition to topics specified by the General Assembly, which are chosen based on contemporary need.

As with all General Assembly Main Committees, all 192 UN Member States are represented in ECOFIN. As such, ECOFIN allows for deliberations amongst the entire international community, not just certain countries, which is often the case in other international economic organizations like the World Trade Organization (WTO), the World Bank Group, the UN Conference on Trade and Development (UNCTAD), the International Monetary Fund (IMF), and the UN Development Programme (UNDP). Whereas these organizations consist of a considerably limited constituency, the Second Committee is not at all exclusive, giving voice to developing countries and other groups that are underrepresented in the other economic organizations. ECOFIN often discusses the same topics as these organizations and employs their advice during deliberations, but its aspect of inclusivity sets it apart from any other organization. ECOFIN resolutions are forwarded to the UN Plenary Session, where they are put to a majority vote of the entire General Assembly. To this effect, ECOFIN documents carry a greater global reach than those of its companion organizations.

Topics from the Second Committee’s most recent session include the issue of groups of countries in special situations (Least-Developed Countries, LDC’s, and Land-Locked Developing Countries, LLDC’s), the question of sustainable development, and the conflict involving international trade and external debt (A/C.2/63/1).

SIMULATION

The Second Committee is one of the largest committees of both the United Nations and NHSMUN, as it includes each of the 192 Member States. As such, parliamentary procedure will be used throughout the process, to ensure that a committee of such size remains focused on the topic at hand and can deliberate through smooth debate. The goal of the committee is to pass one or more resolutions that reflect a compromise of all delegates' views and opinions.

Delegates will discuss a topic through formal debate, under which a speaker's list will determine the order of participation. The speaker's list is established at the beginning of the first committee session, and speakers can be added until the committee begins its voting process. Essentially, the speaker's list is a record of delegations wishing to speak and the order in which they will be called to do so. Debate will also occur in moderated and unmoderated caucuses at the request of individual delegations and the discretion of the presiding Dais member. In a moderated caucus, the presiding Dais member will call upon volunteering delegations to speak on a subtopic chosen at the time the caucus is established. Unmoderated caucus allows for free discussion of the topic, where delegations will be allowed to move about the committee chamber and directly interact with other delegations.

At all times, the committee will be moderated by at least one member of the Dais. The Dais is comprised of three individuals: the Director, the Assistant Director, and the Chair. The Director is in charge of moderating the committee, addressing the delegates' substantive questions and work, and communicating with the NHSMUN secretariat. The Assistant Director is in charge of assisting the Director in these duties. He or she will call roll at the start of each session, moderate throughout the simulation, and assist delegates with substantive questions that may arise. The Chair is a former NHSMUN secretariat member charged with providing parliamentary expertise through moderation and deliberation.

The Second Committee has immense potential to produce significant work in the form of working papers and draft resolutions. However, the committee's size also demands decorum. To ensure an accurate and engaging simulation, both the Dais and the delegates must have mutual respect. The Dais will work to promote the voicing of all opinions and will look to the delegates to make the most of their speaking time. The Dais will also look to the delegates to create a stable environment for productive debate by maintaining focus and avoiding distractive behavior.

Preparedness is the single most important aspect of NHSMUN. Delegates should be well versed in parliamentary procedure to allow for continuous flow of debate. The Delegate Preparation Guide will be vital to this cause. Delegates should also be knowledgeable in both topics, as in most cases the committee will only have time to undertake one of the two in great detail. However, the topics are interlinked and a basic knowledge of one and an expert knowledge of the other will still enhance the experience. A deep understanding of the topics produces better debate and better resolutions. All members of the dais will do their best to make the simulation as productive and enjoyable as possible.

Something that will aid in delegate preparation is a new program NHSMUN is starting this year: blogs. Each Director and Assistant Director will maintain a committee blog covering new developments and critical analysis of issues related to the topic. Delegates are encouraged to comment on the staff's posts and ask questions; starting a dialogue before the conference will lead to more comprehensive and effective solutions. View the committee blog at:

<http://nhsmun2010ecofin.wordpress.com>

The staff will update the blog at least three times a month. **Delegates are highly encouraged to stay updated on new posts and whatever information the dais provides.**

ALTERNATIVE METHODS OF FINANCING DEVELOPMENT

TOPIC A

INTRODUCTION

On 8 September 2000, the world's leaders adopted the United Nations Millennium Declaration in an effort to establish a global partnership for development with the objective to create a "more equitable world economy" (SG/SM/7540). By 2015, the world vowed to end poverty and hunger, achieve universal education, promote gender equality, improve health and combat disease, and ensure environmental sustainability (A/RES/55/L.2). After almost a decade since these goals were envisioned, the deadline has been deemed unrealistic. Now as developing states face a projected 1.6% economic contraction for 2009 (GDF 2009), there is some fear the world will regress towards a far less equitable state, as financing for development is a significant casualty of this contraction.

In 2000, the primary barrier to producing sustainable development was the mobilization of financial resources to fund development. Highly regulated economies, debt, ineffective aid, and corruption were among a number of barriers causing significant funding misappropriation, hindering resource mobilization. Today, these gaps remain and grow as international capital inflows to developing countries freefall. In 2007, international capital inflows peaked at US\$1.2 trillion, falling to US\$707 billion the following year and are projected to fall again to US\$363 billion in 2009 (GDF 2009). These inflows are the single most significant agents of development, as they include investment, credit, and foreign aid. In effect, their freefall has caused economic growth in developing countries to drop to 1.2%, down from 8.0% in 2007 (GDF 2009).

Fundamentally, development enables people, and in turn states, to compete and prosper in the global economy. With the international poverty line at US\$1.25 a day per person, 1.4 billion impoverished, 1 billion illiterate, and 800 million diseased and undernourished people have little hope of enablement without a continued global effort to finance development (Shah "Poverty"). These people lack the resources, both financial and social, to progress beyond the simple struggles of daily life. Financing development entails the creation of financial and social plans that effectively obtain and utilize financial and social resources to produce development.

However, conventional methods of financing for development, such as official development assistance (ODA - more commonly known as foreign aid), proved ineffective in the past and are currently being abandoned; simply throwing money at problems by designating funding is lacking in sustainability. As the adage goes, it is better to teach a man to fish rather than simply giving him the fish. ODA must be rethought as being part of a larger, enabling effort rather than the only effort.

Initiatives that combine funding and social reform have proven to stimulate sustained growth and offer multifaceted aid, in that they both encourage social and humanitarian change as well as fiscal support. These innovations to conventional, stand-alone financing have had minimal consideration as a mechanism for development. However, political and academic sources have recognized them as the primary source of funding in recent years ("UN Summit"). Therefore, the world must seek out and build upon alternative methods of financing for development to ensure that global enablement occurs and the Millennium Development Goals see fruition.

HISTORY AND DESCRIPTION OF THE ISSUE

The first International Conference on Financing for Development was held from 18-22 March 2002 in Monterrey, Mexico. It was the first significant effort on the topic of financing for development after almost two decades of isolated discussion and effort. As a result, a global coalition of more than 60 states was formed "to eradicate poverty, achieve sustained economic growth, and promote sustainable development as [the world] advanced to a fully inclusive and equitable global economic system" ("Monterrey Consensus" 5).

The Monterrey Consensus, crafted and adopted by the Conference, focused predominantly on resource mobilization through national efforts supported by international capital flows. However, the post-conference media reports highlighted that no “concrete commitments” were made to help developing nations (“Little Promise”). It was proposed that developed nations devote 0.7% of their GDP to development aid to counteract falling global financial aid figures (“UN Summit”).

The Follow-up International Conference on Financing for Development was held from 29 of November to 2 December 2008 in Doha, Qatar to review the implementation of the Monterrey Consensus. Since Monterrey, the goal of 0.7% GDP commitment fell short, peaking at 0.3% in 2008 (Shah “US”). Acknowledging this shortfall, the conference crafted and adopted the Doha Declaration on Financing for Development. The document reaffirmed the global commitment to the Monterrey Consensus and a 0.7% GDP commitment for ODA. As with Monterrey, systemic issues were largely neglected and no firm commitments were made.

While global efforts continue to fail in scope and action, national and private efforts have produced remarkable results. These alternative methods for financing development have utilized investment, credit, and foreign aid to establish sustainable financing. It is now a means of bringing forth cooperation on the subject, so that effective initiatives can be evaluated and implemented in various capacities throughout the world. Funding will always remain a necessity, but reform of the method in which aid is invested will be of equal, if not greater, importance to development in the future.

Investment and Reform

Foreign direct investment (FDI) and its effect on economic growth and development have been heavily debated topics for decades. Studies have shown both positive and negative effects to the receiving nation. With FDI increasing at yearly rates of 30% into developed nations and 21% into developing nations, thorough cooperation between the investor and the host nation are vital to preventing adverse results such as imperialist investment practices (“World Investment Report” XV). FDI coupled with market-wide reform has been shown to produce outstanding economic growth and encourage sustainable national and international development on unprecedented scales. Successful procurement and use of FDI has also led to dramatic increases in South-South cooperation, or the trading of resources between developing countries, a practice conducive to development.

Case Study: China

The People’s Republic of China (PRC) has the second largest economy in the world. It is also the fastest-growing economy in the world, with an average growth rate of 10% per year (“Chinese Economy”). According to the International Monetary Fund’s (IMF) World Economic Outlook Database, China remains on the list of developing countries as of April 2009. However, various sources predict that China will graduate from the list within the next two decades, a feat attributed to the aforementioned economic growth.

The most significant force behind China’s growth was economic reform geared toward the opening of its markets to the global economy. This liberalization placed a major focus on attracting FDI, as it was seen as a mechanism for development through technological and financial cooperation. China’s first steps involved the opening of economic zones and the easing of government control. Preferential treatment policies were also established, granting tax concessions and special incentives to multinational companies investing in China. Local zone governments acknowledged the need for improved infrastructure to attract FDI, and this built new transportation capacities. Further, free-market decentralization ensued with the allowance of local zone preferential treatment policies.

The “open-door” reforms successfully made China the largest recipient of FDI among developing countries and were the driving force behind China’s rapid development at the outset of the 21st century, as financial resources became available in great quantities (Tseng 68). Ultimately, reform is key to safely attracting FDI, as Malaysia followed China in announcing similar economic liberalization measures that have led to the

obtainment of RMB (Renminbi- the Chinese currency) 4.2 billion (roughly US\$1.2 billion) in FDI for the first half of 2009 (“Malaysia”).

Furthermore, the Institute for International Economics confirms reform’s role. The conclusion of their study of FDI concerning development reads, “countries with low barriers to trade and few restrictions on operations... can increase the efficiency of existing economic activity and introduce new activities with strongly favorable effects on the host country” (“Promote Development”). Countries that allow for predominantly uninhibited activity are proven to experience benefits produced by tremendous amounts of experimental initiatives devised by foreign multinational corporations or individual investors.

Credit and Debt

Uganda spends an average of US\$3 per person on healthcare while spending US\$15 per person on servicing debt (Carrasco et al.). This is not a unique case, as most, if not all, indebted poor countries experience debt as a significant hindrance to social and economic development. Cyclical indebtedness is due to high interest rates and shrinking economies, which cause the debt to grow exponentially rather than diminish. Between 1970 and 2000, developing debt saw an increase of 400% from US\$500 billion to US\$2 trillion (Carrasco et al.). Specifically, African states paid back US\$540 billion in loans to the United States in 2002, but they are still burdened with US\$295 billion in interest (“Jubilee 2000 – UK”).

Debt forgiveness is rapidly growing as a primary form of debt relief. Jubilee 2000, founded in 2000 as a coalition of 40 states, campaigns for the offering of debt forgiveness to developing states. They hope that by removing the shackles of debt, these once indebted countries can jump-start their economies and social development. The epitome of this campaign’s success is Jubilee 2000’s work with the Heavily Indebted Poor Countries Initiative (HIPC). In 2005, the two programs were able to achieve 100% debt cancellation for the Republic of Zambia. As a result of the debt cancellation, Zambia was able to provide free healthcare to all rural citizens and hire over 4,500 teachers (“Jubilee 2000”).

While debt is a leading cause of regression, credit is still a viable method of development when considered on regional and increasingly small scales. The Republic of El Salvador mandates that companies reform their operations to meet environmental standards. To finance these reforms, the government has worked with the United States Agency for International Development (USAID) and Citibank de El Salvador to guarantee substantial and fair lending initiatives. For example, *Agroindustrias San Julian*, a family owned dairy processing company, was plagued with low quality and spoiled products due to lack of refrigeration. In 2006, a US\$300,000 loan allowed the company to invest in new filtration systems, refrigerated trucks, and wastewater management (“Credit Guarantees”). As of 2008, the company has saved US\$250,000 in costs and has been certified by the US Food and Drug Administration (“Credit Guarantees”). Increased profit and decreased costs have allowed the company to repay significant portions of the original loan without significant bottom-line strain or cutbacks.

Foreign Aid and Nonprofits

During the past four decades, the developed world has spent US\$2.74 trillion in ODA (Shah “US”). Critics, including the United Nations Economic and Social Council (ECOSOC), argue that ODA is hampering development because it is not focusing on economic infrastructure (Shah “US”). As more is allotted to supplying rather than reforming systems and little development is observed, the reality of ODA’s shortfall is clear. However, a number of non-governmental organizations (NGOs) funded by ODA have been successful in using their funding effectively and progressively by providing systems that maintain themselves and improve through the development of the surrounding community.

Case Study: Malawi

In Africa, malaria kills a child every 30 seconds (“Real Lives”). Protection from this deadly disease is as simple and inexpensive as a US\$3 mosquito net (“Real Lives”). The usage of these nets was estimated at 8% of the

population in 2000 (“PSI Malaria Control”). Of this 8%, a significant portion of the usage included fishing, personal construction projects, and other non-health related uses. The 8% in use were supplied by ODA initiatives designed to simply disburse aid. Sustainable initiatives that use ODA for start-up costs rather than simple disbursement to the general population have proven far more effective in producing development.

In 2000, Population Services International (PSI), a nonprofit based in Washington, D.C., established a sustainable initiative in Malawi called Malaria Control. PSI, through ODA funding, began by selling mosquito nets commercially to the wealthy urban Malawians for US\$5. The profit from these private sector sales allowed for nets to be subsidized to US\$0.50 and sold in countryside antenatal clinics to those most vulnerable to malaria. Nurses selling the nets were given US\$0.09 per net sold to ensure that the nets remained in stock (Easterly 13). Health centers selling the nets were given 20% of the profit to be allocated towards development projects focused on health (“Real Lives”). Projects included the powering of a health facility, the repair and modernization of access roads, and the construction of drinking water wells in villages outside of Kasungu, Malawi.

Malaria Control sold roughly 3 million nets by 2004 increasing mosquito net use from 8% to 55% (“PSI Malaria Control”). Selling rather than donating the nets instilled a sense of value, got many people involved in the cause and assured that less would be wasted for non-health related uses. The increase in usage between 2000 and 2004 cut malaria cases by nearly 50% (“Fight Malaria”). In addition, the program’s utilization of commercial sales encouraged self-sustainability. The program was eventually nationalized in 2002. What has been dubbed the “Malawi model” is now spreading throughout the African continent (Easterly 14).

Transparency and Accountability

According to the United Nation’s Conference on the World Financial and Economic Crisis, “illicit financial flows are estimated to amount to several times global ODA and have a harmful effect on development financing” (A/CONF.214/3*). The misuse of capital and political power occurs on international, national, and individual levels and reduces the effectiveness of financial initiatives and development as it causes the loss of significant amounts of financing, often time increasing indebtedness. Donor-recipient priorities based on donor interest can lead to the allotment of aid where it is not necessarily needed -- aid is provided with the intention of donor profit or benefit rather than recipient aid. On local levels, corruption directly prevents development. For example, random extortion of poor households by local police can prevent those households from being able to afford education expenses.

The 2005 High-Level Forum held in Paris, France produced the Paris Declaration on Aid Effectiveness. The document introduced the concept of mutual accountability, a system by which partners, or recipients, and donors could establish transparent relations to finance development. The underlying idea behind mutual accountability is continual indication of progress. The partner and the donor jointly assess progress through a number of indicators to ensure transparency. Individually, the partner must involve a number of other partners to assess progress and the donor must offer continuous updates on financial flows. This form of relations allows for the partner to put forth demands and ensure their full achievement if agreed upon by the donor.

While mutual accountability has immense potential, it lacks funding and support for proper implementation as it is still considered an emerging practice. However, its pursuit can provide an environment of “trial and error” learning that is highly equitable for all involved parties and therefore, should be exploited to its full capacity.

CURRENT STATUS

From 24-26 June 2009, world leaders convened at the United Nations Headquarters in New York City, USA, for the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development. The conference acknowledged the adverse effects of the current economic crisis on developing countries and expressed a serious concern for rapid regression as FDI levels dwindled, access to

credit and financing decreased across the globe, and nations' abilities to supply developmental services such as health and education disappeared (A/CONF.214/3*). It also recognized the crisis as a significant barrier to developing states' achievement of the MDGs (A/CONF.214/3*).

The outcome document of the conference encourages increases in capital flows coupled with significant systemic reforms. This is meant to bring about global recovery from the current economic crisis. It is also meant to prevent future crises. These reforms include increased participation of developing states in such financial organizations as the World Bank and the International Monetary Fund (IMF). Greater developing state participation will allow for the effectiveness of dialogue, initiatives, lending, and overall development financing. Reform of regional and small-scale development banks is also a high priority. The purpose of banking reform is to strengthen their ability to provide development assistance by providing liquid credit markets, reinvestment opportunities, and safe havens for assets.

At its core, the conference highlighted a number of aspects of development finance that have been instrumental in accommodating alternative methods. Reform of financial systems, economic policies, and operational and procedural standards are capable of establishing stability and strength that attract unprecedented international financial flows. It is a matter of developing a system for these methods to be offered to a greater audience, in turn providing improvements and adaptations that could benefit the global environment on financial and social levels.

BLOC POSITIONS

During the global financial and economic crisis, all countries felt the impact of regressive liquidity shortfalls. Developed states were the initial casualty and remain, to the present day, the hardest hit. However, they have also had the ability to easily counteract the adverse effects of the crisis since its origination. Developing states have just recently begun feeling the effects and continue to face an unsure market with fewer remedial options. While all agree that reform of the global financial and economic systems is the key to ending the current crisis, a significant divide has developed that is linked to bloc positions on financing for development.

Developed Countries

The developed world has rapidly lost interest in the MDGs and the devolving state of many developing nations. Developed countries are primarily concerned with retaining their economic prowess in the global economy amidst the current economic crisis. Funds and efforts are allotted to alleviate adverse effects and jump-start developed economies in crisis. For instance, many economies pursued a Keynesian agenda to combat the drying of the credit market after the fall of 2008. As one might already be aware, countries are limited in the size of their economic surplus and/or recovery plan because printing too much money leads to an increase in inflation, devaluation of the currency in the foreign exchange market, and a potential reduction in capital inflows. Therefore, international ODA must be reduced on the books of developing nations, as they can only stretch their currencies so far, especially when pursuing domestic monetary expansion policies. In some cases, international stimulus is a buttress to domestic stimulus, acting only as a political and economic benefit to the donor nation. While developed countries tend to not discriminate against the use of ODA for self-interested ends, the international community is aware of its detracting benefit and spots insincere altruism with a keen eye.

At this present junction, developing countries are shy to commit financial resources and consequently would support alternative options for financing: increases in private sector FDI into developing countries, government reform to improve investment security, increases in NGO involvement, and extending repayment periods on foreign debt to name a few. Inventive suggestions should be at the forefront of the minds of delegates representing a developed country. The world continues to look at the economic powerbrokers for continued assistance and guidance in the rough waters of a global financial system that the developed countries ultimately came to create.

Developing Countries

The developing world faces far greater consequences if the economic crisis is to continue. While not experiencing noteworthy losses at the outset of the current economic crisis due to their less intertwined credit markets, development finance has seen severe losses in the past and regression is rapidly bringing about development setbacks and turnarounds, the near derelict Millennium Development Goals included. The developing world would like to promote increased financing and significant reform of the global financial and economic systems. They seek greater equality, a less skewed playing surface for their global participation rather than the current hierarchal structure that seems to be stacked against them. Specifically for financing development, they will have to become increasingly reliant on South-South cooperation as the global North loses ability and will to aid the global South.

Developing countries need to be proactive on this topic. In-house reform, the creation of new regional stock markets for investment and the acquisition of capital, and openness to the suggestions and expertise of NGO are just some of the many directives a developing country can encourage through free-market policy and action.

NGOs and Other Independent Voices

NGOs and other independent voices are the leading proponents of alternative methods for development finance. They provide objective viewpoints and push for solutions that are, albeit alternative, common sense. These proposed solutions have recently been compiled in a document entitled “Impossible Architecture; Why the Financial Structure is Not Working for the Poor and How to Redesign it for Equity and Development” (“Impossible”). NGOs and other independent voices have also been the primary instigators and providers of alternative methods for financing development, efforts which have been highly successful and productive. It would behoove developing countries to instigate partnership with NGOs, or vice-versa.

COMMITTEE MISSION

The deadline for the achievement of the Millennium Development Goal’s is 2015. While having passed the midway point, the globe finds itself no closer to an equitable world economy. The number of impoverished and extremely impoverished continues to rise as plummeting international capital flows cause adverse effects in the developing world. Simultaneously, the shrinking credit market narrowed the road that capitalism’s proverbial eighteen-wheeler continues to barrel down. Developing countries that have made progress face the possibility of losing this hard earned progress, facing the possibility of being added to the list of least developed countries.

Development finance is vital to securing the possibility of future progress. The globe has already acknowledged the importance of alternative methods for development finance at the June 2009 Development Conference by highlighting the importance of many financing and development aspects central to the aforementioned alternative methods. Ultimately, the true potential of these methods has been underestimated. As shown by recent initiatives, capital flows coupled with reform have the ability to produce significant and sustainable development, once, and this is the case in only a select amount of countries, external debt has been eradicated or reduced to manageable levels. The United Nations must work to expand upon old and establish new alternative methods for development financing. International cooperation will spread these methods and one day fulfill the Millennium Development Goals.

This committee is not only tasked with sifting through the available alternatives for financing development, but is also charged with coordinating and fortifying the relationships to make these state-state, state-NGO, and state-private relationships work for positive development and benefit for all parties engaged.

DEBT RELIEF IN LATIN AMERICA

TOPIC B

INTRODUCTION

The world economy has been destabilized, as global debt has increased tenfold in under a decade to US\$54.6 trillion (“World”). This inordinate sum comprises itself of stimulus loans, developmental loans, government bonds, and various other forms of international, national, and independent lending. Debt, in general, is globally recognized as a severe hindrance to Southern development and global equitability, as shown by recent updates from the Millennium Development Goal Gap Task Force. In 2006, 52 states spent more on servicing debt than on public health. Ten states spent more on servicing debt than on education (“Significant progress”). A number of sources, including prominent economist Jeffrey Sachs, have dubbed these misfortunes a debt crisis; specifically, a “third-world debt crisis,” as the global south is most heavily affected.

Essentially, debt is a matter of obtaining present purchasing power at a future cost. A debtor and creditor agree upon an amount to be credited and the terms by which this credit will be repaid. In most cases, repayment involves a small fee in the form of interest. Interest is a percentage of the principal, or original amount of credit, which is added to the principal after a specified period of time. Interest gives incentive to the creditor to lend and covers the time value of money (the idea that because of inflation, money is worth less in the future as a unit of purchasing power than it is at the time of the loan, or present value). The creditor earns money from the debtor, known as interest, usually covering the inflation over the time period of the loan. Until the principal and ensuing interest is repaid, the total amount needing to be serviced is known as outstanding debt.

The traditional method for debt reduction, debt servicing, involves the repayment of debt through monthly, quarterly, or yearly payments to the creditor. In recent times, other forms of debt reduction have risen to prominence in the form of debt relief, management, and restructuring. Debt relief involves cancellation and forgiveness, a process where the creditor considers the continued repayment of the loan unnecessary or harmful and cancels, or “forgives,” the debt. Debt management involves economically beneficial reforms of the state’s social and economic sectors to promote growth that in turn is capable of providing repayment finance. Debt restructuring involves the assessment of interest rates and the current principal as well as the adjustment thereof to promote repayment.

Latin America, alone, is currently charged with the repayment of roughly US\$1 trillion in debt, an amount that is nearly a fifth of the developing world’s total debt. The region gained its independence from its colonizers, Spain and Portugal, in the 1820s after economic restrictions and tax burdens catalyzed political and military movements to end colonial rule. Since then, the region has relied heavily on foreign funding to pay for its development. As a result, seemingly insurmountable amounts of debt have accumulated and national finances have become extremely volatile. In turn, the occurrence of and potential for economic crises are ever increasing. Latin America’s debt-ridden history has been a result of weak financial systems, corrupt governments, and capital flight, and the current global economic crisis has only served to weaken any recent gains in regional stability (“Progress”).

Today, Latin American countries are progressively less able to service debt due to high interest rates. The debt being serviced cuts heavily into vital humanitarian and social services, such as health and education, key to development, growth, and competitive competency. Hope rests in the hands of debt relief, management, and restructuring initiatives that can ensure a significant reduction in the squandering of domestic resources on debt repayment (“Desarrollo”). However, improvements in the financial and political infrastructure are comparable in conviction and vitality as methods of debt relief. Such efforts and changes can provide Latin America with the opportunity to transcend its underdeveloped history by eliminating burdensome debt.

HISTORY AND DESCRIPTION OF THE ISSUE

Latin America has experienced a number of debt crises since its independence in the 1820s. In 1982, Mexico defaulted on US\$83 million of debt, catalyzing one of the region's worst crises, as the effects thereof are still present today. The peso was devalued from 27 *peso* to the U.S. dollar to 150 peso to the U.S. dollar; inflation hit a high of 99%, and unemployment rose to 40%. It was the first time in four decades that the Mexican standard of living did not improve ("1982 Output"). This economic shock was a result of falling oil prices and rising interest rates, which in turn caused capital flight en masse. This flight involved the movement of domestic and foreign investment to more profitable areas of the globe. In 1981 alone, US\$20 billion shifted from the private sector abroad (Theberge 8).

In the wake of Mexico's default, creditors stopped all lending efforts to Latin America as fear of regional debt default rose. Additionally, creditors denied restructuring demands in the form of adjusted repayment terms and sought immediate repayment of debt. Perhaps caused by this concern, the entire region, save for Colombia's tourism and transportation driven economy, systematically defaulted. Reverberations were felt across the globe as Russia and Thailand, among a number of other nations, followed Latin America into crisis. For Latin America, this crisis was a reenactment of crises past and a preview of future crises as debt was a primary proponent. This crisis was the first in which the International Monetary Fund (IMF), an active participant of the contemporary debt relief movement, played any part.

Following the crisis of 1982, the IMF introduced stabilization measures that were highly counterproductive. The Latin American governments that had been affected by the crisis were to cut spending as a means for reducing their account deficits. Significant cutbacks were made in infrastructure, health, and education causing developmental regression rather than an end to the crisis. "Debt fatigue," the process of stopping debt services when the act of doing so becomes seemingly useless, kicked in during the latter half of the 1980s as creditors acknowledged their debtors' insolvency (Carrasco).

In 1989, the debt relief movement was born at the hands of U.S. Treasury Secretary Nicholas F. Brady as traditional methods for debt reduction continued to fail. The Brady Initiative shifted alleviation efforts from lending to direct and immediate reduction. Significant amounts of cash buybacks, discount bonds, and par bonds were offered as high-interest loan replacements to reduce immediate and total payments. Through interest rate reduction bonds and exchange of existing debt for "par bonds," or bonds that carry the same face value as the old loans with a low interest rate, interest rates were renegotiated to reduce the value and in turn, the strain of future payments. As an exchange, countries benefiting from the initiative promised continued economic reform geared towards preventing future debt accumulation and debt default. With the registering of greater capital inflows than outflows, the Brady Initiative ended the crisis in 1991 (Carrasco).

Debt Cancellation

Debt cancellation is the retraction of loans whose repayment is deemed unnecessary or unfair because of their harmful nature. The benchmark conditions to wipe debt include a total interest value equal to the principal of the loan, full repayment of the principal with large amounts of outstanding interest, and procurement of loans under corrupt circumstances. Leading support of debt cancellation has arisen from the severe imbalance of financing for debt and social services as many nations have spent more on servicing debt than on public health or education in recent years ("Significant Progress").

In 1996, the World Bank and the IMF established the Heavily Indebted Poor Countries Initiative (HIPC), a program by which indebted countries would be fully forgiven for eligible debt upon completion of a structured, IMF-approved reform program. To qualify, a country had to have a debt to export ratio greater than 250% - meaning that the states' total debt was two and half times the total value of its yearly exports ("Debt Relief"). This criterion was lowered to 150% - or debt that is one and half times the total value of yearly imports - in 1999 to ensure greater relief participation. In total, 24 nations have completed the HIPC initiative; eleven have qualified and are deciding whether to self-admit to the program, and six are being considered as candidates ("Debt Relief").

Criticisms for the HIPC initiative are plentiful. These criticisms include, but are not limited to, restrictive eligibility criteria, extreme completion periods and requirements, and unrealistic debt sustainability standards. Of special importance is an IMF completion policy that cuts social services, such as health and education, to allow for greater spending on debt services. Skepticism for the validity of relief over repayment has been increasingly prominent as the HIPC initiative was developed and is primarily implemented by the G7 or what is considered the developed states in debt relief circles. Many sources are fervent supporters of internationally collaborative reform of both the IMF and its HIPC initiative.

Further effort by the IMF and the World Bank includes the Multilateral Debt Relief Initiative (MDRI), a supplement to the HIPC initiative designed to accelerate progress towards the completion of the Millennium Development Goals. Proposed by the G8 in 2005, the MDRI provided debt cancellation for debt incurred from the IMF, the International Development Association (IDA) of the World Bank, and the African Development Fund (AfDF). The initiative requires the debt relief recipient country have either reached the HIPC completion point or have a per capita income below US\$380 and good economic standing according to IMF standards (“The Multilateral”).

Debt Management

Convertibility is the quality of paper money being redeemable for money proper or that which backs the paper money. It is a policy that has been widely utilized in Latin America to prevent economic inflation and currency depreciation. It has also been the catalyst in a number of debt crises, as it hinders competitive competency in international trade and finance. Therefore, it is one of many policies that must be fully assessed before being implemented as a mechanism for debt relief.

Case Study: Argentina

Argentina failed to assess the effects of convertibility at the turn of the century and consequently entered a decade of economic turmoil. In the early 1990s, it became a hotspot for foreign investment and capital due to its newly established free-market policies. These heavy inflows caused an average GDP growth of 5.8% from 1996 to 1998 (Blustein). The government had banked on growth and capital inflows to alleviate debt burdens. However, this robust growth and heavy inflow was offset with greater regression as debt rose from 29% of GDP in 1993 to 51% of GDP in 2001 (Blustein).

From 1992 to 2002, Argentina existed within a system of convertibility. Convertibility prevented inflation by fixing the exchange rate at one peso to one dollar backed by reserves. This system had provided the initial confidence in Argentina at the outset of the decade because it presented the illusion of high-yield low-risk lending. The system also proved to be a barrier to exports as foreign currencies depreciated in value compared to the dollar while Argentinean goods were too costly to export. Ultimately, Argentina was unable to service US\$132 billion in debt and defaulted in 2001 (“Argentina Announces”).

The IMF immediately stepped in with a plan to provide low-interest loans that would replace Argentina’s defaulted debt. After numerous failed attempts by the IMF, Argentinean President Eduardo Duhalde abandoned Convertibility in 2002. The *peso* depreciated, unemployment skyrocketed, and hyperinflation consumed the economy. By 2004, however, the currency stabilized, exports reached record highs, and investment and employment were on the rise. Argentina, as a bailout attempt, stimulated internal consumption through public and private sector investment and registered 8% growth in 2003 and 2004 (“Argentina’s Economic”). In 2005, it offered the IMF early repayment of significant bailout debts.

Development as an Avenue to Relief

Argentina’s recovery not only provides evidence to support the need for thorough investigations of national efforts, but also the importance of development and the ensuing growth as a means for debt relief. Countries capable of producing growth have the possibility for self-sustained relief. Growth provides increased and

continuous capital, as well as the foundation for future increases that make nations more able to service debt and ultimately, eliminate the possibility for injurious debt relapse.

Case Study: Brazil

Brazil's economy accounts for a third of the Latin American market and is therefore intimately linked to its success ("Brazil Hurtles"). In 2002, Brazil defaulted on its debt for the seventh time in two centuries pushing the region into a recession. A weak currency on the global playing field was the primary cause, due to the linkage between currency exchange rates and interest. Debt servicing is extremely sensitive to the volatility of the aforementioned factors. In Brazil's case, a weak currency and high interest rates made the servicing of debt highly unfeasible.

The IMF quickly provided Brazil with loans to slow economic deterioration. However, it was Brazil's aggressive debt reduction policies that ended the crisis. The nation invested heavily in the development of public and private sectors, a move that ultimately produced unprecedented growth and in turn, debt-servicing capabilities. By 2008, Brazil emerged as a net foreign creditor, had accumulated foreign cash reserves that exceeded debt by US\$4 billion, and exploited demand for key exports ("Brazil's Debt Crisis Ends"). Brazil was capable of repaying the IMF loans and declaring an end to the crisis in February of 2008.

Failing and Interrelated Systems

The economies of Latin America are heavily intertwined. Crisis in one is guaranteed to rapidly and deleteriously affect the rest of the region. This is due to outdated, unregulated, and weak financial systems that are highly prone to failure. Most frequently, crisis in one causes panic in the other, which results in uncontrolled bank withdrawals en masse, flight of investment, and economic collapse. The effected systems simply lack safeguards to capital flight, a flaw that can easily be fixed with systemic reforms.

Case Study: Uruguay

Uruguay has considerable banking expertise because it is one of Latin America's financial centers. In the 1990s, its reliance on neighboring Argentina grew to a point of over-reliance. Approximately 40% of bank deposits in Uruguay came from non-residents, 80% of which were Argentine ("Banking Reform"). When Argentina defaulted on its debt in 2002, the aforementioned overreliance catalyzed a banking crisis. A run on the banks occurred in which banking deposits dropped from US\$15 billion in 2001 to US\$7.8 billion in 2003 ("Banking Reform"). In 2003, private banks made losses of US\$102.5 million while Uruguay's public bank made losses of US\$206 million ("Banking Reform"). Leading financiers have credited this crisis to lax banking laws that allowed offshore banking for Argentina and Brazil with high levels of confidentiality.

The real cause for crisis, however, was not the run on the banks, but rather the unprecedented budget deficit that was created by debt-servicing needs. This deficit produced inflation, unemployment, and discourse on increasing the retirement age. Essentially, simple banking reforms that safeguard from flight were the solution to ending the crisis and ensuring future self-sustainability. Uruguay is generally more than capable of servicing debt, if protected from systemic flaws. Upon reforming these flaws in 2002-2003, the nation registered 13.1% growth in 2004 ("Banking Reform").

Debt Restructuring

A vast majority of the emerging world's debt is estimated to be illegitimate, meaning that efforts, which create this debt, do not benefit those they are intended for. This can be the result of a dictator acquiring loans in the name of their nation for personal use and benefit. It can also be the result of projects that were intended to fail so as to transfer funding without result or benefit. While these forms of debt are evidently unjust, states are legally bound to full repayment.

In the modern world, two options exist for illegitimate debt relief. The first option is the full cancellation of debt by the lender. Norway, in 2006, cancelled the debt of five developing countries, including Ecuador and Peru, who suffered from failed domestic-interest driven lending. Norway had performed audits as part of an international debt relief campaign and acknowledged a “shared responsibility” for the debt (“Norway Breaks”). In total, US\$81 million was cancelled (“LWF Latin”).

The second option is the restructuring of debt. Loans can be appealed to the creditor and the creditor can offer a better interest rate, a longer payment period, or a reduction of the principal charge. Typically, the case of debt restructuring involves the buying back of loans, which results in the indebted nation owing between 20% and 40% of the original loan. Argentina’s recovery, post 2002, involved debt restructuring in the form of bond value reductions. Argentina was able to acquire 76% voluntary acceptance of bonds that were roughly 35% of their original value and considerably longer in their repayment periods (“Argentine Restructuring”). It was a key to restarting the Argentinean economy and producing growth rates of roughly 8%.

CURRENT STATUS

On 15 December 2008, Ecuador defaulted on a scheduled interest payment for the first time in over a decade. The government intentionally defaulted on 40% of its US\$10 billion debt because it believed the debt to be immoral and illegitimate (“Ecuador Defaults”). An audit by Ecuadorian President Rafael Correa indicated that former officials and bankers had profited irresponsibly from bond deals, acts that went against the Ecuadorian constitution. On 12 June 2009, restructuring efforts secured a payment plan of 35 cents to the dollar for Ecuador (“Ecuador Restructuring”). The various creditors involved recognized the audit as a legitimate probe into the illegitimacy of current loans and reduced the principal to 35% of the original principal.

Similarly, on 30 June 2009 the Inter-American Development Bank, the World Bank, and the IMF approved the cancellation of two-thirds of Haiti’s debt. US\$1.2 billion were forgiven for Haiti’s commitment to the HIPC initiative (Kay). Since 2005, Haiti has meticulously worked to complete the program by strengthening tax and customs administration, improving the management of public funds, improving spending on poverty reduction, and auditing government accounts. Haiti’s Finance Minister Daniel Dorsainvil indicated that debt payments that were intended to service the forgiven amount would be invested in growth and poverty reduction (Kay).

Ecuador and Haiti provide a starting point for Latin America. Similar opportunities exist for the entire region; yet, simple progressive steps are still to be taken. Underdevelopment as a result of debt can easily be avoided with further exploitation of debt relief. Close examination of the effects of Ecuador’s default and Haiti’s cancellation will provide a realistic understanding of effort outcomes and will culminate in continued effort in the region.

BLOC POSITIONS

The Global North

Debt relief has essentially been a struggle between the rich and the poor. Most, if not all, debt relief initiatives are proposed by the G8, a coalition of what is popularly conceived as the richest and most developed nations in the world. Their intention for proposing these initiatives has been heavily criticized, as it can be perceived as a repayment ploy. Accusations even go so far as to postulate that creditor countries restructure loans that will inevitably earn them more money from the debtor country, potentially entrapping the debtor country in deeper cycles of debt. With the dawning of the current economic crisis this criticism is even more prominent. The global north has become less receptive to debt restructuring and management as they themselves are confronted with hard economic times.

Countries representing the global North, which includes G-8 and other developed states, should seek flexibility in their plans for assisting Latin American countries as the time value of money and repayment

schedule of debtor states can both be shattered in an instant. There is also the underlying assumption that at some point, countries will no longer need to borrow money to finance development. Indeed, international financing and debt regulation is a complicated issue. However, by compromise, the lending countries should commit themselves to providing the liquidity, restructuring and oversight necessary for beneficial development to Latin American countries.

The Global South

The global South, especially Latin America, faces a continuous need for debt relief. The region is primarily concerned with legitimacy issues and equitable repayment, but is also struggling to establish sound economic policies capable of combating debt. Ultimately, it seems that for the last thirty years, outside influence has superseded national state interest and international initiatives aimed at reducing the debt burden because of private self-interest found in global North states and institutions. Delegates representing the global South should strive to increase accountability within their own countries to prevent further fleeing of their state's currency and reserves. In so much as this can prevent countries from taking on excessive or unnecessary loans, Latin American states should also press for restructuring of current debt in addition to putting in place international safeguards to prevent future debt issues.

COMMITTEE MISSION

The international arena severely lacks resolute documents that focus on debt and debt relief. While acknowledging the importance and strength of debt relief, the proponents of development and growth have exempted debt as a primary concern. Fundamentally, debt relief can jump-start economies through the re-allotment of funding from debt services to developmental projects and economic investment. Coupled with economic reform and regulatory policies, debt relief is an essential mechanism for progress.

Latin America, specifically, is burdened with economic maladies and consequential amounts of debt. Debt crises occur on both national and regional levels far too frequently for significant progress in development and growth to occur. Additionally, with state debt-to-GDP levels at unbelievable highs, the region is unable to service debt. Certain countries are unable to even produce substantial enough growth to produce monies to service outstanding debt. Currently, the final attempt at servicing debt is strategic defaulting and renegotiation of terms. This method is simply a developing tactic to force, with great risk, debt relief by the developed. Voluntary debt relief, in theory and practice, has extremely beneficial effects to help in avoiding extreme debt defaults. It must be exploited to the fullest extent, as it is a beacon of hope for a history of cyclical debt oppression in the region.

The committee should discuss the debt status of Latin American countries and decide on how it would be best for those greatly indebted to progress toward a stable economy and a reduced debt account. Lender countries should be well versed in debt cancellation practices from lenders within their state, and, if time permits, decide whether there is enough information concerning debt relief to set written precedent in a formal agreement between creditor and debtor on future plans and alternative methods of repayment should the agreed upon schedule collapse. All indebted countries should be well versed in the amount of debt the state owes, if the debt is legitimate, and all of the best and worst practices for the global community to set in written precedent.

RESEARCH AND PREPARATION QUESTIONS

As mentioned in the Note on Research and Preparation, it is imperative that delegates answer each of these questions in their position papers.

TOPIC A

1. Has your country utilized any alternative methods for financing development? What are these initiatives and have they been successful? If so, has there been international cooperation in connection to these initiatives?
2. Does your country encourage FDI inflows? How does it attract FDI and for what uses? What is your country doing to promote effective and beneficial FDI?
3. What is your country's status concerning debt? What is being done to prevent debt accumulation and debt cycles? What is being done for debt relief?
4. Does your country have national banks with credit guarantees? How is credit being utilized?
5. How much foreign aid does your country receive and how is being used? Does your country give foreign aid?
6. What is being done in your country to promote transparency? What is being done to promote accountability? How has corruption effected development?
7. How has the current economic crisis affected your country and what is being done to prevent its adverse effects?

TOPIC B

1. If you are representing a Latin American state, what is your state's debt status and what is being done to reduce its debt?
2. Does your state have national debt relief programs and efforts? What are they and how successful are they? Can they be and have they been shared with other indebted states?
3. Has your state experienced economic policies with adverse effects on debt and debt services? What are these policies and what policies were utilized to counter-act these effects?
4. To what extent does your state suffer from corruption? What is being done to combat corruption? Are efforts in place to combat illegitimate debt?
5. Is your nation a lender state? Does your state contain a significant number of creditors? Who do they lend to and what are the terms of lending?
6. Has your state cancelled, forgiven, or restructured debt? With whom and under what circumstances? To what effect?
7. Has your state worked with debt relief initiatives? How and under what circumstances? To what success?

IMPORTANT DOCUMENTS

The following documents have been hand-selected by Directors to further aid in delegate preparation. Please make a concerted effort to read and analyze these documents prior to the conference.

TOPIC A

A/CONF.198/11. "Monterrey Consensus." 22 Mar. 2002.

The outcome document of the International Conference on Financing for development.

A/CONF.214/3. "Draft Outcome Document of the Conference on the World Financial and Economic Crisis and Its Impact on Development." 26 Jun. 2009.

A UN resolution on the economic crisis and its effect on development.

A/RES/55/L.2. "United Nations Millennium Declaration." 8 Sep. 2000.

A UN declaration outlining the Millennium Development Goals.

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"World Investment Report 2008: Transnational Corporations and the Infrastructure Challenge." UNCTAD. Jul. 2008.

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"Chinese economy slows to still sizzling 11.5% growth." USA Today. 25 Oct. 2007.
<http://www.usatoday.com/money/world/2007-10-25-china-gdp_N.htm>

A news article concerning China's growth rate and economy.

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