

Sofia International Model United Nations



SOFIMUN

1st – 8th of August 2015



STUDY GUIDE

FOR THE

UNITED NATIONS

ECONOMIC AND SOCIAL

COUNCIL

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Welcome letters

Distinguished delegates,

It is our utmost pleasure to welcome you all to the Economic and Social Council at the Sofia International Model United Nations 2015 conference. Congratulations on being a part of this Council during the conference, we are delighted to meet all of our delegates and make this a wonderful experience for everyone.

Marko Simovski, is currently an undergraduate student at the University of Ss. Cyril and Methodius, Faculty of Economics – Skopje, in his fourth and final year of studies of Foreign Trade. For the past year and a half, he has been involved with Model United Nations, discovering his passion for International Relations and Politics. This is his first chairing experience after being a delegate at the London International Model United Nations 2014 and 2015 and Oxford International Model United Nations 2014.

Maria Anna Urbanova is currently undergraduate International European Law student at the Hague University of Applied Sciences, the Hague Netherlands. She was first involved with Model United Nations in 2012 as an assistant chair in Human Rights Committee at Bratislava-MUN and fell for it hook-line and sinker. Year later, she was a chair of the International Atomic Energy Agency in 2013 at the same MUN. Now her passion continues when she received the honor of being able to participate at SOFIMUN 2015.

The first topic prepared for the discussion is: “The post-2015 Development Agenda: Mistakes in financing the Millennium Development Goals (MDGs); more effective ways to finance the Sustainable Development Goals (SDGs).” More on the topic can be found in the following sections of the study guide.

The second topic is of more direct approach, however still addressing the financing of the MDGs and the SDGs. It is: “The allocation of financial aid in developing countries; a threat or an opportunity for improvement in the Sustainable Development Goals.” As mentioned above, further specifics are to be found within the study guide.

We leave you with enough time to prepare yourselves for the conference, hoping that this study guide will give you insight into the issues that are to be discussed in the Economic and Social Council this year at SOFIMUN. As your chairs, we strongly suggest and advise to execute a throughout research, using relevant primary and secondary sources. Do not rely solely on the study guide as it is merely a first step to much complex topics.

We are impatiently looking forward to meeting you all and having a productive debate with peaceful and innovative resolutions in ECOSOC.

Sincerely Yours,

Marko Simovski and Maria Anna Urbanova

Chairs of the Economic and Social Council, SOFIMUN 2015

History of the Economic and Social Council

The Economic and Social Council (ECOSOC) is the United Nations' central platform for reflection, debate, and innovative thinking on sustainable development. ECOSOC, as one of the six main organs of the United Nations established by the UN Charter in 1946, is the principal body for coordination, policy review, policy dialogue and recommendations on economic, social and environmental issues, as well as for implementation of the internationally agreed development goals. The Council may make or initiate studies and reports with respect to international economic, social, cultural, educational, health, and related matters and may make recommendations with respect to any such matters to the General Assembly to the Members of the United Nations, and to the specialized agencies concerned¹.

The work of the Council is guided by an issue-based approach, and there is an annual theme that accompanies each programmatic cycle, ensuring a sustained and focused discussion among multiple stakeholders. ECOSOC, being subject to the provisions Art 61(3) Chapter X of the Charter of the United Nations: eighteen members of the Economic and Social Council shall be elected each year for a term of three. Re-election is possible², however each member state is permitted only one representative. The Council serves as the central mechanism for the activities of the United Nations system and its specialized agencies, and supervises the subsidiary and expert bodies in the economic, social and environmental fields. The Economic and Social Council may enter into agreements with any of the agencies referred to in Article 57, defining the terms on which the agency concerned shall be brought into relationship with the United Nations³. Any and all agreements, however, are subject to the approval from the General Assembly.

ECOSOC has undergone reforms in the last decade to strengthen the Council and its working methods, giving special attention to the integrated and coordinated implementation of, and follow-up to, the outcomes of all major United Nations conferences summits in the economic, social, environmental and related fields. It itself can draft conventions to be submitted to the General Assembly or call for international conferences, as long as it is within the competence of the Council⁴.

¹ Charter of the United Nations, Chapter X, Art 61 (2)

² See 1 - Art 62 (1)

³ See 1 - Art 63 (1)

⁴ Further specified in Art 62, see above

THE POST- 2015 DEVELOPMENT AGENDA: MISTAKES IN FINANCING THE MDGS; MORE EFFECTIVE WAYS TO FINANCE THE SUSTAINABLE DEVELOPMENT GOALS

Historical developments

At the dawn of the new millennium, the world leaders envisioned a new target based strategy, for improving the world we live in, a new hope for humanity. Facing challenges like eradicating poverty and hunger, gender equality in society, combating diseases such as HIV/AIDS, the United Nations decided to set the goals towards which the whole world should strive, in order to create a better world for everyone. On the 18th of September, in 2000, the General Assembly of the United Nations adopted the Millennium Declaration⁵, paving the way for the creation of the Millennium Development Goals.

The MDGs are the world's time – bound, quantified targets for addressing the issue of extreme poverty and other global challenges that arise from it, such as hunger, diseases, all this while striving for gender equality, education and environmental stability.

Eight Millennium Development Goals have been devised, targeting a number of issues and promoting values globally:

- 1) Eradicate extreme hunger and poverty
- 2) Achieve universal primary education
- 3) Promote gender equality and empower women
- 4) Reduce child mortality
- 5) Improve maternal health
- 6) Combat HIV/AIDS, Malaria and other diseases
- 7) Ensure environmental sustainability
- 8) Develop a global partnership for development

Each and every one of these goals has a number of indicators for measuring the rate of success in achieving them, with the deadline being September 2015. Globally, much progress has been made in meeting the given targets, some even years before the deadline, though we must observe this carefully, as it has been said that “There are huge disparities across and within countries. Within countries, poverty is greatest for rural areas, though urban poverty is also extensive, growing, and underreported by traditional indicators.”⁶ We must ask ourselves what contributes to the successful achievement of these goals in some countries, while other countries are far from achieving them, even in 2015.

A number of factors influence the successful implementation of strategies for achieving these goals, one of them being finances. With the world divided in developed, developing and under developed countries it is clear to us that access to finances can be easier for some, while being a real struggle for the others. In March, 2002, the United Nations conference on financing for development took place in Monterrey,

⁵ General Assembly Resolution 55/2

⁶ Unmillenniumproject.org, (2006). *UN Millennium Project / About the MDGs*. [online] Available at: <http://www.unmillenniumproject.org/goals/index.htm>.

Mexico, resulting in the adoption of the Monterrey Consensus⁷, with the sole purpose of resolving the issues of financing for development, especially in developing countries, in order to facilitate a successful achievement of the internationally agreed development goals.

The leading actions to be taken by the international community are comprised of mobilizing domestic financial resources for development, such as public and private savings, mobilizing the international financial resources for development, such as Foreign Direct Investments with the potential to transfer knowledge and technology, as well as promoting international trade as an engine for development, encouraging trade liberalization. Furthermore, increasing the financial and technical cooperation for development between the stakeholders is crucial, as well as the external debt relief. These are the leading actions upon which the stakeholders agreed in the Monterrey Consensus, in order to improve the conditions in all countries, especially developing one's, for achieving the MDGs.

Three years after the Monterrey Consensus was adopted, the United Nations General Assembly adopted⁸ the 2005 World Summit Outcome, once again reaffirming the faith in the United Nations, the Millennium Declaration and the common fundamental values, such as freedom and equality, solidarity, tolerance, respect for all human rights, respect for nature and shared responsibility, as essential to international relations. This World Summit in 2005th is an important part of the historical development of the Millennium Development Goals, due to the fact that it further increased the dedication of the United Nations in their efforts as an organization, to achieve the MDGs and improve the conditions in the developing countries and countries in transition. A major improvement in the financing of the MDGs is the target of 0.7% of the Gross National Product of developed countries, allocated for official financial aid (ODA), to be achieved by 2015. Apart from that, further increase in finances per year was agreed by the stakeholders, so that the targets of these goals are met by the 2015. Needless to say, this World Summit Outcome is of great importance and should be taken into consideration when talking about the Millennium Development Goals.

On the 25th of September, 2008th, governments, foundations, businesses and civil society groups gathered at a high - level event at the UN Headquarters, announcing new commitments⁹ to meet the Millennium Development Goals. According to the UN website, "The gathering "exceeded our most optimistic expectations," UN Secretary-General Ban Ki-moon said, noting that it generated an estimated \$16 billion, including some \$1.6 billion to bolster food security, more than \$4.5 billion for education and \$3 billion to combat malaria."¹⁰

With only five years before the deadline, the 2010 Summit on the Millennium Development Goals was held at the United Nations Headquarters, from the 20th till the 22nd of September, resulting with a resolution¹¹ being adopted by the General Assembly, welcoming the progress made since 2005, once

⁷ Monterrey Consensus of the International Conference on Financing for Development. (2003). 1st ed. [pdf] Available at: <http://www.un.org/esa/ffd/monterrey/MonterreyConsensus.pdf>.

⁸ General Assembly Resolution 60/1

⁹ Committing to action: achieving the Millennium Development Goals. (2008). 1st ed. [pdf] United Nations. Available at:

<http://www.un.org/millenniumgoals/2008highlevel/pdf/commitments/Commitments%20compilation%20ENGLISH.pdf>.

¹⁰ Un.org, (n.d.). *United Nations Millennium Development Goals*. [online] Available at: <http://www.un.org/millenniumgoals/bkgd.shtml>.

¹¹ General Assembly Resolution 65/1

again reaffirming the UN's commitment towards the fulfillment of the MDGs, despite the setbacks caused by the financial and economic crisis in 2008, the worst one after the Great Depression of the 1930s.

As requested by the General Assembly, the Secretary General of the UN reports annually on the progress of the implementation of the MDGs and gives recommendations for further steps to advance the United Nations Post 2015 development agenda. In 2012 in his annual report¹², the Secretary General Ban Ki – moon gives a short summary of the progress made in achieving the MDGs, listing a number of important targets that have been met, such as the global target of reducing extreme poverty in half, halving the proportion of people without reliable access to improved sources of drinking water, gender equality in terms of access to primary education has been achieved as well. Further progress has been made in terms of achieving the other MDGs, though there is still a long way to go to achieving the targets by 2015.

At a special event held by the Secretary General in September, 2013, the Member Countries of the General Assembly have been presented the annual report of the Secretary General, entitled “A life of dignity for all”¹³ in which he shares the key elements of the emerging vision for the post – 2015 development agenda, recommending to the countries and the international community to do everything possible to achieve the MDGs, adopt a post – 2015 development agenda that is universal and based on sustainable development, embrace a more coherent effective response to support this new agenda and provide clarity on the roadmap to 2015. The General Assembly then adopted the outcome¹⁴ of the special event to follow up efforts made towards achieving the Millennium Development Goals, calling upon the preparation of the post - 2015 development agenda, culminating with a summit at the level of Heads of State and Government in September 2015, for the adoption of the post – 2015 development agenda.

Current developments

We are coming close to the deadline for achieving the MDGs, September 2015. Assessments¹⁵ have been made, regarding the cost of the MDGs through the years, though one can't rely only on finances to solve the problems we face globally. Much progress has been made throughout the years, for example the first Millennium Development Goal to eradicate extreme poverty and hunger has been met 5 years before the deadline, though it does not mean that poverty and hunger are not part of every society even today. Resolving the poverty and hunger issue is a step forward towards the achievement of other MDGs, such as reducing child mortality or achieving universal primary education. What this means is that the MDGs are interconnected, the achievement of the first MDG leads to the achievement of other MDGs. Continuous improvement is vital to the successful implementation of the strategies for achieving the Millennium Development Goals, more importantly, their successors, the SDGs. As this is the year when

¹² Accelerating progress towards the Millennium Development Goals: options for sustained and inclusive growth and issues for advancing the United Nations development agenda beyond 2015. (2012). 1st ed. [pdf] New York: United Nations. Available at:

http://www.un.org/en/development/desa/policy/publications/general_assembly/a_67_257_accelerating_progress_mdgs.pdf

¹³ A life of dignity for all: accelerating progress towards the Millennium Development Goals and advancing the United Nations development agenda beyond 2015. (2013). 1st ed. [pdf] New York: United Nations. Available at: http://www.un.org/en/ga/search/view_doc.asp?symbol=A/68/202

¹⁴ Outcome document of the special event to follow up efforts made towards achieving the Millennium Development Goals. (2013). 1st ed. [pdf] New York: United Nations. Available at: http://www.un.org/en/ga/search/view_doc.asp?symbol=A/68/L.4

¹⁵ World Bank, (n.d.). *The Costs of Attaining the Millennium Development Goals*. 1st ed. [pdf] Available at: <http://www.worldbank.org/html/extdr/mdgassessment.pdf>

the future development goals will be set, the United Nations has not been dormant in its efforts to seek out more effective ways to finance the Post 2015 Agenda, more precisely, the Sustainable Development Goals. In October, 2013, led by the World Bank Group, the Financing for Development Post 2015 conference took place, in order to review the current situation with the financing of the Millennium Development Goals, the upcoming trends in the international financial system and offer suggestions as to which areas should be improved and taken into consideration for the upcoming SDGs. According to the World Bank Group's report on Financing for Development in 2013th, "The ability to adequately finance a post-2015 development framework depends on many factors. First, we need global development cooperation that attracts aid from diverse sources, emphasizes domestic resource mobilization, and capitalizes on the potential of the private sector. Second, the success of cooperation requires good policies (and the capacity to implement them), and credible institutions to increase the impact of scarce resources and leverage additional resources from, both domestic and foreign, public and private sources. The relative significance of each source, and the associated leveraging challenges, will differ between low-income countries and fragile and conflict-affected states, middle-income countries with limited market access, and middle-income countries with market access."¹⁶ From this we can come to the conclusion that not only do the stakeholders need to further develop and strengthen their cooperation and increase the financing for low level income countries, this report further calls for good governance in all areas, public and private, so that sustainable development can be achieved not only now, but in the future as well. To sum the current situation, we can say that the Millennium Development Goals have been partially achieved, with some countries already being on track with the goals, while others have been lacking progress. The journey to achieving all of the MDGs is far from over, though in the past 15 years, humanity has made a significant step towards a more sustainable future for everyone.

Potential future developments

With only couple of months away from the Third conference on Financing for Development, preparations have begun quite some time before the conference. On 13th of June, 2014, ECOSOC adopted the 2014/11 resolution which recalls all of the previous resolutions addressing the financing and creation of the MDGs, emphasizing the importance of coordination between the preparatory process for the International Financing for Development conference that is supposed to take place this July and the summit to be held this September for the adoption of the post 2015 agenda, in order to minimize duplication of efforts. Having in mind that by some¹⁷ the Millennium Development Goals were very specific and narrow, can we say that we could expect a larger number of goals, covering a range of diverse topics? Of course, if this is the case, we can expect more funds to be needed in order to achieve the new set of universal goals, which would mean finding new innovate ways of financing.

¹⁶ World Bank Group, (2013). 1st ed. [pdf] The World Bank Group. Available at: <http://www.worldbank.org/content/dam/Worldbank/document/Poverty%20documents/WB-PREM%20financing-for-development-pub-10-11-13web.pdf>

¹⁷ Ford, L. (2015). *Sustainable development goals: all you need to know*. [online] the Guardian. Available at: <http://www.theguardian.com/global-development/2015/jan/19/sustainable-development-goals-united-nations>

So far, according to the United Nations website¹⁸ on Sustainable Development and the Sustainable Development Goals, there are 17 goals to be achieved as a part of the post – 2015 development agenda. As of now, the SDGs currently proposed are built on the MDGs, taking into account the areas previously not taken into consideration in the creation of the MDGs, as well as emerging trends. They will rest assured be comprised of a larger number of goals, aiming to end poverty in all its forms everywhere, to building a resilient infrastructure, promoting sustainable industrialization and fostering innovation, to sustainably managing forests, combat desertification, halt and reverse land degradation, halt biodiversity loss and so on. Of course, the final decision for the SDGs will be adopted at the Summit for adopting the post – 2015 development agenda, held this September, at the UN Headquarters in New York City.

With the world looking forward to the conference in Addis Ababa in July and the Summit for adopting the post – 2015 development agenda, certain ways of funding the SDGs are still only speculative, since we can't predict the future, though it is certain that more effective and innovative ways of financing are expected to be presented at the upcoming conference. Should the world leaders, international financial institutions and other stakeholders like the private sector keep to the traditional ways of financing, like they did with the MDGs, or new innovative financing should be introduced for the achievement of the Sustainable Development Goals by 2030? Carefully observe the international financial institutions as one of the main stakeholders in the world, how could they affect the situation? Apart from the IMF and the World Bank, with the creation of the New Development Bank, a multilateral development bank operated by the BRICS states, set up to foster greater financial and development cooperation among the five emerging markets, could we expect a shift in power regarding the international financial system and the cooperation between these countries and the rest of the world economies? What could this mean for the future of the Sustainable Development Goals? It is for the world to decide what we should strive for and whether we all share a common vision, in order “to ensure a life of dignity for all” as the Secretary General Ban Ki – moon said.

Why is this topic relevant?

The importance of this topic is a very pressing matter in the Economic and Social Council and the United Nations itself. The Post 2015 Agenda is already being discussed and draft resolutions have been written regarding the conferences in July and September. As much as the MDGs have brought progress in the field of sustainable development in the world, they are far from eradicating extreme poverty, as a fifth of the world still lives with less than \$1.25 a day. Have the MDGs failed to address the root of the problem? Do we need a different approach with the Sustainable Development Goals? We are yet to witness what will the world leaders agree upon this September, until then we can follow what new financing alternatives the conference in July will bring. 2015 is most definitely a year of great challenges, not only for the High Level Officials, but for the international community as a whole. The upcoming Sustainable Development Goals are not going to be only the world's biggest promise, but serve as a compass to show us the way to a more sustainable world for us and the generations to come.

¹⁸ United Nations Sustainable Development, (2015). *Sustainable development goals - United Nations*. [online] Available at: <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

Questions and issues resolution should address

- 1) In financing the MDGs, was the approach correct, or was it making developing countries more dependent on foreign financial aid from more developed countries?
- 2) Innovative ways of financing that are going to ease the access to finance for people and companies in low - level and mid - level income countries.
- 3) How can we ensure sustainable development in developing countries?
- 4) Ideas for regional cooperation or utilizing on already established institutions and organizations.
- 5) Overcoming the lack of institutions and infrastructure in under – developed or developing countries, as well as other issues influencing this, such as corruption and lack of governance in the Least Developed Countries.
- 6) After the deadline for achieving the MDGs, how can we ensure that off-track countries are granted the needed financial and technological aid and assistance?
- 7) Is the 0.7% commitment enough, should it be included in the financing of the SDGs and how to ensure that developed countries fulfill their commitment?

THE ALLOCATION OF FINANCIAL AID-DEVELOPING COUNTRIES; A THREAT OR AN OPPORTUNITY FOR THE IMPROVEMENT IN THE SUSTAINABLE DEVELOPMENT GOALS

Historical development

Problems faced since the beginning

Financial aid is one of many forms of support shown to developing countries by the other nations. and it is considered as a primary aid in development for recipient country to grow out of poverty. Other forms of aid are: food aid or military assistance, to name a few. In 1970 the world's richest states consented on delivering 0,7 %of their Gross National Income to the official international aid on annual basis-contributing billions to the cause¹⁹. Yet, rarely the targeted outcome, of improving the situation of the developing country, is met.

Reason for such disappointing results can be attributed to the attached price-tags that developing countries receive altogether with the financial aid. It is not uncommon for donor countries to specify conditions that recipients must fulfill to validate the aid received. Conditions tend to include overpriced goods/services from donor countries- making financial aid more of a boost to their own economy rather than help out of poverty of another country. Furthermore, aid is not distributed fairly and that is on more than one occasion- for the international market access rarely falls to the poorest countries that do not meet the conditions (as they lack resources) and the market opens in reverse. That means that the poorer state is in no way to employ tariffs, quotas or so forth protective measures to protect its own market. However, the better of state “aiding” sends the incoming goods and services in the process commonly known in the economy as a dumping. Such process most often than not destroys local produce that is unable to match the low prices of foreign goods that have much cheaper production costs than domestic ones. When the conditions of financial aid are added to the mix the decimation of local producers is one of few possible outcomes. However, it is not only the price-tags that are the issues since the very beginning of the financial aid given to the developing countries. Individual recipient countries have faced internal struggles with aid that could have been employed in more efficient manner than their government used.²⁰ The corruption, inefficiency and more can be found in dictionary explaining the term of the developing country. Therefore, it is of no surprise that they have very tangible consequence on the external finances.

Connection to the Millennium Development Goals

When on 8th September 2000 General Assembly of United Nations adopted the Millennium Declaration and later on 14th December a follow-up outcome²¹ to it, it was a step towards improvement of the world. Addressing gender roles, healthcare, distribution of wealth United Nations strived to create a better world

¹⁹ “USA ranks as a lowest in terms of meeting the annual 0,7%, yet it is one of the largest dollar contributors thanks to its economy.”

Shah, A. (2014). *Foreign Aid for Development Assistance — Global Issues*. [online] Globalissues.org. Available at: <http://www.globalissues.org/article/35/foreign-aid-development-assistance>

²⁰ Alemu, G. (2009). *A Case Study of Aid Effectiveness in Ethiopia*. [online] The Brookings Institution. Available at: <http://www.brookings.edu/research/papers/2009/04/ethiopia-aid-alemu>

²¹ United Nations, (2000). *Outcomes of The MDGs*. 1st ed. [ebook] Available at: <http://www.un.org/millenniumgoals/pdf/Outcome%20documentMDG.pdf>

than the one MD was written in. The Millennium Development Goals were specifically addressed in Topic A and for the understanding of Topic B it is of essence to refer primarily to the first and the last: eradicating extreme hunger and poverty; and developing a global partnership for development.

Those two goals are the way to approach the rest of the MDGs. Deadline being September 2015 it is commendable that majority of the goals were successfully reached well ahead of the expected time. However, country may appear better on the average statistics, while the actual wealth distribution is disturbing: cities harboring over 90% of the country's riches, while rural areas are left to wither. Such disparities do not occur only within developing countries, but they are very much present on the global scale as well.²² The historical wealth difference is now more unequal than ever, and it might as well be an indirect consequence of the financial aid.

The Monterrey Consensus of 2002 is the most important factor in the recent history for addressing the financial aid to the developing countries. It has become an essential reference for international development cooperation, embracing the following six areas of Financing for Development:

- 1) Mobilizing domestic financial resources for development.
- 2) Mobilizing international resources for development, including foreign direct investment and other private flows.
- 3) Encouraging international trade as an engine for development.
- 4) Increasing international financial and technical cooperation for development.
- 5) "Forgiving" external debt.
- 6) Addressing systemic issues, like enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development.

Points 2 and 5 show there is still a way for improvement. There are areas that need attendance that were not attended enough in the past and in the early years of MDGs.

Current situation

It was agreed that The Development Goals were to be action-oriented, concise, limited in number and universally applicable, to name just a few. However, the question stands if their successful and early fulfillment fitted such criteria. The outcome document specified that the Goals were to be addressed and focused on the priority areas for the achievement of sustainable development²³. One can only wonder, whether or not the current state of affairs in 2015, so close to the September's deadline, is a definite proof of the MDGs' success is it not?

Another question stands; Does Financial aid and External support amount to economic growth? While the World Bank contends that the aid is effective only if recipient governments have good policies, there are views that aid enhances the growth regardless of the policies. Moreover, to this day on there are issues concerning the availability of financial aid to support the overall poverty reduction efforts. There is not enough disposable aid, and the one available is disproportionately divided.

²³ Department of Economic and Social Affairs, U. (n.d.). *Sustainable development goals ∴ Sustainable Development Knowledge Platform*. [online] Sustainabledevelopment.un.org. Available at: <https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals>

What can be referred to when addressing the financing of the developing countries, is the 2011 5th High Level Dialogue on Financing for Development (UN, New York). Seemingly unconnected to the topic B, the proposals to reform the international monetary and financial system can be considered as a way of dealing with the consequences of financial aid.

Among annual events, that hold importance for this topic is annual meeting of World Bank's leadership holds meeting with International Monetary Fund, World Trade Organization, and UNCTAD. It is annual spring event that is viewed as a follow up to the Consensus. What these meetings brought to the table over the time is the deepening of the dialogues between United Nations and the international trade and financial institutions. Their partnership has been strengthened in quest to achieve the internationally agreed on development goals- last but not least the Millennium ones.

The issues and problems of the financing of the developing countries that are on the table now, are the ones that were not attended to in the early years of the passing of The Millennium Development Goals. At that time the rough edges of the burning issues of poverty, healthcare (to name a few) were dealt with. However, today more subtle and much more sensitive areas are being handled. The most utilized road to address the unsolved areas in developing countries is the mobilization of external financial resources, however the tide is turning and more subtle and less invasive methods to the country's economy are implemented. For instance, micro-financing and external support (loan) of the local producers is the new strategy the international community employed to battle the poverty and hunger- consequently supplementing the large-scale-price-tagged financial aids.

Potential future developments

Deadline for the Millennium Goals is now only months away, and so is the 3rd conference on Financing for Development. The 2014 saw growth in the awareness of the threat that financial aid holds over the Sustainable Development Goals, as well as publishing of resolution 2014/11- which among other points is recalling all previous ones addressing financing and creation of MDGs and reestablishing their goals. Furthermore, in terms of publications the document on Social dimensions of New Partnership for Africa's Development²⁴; Report of the Committee for Development Policy²⁵ and also promotion of the empowerment of people in achieving poverty eradication, social integration and full employment and decent work for all²⁶, are all files attending in one form or the other to the aspects of financial aid's consequences.

While not all publications address the issue as it is, they show that there is an awareness of the negative consequences of financial aid. The current world's situation is one where there are still aftershocks of the economic crisis present and not only in developing, but also in transitioning countries. Usually, the economic crisis finds its roots in poverty stricken developing countries; however, in this case they are not the cause, but merely victims of it. Some of them withstood the crisis better than others, having high international currency reserves or substantial inland market to sustain the fall of the shared and foreign markets. Majority of them, however, faced dire food and energy shortages. The universal counter-balance

²⁴ ECOSOC, U. (2014). *E/RES/2014/4*. 1st ed. [resolution] Available at: <http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N14/453/39/PDF/N1445339.pdf?OpenElement>

²⁵ ECOSOC, U. (2014). *E/RES/2014/9*. 1st ed. [resolution] Available at: http://www.un.org/ga/search/view_doc.asp?symbol=E/RES/2014/9

²⁶ ECOSOC, U. (2014). *E/RES/2014/5*. 1st ed. [resolution] Available at: http://www.un.org/ga/search/view_doc.asp?symbol=E/RES/2014/5&

to the economic crisis rests in either monetary or fiscal policies, but those are methods available to only those with resources. When Ban Ki-Moon offered to hold global conference on financial crisis and with backing of G-77 and several international organizations the result was not the one expected. In the end it was G-20 that had more influence over the situation than UN did. United Nations however, strengthened its claim on having a strong voice in global economic and international financial issues. Nowadays, the “UN ’s G-192” counterbalanced the G-20²⁷.

When asked with the possible future for the financial aid of development countries, the economic crisis is a warning finger. The financial aid is both helpful and treacherous, as it can either: undermine and devastate recipient’s market- by making it a dumping ground for its own produce; or by making the recipient too dependent on external help. As was the case with economic countries the sudden withdrawal of external help from development countries the damage incurred outweighs the improvement from the years before. With the conditions attached to the financial aid, the well-off countries may balance out their own falling markets, while further damaging underdeveloped ones. Thus, creating the cycle of economic booms and falls as the business cycle depicts, however in larger scale and in area where it does not belong- taking the development countries for an economic rollercoaster ride.

The future of the financial aid can lead to several outcomes that can be summarized in two categories: help; and destruction. It can lead to improvement and it can be a deadly trap to the international economic sector as it is, for the next economic crisis can and might- more often than not- begin in the developing countries.

Why is this topic relevant?

This topic is a very pressing matter in the Economic and Social Council and United Nations as it is. As the post 2015 Agenda is being discussed with draft resolutions being prepared for the July’s conference it is a matter of urgency that this topic is given attention. As the rough edges of the international financial situation and poverty have been mended, it is now time for the more delicate approach. MDGs brought an undeniable progress; however, how is it still possible that majority of developing countries is in constant poverty cycle? It is not unbreakable, it is however, impossible to break it with current international situation and with unfairly conditioned aid. It is of essence that attention is given into throughout discussion of the consequences of the financial aid in recipient and in donor countries.

Questions and issues resolution should address

- 1) How can the fair distribution of external financial aid to the development countries be ensured?
- 2) Opening the international markets to new players through lowering the admittance barriers- pros and cons.
- 3) Was the former approach of financing defective? What is the possibility to reusing the policies on approach to the financing? Clean slate or adaptation?
- 4) Innovation in terms of financial aid and its use? Less invasive or large scale approach to the financing?
- 5) Is there a need for supervision of the financial external help? General terms or individual approach to the donors?

²⁷ Refer to UNCTAD 2009a,2009b, 2009d in particular.

- 6) Economic crisis- how to protect all the stakeholders? The example of the last crisis to depict the world wide fallout of economy.
- 7) Eligibility for the financial aid- internal or external help to the development country, what approach is better suited?