

# GENERAL ASSEMBLY SECOND COMMITTEE

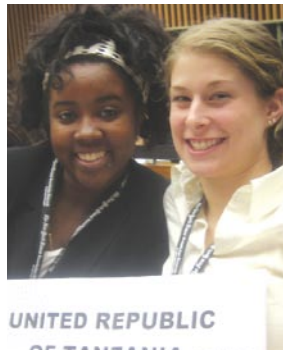
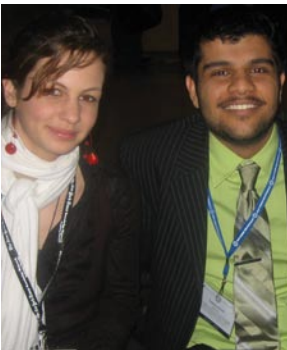
# GA2<sub>nd</sub>

NMUN•08

NATIONAL MODEL  
UNITED NATIONS

2008 COMMITTEE BACKGROUND GUIDE

[www.nmun.org](http://www.nmun.org)



WRITTEN BY:  
Cyril Philip  
Ambika Sharma  
Fabian Thehos  
Stefanie Jachimciak

18-22 March  
Sheraton New York

22-26 April  
New York Marriott Marquis

 NATIONAL  
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Linda Poppe | [dirgen@nmun.org](mailto:dirgen@nmun.org)

**NMUN Director-General (Marriott)**

Galen Stocking | [dirgen@nmun.org](mailto:dirgen@nmun.org)

## NMUN•08 IMPORTANT DATES

**IMPORTANT NOTICE:** To make hotel reservations, you must use the forms at [www.nmun.org](http://www.nmun.org) and include a \$1,000 deposit. Discount rates are available until the room block is full or one month before the conference – whichever comes first. **PLEASE BOOK EARLY!**

SHERATON	MARRIOTT	
31 January 2008	31 January 2008	<ul style="list-style-type: none"> <li>Confirm Attendance &amp; Delegate Count. (Count may be changed up to 1 March)</li> <li>Make Transportation Arrangements - DON'T FORGET! (We recommend confirming hotel accommodations prior to booking flights.)</li> </ul>
15 February 2008	15 February 2008	<ul style="list-style-type: none"> <li>Committee Updates Posted to <a href="http://www.nmun.org">www.nmun.org</a>.</li> </ul>
23 February 2008	21 March 2008	<ul style="list-style-type: none"> <li>Hotel Registration with FULL PRE-PAYMENT Due to Hotel - Register Early! Registration is first-come, first-served.</li> </ul>
1 March 2008	1 March 2008	<ul style="list-style-type: none"> <li>Any Changes to Delegate Numbers Must be Confirmed to <a href="mailto:eaton@nmun.org">eaton@nmun.org</a></li> </ul>
1 March 2008	1 April 2008	<ul style="list-style-type: none"> <li>Two Copies of Each Position Paper Due via E-mail (See Delegate Preparation Guide for instructions).</li> </ul>
3 March 2008	1 April 2008	<ul style="list-style-type: none"> <li>All Conference Fees Due to NMUN for confirmed delegates. (\$100 per delegate if paid by 1 March; \$125 per delegate if received after 1 March. Fee is not refundable after this deadline.</li> </ul>

**NATIONAL MODEL UNITED NATIONS**

**The 2008 National Model UN Conference**

- 18 - 22 March – Sheraton New York
- 22 - 26 April – New York Marriott Marquis

Two copies of each position paper should be sent via e-mail by 1 MARCH 2008 (Sheraton Venue) or 1 APRIL 2008 (Marriott Venue)

### 1. TO COMMITTEE STAFF

A file of the position paper (.doc or .pdf) for each assigned committee should be sent to the committee e-mail address listed below. Mail papers by 1 March (Sheraton Venue) or 1 April (Marriott Venue) to the e-mail address listed for your particular venue. These e-mail addresses will be active after 15 November. Delegates should carbon copy (cc) themselves as confirmation of receipt. *Please put committee and assignment in the subject line (Example: GAPLEN\_Greece).*

### 2. TO DIRECTOR-GENERAL

- Each delegation should send one set of all position papers for each assignment to the e-mail designated for their venue: [positionpapers.sheraton@nmun.org](mailto:positionpapers.sheraton@nmun.org) or [positionpapers.marriott@nmun.org](mailto:positionpapers.marriott@nmun.org). This set (held by each Director-General) will serve as a back-up copy in case individual committee directors cannot open attachments. Note: This e-mail should only be used as a repository for position papers.
- The head delegate or faculty member sending this message should cc: him/herself as confirmation of receipt. (Free programs like Adobe Acrobat or WinZip may need to be used to compress files if they are not plain text.)
- Because of the potential volume of e-mail, only one e-mail from the Head Delegate or Faculty Advisor containing all attached position papers will be accepted. *Please put committee, assignment and delegation name in the subject line (Example: Cuba\_U\_of\_ABC).* If you have any questions, please contact the Director-General at [dirgen@nmun.org](mailto:dirgen@nmun.org).

COMMITTEE	E-MAIL   SHERATON	COMMITTEE	E-MAIL   MARRIOTT
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### OTHER USEFUL CONTACTS:

Entire Set of Delegation Position Papers (send only to e-mail for your assigned venue)	<a href="mailto:positionpapers.sheraton@nmun.org">positionpapers.sheraton@nmun.org</a> <a href="mailto:positionpapers.marriott@nmun.org">positionpapers.marriott@nmun.org</a>
Executive Director	<a href="mailto:eaton@nmun.org">eaton@nmun.org</a>
Secretary-General	<a href="mailto:secgen@nmun.org">secgen@nmun.org</a>
Director(s)-General	<a href="mailto:dirgen@nmun.org">dirgen@nmun.org</a>

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# THE 2008 NATIONAL MODEL UNITED NATIONS

SPONSORED BY THE NATIONAL COLLEGIATE CONFERENCE ASSOCIATION

New York City, 18-22 March (Sheraton) & 22-26 April (Marriott) • [www.nmun.org](http://www.nmun.org)

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Dear Delegates,

On behalf of your dais staff, welcome to National Model United Nations for 2008. We are the honorable Directors for the General Assembly 2<sup>nd</sup> Committee, Fabian Thehos and Cyril Philip, and Assistant Directors, Stefanie Jachimiak and Ambika Sharma. Fabian Thehos is serving his second year on staff at NMUN Sheraton, has a background in Finance and now works in investments at a medical charity in London. Cyril Philip is also serving his second year on staff at NMUN Marriott. He has a background in Finance and Production Management from Carnegie Mellon University. Stefanie Jachimiak is serving her first year on staff at NMUN Sheraton, and is studying Political Science and Spanish; she is currently working towards her Master of Arts in International Affairs at George Washington University. Ambika Sharma is also serving her first year on staff and is a senior at Texas Christian University with a double major in International Economics and Political Science and a minor in Mathematics.

The General Assembly 2<sup>nd</sup> Committee will be covering a wide spectrum of topics relevant to International Finance and Economics. Specifically, we will be covering these three topics:

1. The Role of Foreign Direct Investment in Development
2. The Politics and Economics of the External Debt Crisis
3. Public-Private Partnerships in Infrastructure Development

Every participating delegation is required to submit a position paper prior to attending the conference. NMUN will accept position papers via e-mail by March 1, 2008 for Sheraton and April 1, 2008 for Marriott. Please refer to the message from your Directors-General explaining NMUN's position paper requirements and restrictions in this guide. Delegates' adherence to these guidelines is crucial.

At a National Conference such as NMUN the importance of research can not be underestimated. The topics that will be covered have many important issues that most people are unaware of. Consequently, it is your role as a delegate to become as close to an expert on the topics presented as possible. Your dais staff has provided you with a starting point for your research with this guide, but in order to experience the full benefit of NMUN it is best for you to research beyond what is presented here.

We are very much looking forward to the Conference, and trust that your experience in the General Assembly 2<sup>nd</sup> Committee will be highly rewarding. We wish each of you all the best for your preparations. Please do not hesitate to direct any questions or concerns toward your Director.

Sincerely yours,

*Sheraton Venue*

Fabian Thehos  
Director  
Stefanie Jachimiak  
Assistant Director  
GA2nd.Sheraton@nmun.org

*Marriott Venue*

Cyril Philip  
Director  
Ambika Sharma  
Assistant Director  
GA2nd.Marriott@nmun.org

## Message from the Directors-General Regarding Position Papers for the 2008 NMUN Conference

At the NMUN Conference, each delegation submits one position paper for each committee it is assigned to. Delegates should be aware that their role in a respective committee has some impact on the way a position paper should be written. While most delegates will serve as Member States, some may be observers, NGOs or judicial or technical experts. To understand these fine differences, please refer to the Delegate Preparation Guide to be found at the NMUN Web site.

Position papers should provide a concise review of each delegation's policy regarding the topic areas under discussion and establish precise policies and recommendations in regard to the topics before the committee. International and regional conventions, treaties, declarations, resolutions, and programs of action of relevance to the policy of your State should be identified and addressed. Position papers also serve as a blueprint for individual delegates to remember their country's position throughout the course of the Conference. NGO position papers should be constructed in the same fashion as traditional position papers. Each topic should be addressed briefly in a succinct policy statement representing the relevant views of your assigned NGO. You should also include recommendations for action to be taken by your committee. It will be judged using the same criteria as all country position papers, and is held to the same standard of timeliness.

Please be forewarned, delegates must turn in material that is entirely original. *The NMUN Conference will not tolerate the occurrence of plagiarism.* In this regard, the NMUN Secretariat would like to take this opportunity to remind delegates that although United Nations documentation is considered within the public domain, the Conference does not allow the verbatim recreation of these documents. This plagiarism policy also extends to the written work of the Secretariat contained within the Committee Background Guides. Violation of this policy will be immediately reported to faculty advisors and may result in dismissal from Conference participation. Delegates should report any incident of plagiarism to the Secretariat as soon as possible.

Delegation's position papers can be awarded as recognition of outstanding pre-Conference preparation. In order to be considered for a Position Paper Award, however, delegations must have met the formal requirements listed below. Please refer to the sample paper on the following page for a visual example of what your work should look like at its completion. The following format specifications are **required** for all papers:

- All papers must be typed and formatted according to the example in the Background Guides
- Length must **not** exceed one double-sided page (two single-sided pages is **not** acceptable)
- Font **must** be Times New Roman sized between 10 pt. and 12 pt.
- Country/NGO name, School name and committee name clearly labeled on the first page
- Agenda topics clearly labeled in separate sections

To be considered timely for awards, please read and follow these directions:

1. **A file of the position paper** (.doc or .pdf) **for each assigned committee** should be sent to the committee email address listed in the Background Guide. These e-mail addresses will be active after December 1, 2007. Delegates should carbon copy (cc:) themselves as confirmation of receipt.
2. Each delegation should also send **one set of all position papers** to the e-mail designated for their venue: [positionpapers.sheraton@nmun.org](mailto:positionpapers.sheraton@nmun.org) or [positionpapers.marriott@nmun.org](mailto:positionpapers.marriott@nmun.org). This set will serve as a back-up copy in case individual committee directors cannot open attachments. These copies will also be made available in Home Government during the week of the NMUN Conference

Each of the above listed tasks needs to be completed no later than **March 1, 2008 for Delegations attending the NMUN at the Sheraton venue and April 1, 2008 for Delegations attending the NMUN on the Marriott venue.**

**PLEASE TITLE EACH E-MAIL/DOCUMENT WITH THE NAME OF THE COMMITTEE, ASSIGNMENT AND DELEGATION NAME (Example: AU\_Namibia\_University of Caprivi)**

*A matrix of received papers will be posted online for delegations to check prior to the Conference. If you need to make other arrangements for submission, please contact Linda Poppe, Director-General, Sheraton venue, or Galen Stocking, Director-General, Marriott venue at [dirgen@nmun.org](mailto:dirgen@nmun.org). There is an option for delegations to submit physical copies via regular mail if needed.*

Once the formal requirements outlined above are met, Conference staff uses the following criteria to evaluate Position Papers:

- Overall quality of writing, proper style, grammar, etc.
- Citation of relevant resolutions/documents
- General consistency with bloc/geopolitical constraints
- Consistency with the constraints of the United Nations
- Analysis of issues, rather than reiteration of the Committee Background Guide
- Outline of (official) policy aims within the committee's mandate

Each delegation should submit a copy of their position paper to the permanent mission of the country being represented, along with an explanation of the Conference. Those delegations representing NGOs do not have to send their position paper to their NGO headquarters, although it is encouraged. This will assist them in preparation for the mission briefing in New York.

Finally, please consider that over 1,000 papers will be handled and read by the Secretariat for the Conference. Your patience and cooperation in strictly adhering to the above guidelines will make this process more efficient and is greatly appreciated. Should you have any questions please feel free to contact the Conference staff, though as we do not operate out of a central office or location your consideration for time zone differences is appreciated.

Sincerely yours,

*Sheraton Venue*  
Linda Poppe  
Director-General

[linda@nmun.org](mailto:linda@nmun.org)

*Marriott Venue*  
Galen Stocking  
Director-General

[galen@nmun.org](mailto:galen@nmun.org)

## Sample Position Paper

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Delegation from (*Insert Member State/NGO Name*)

Represented by (*Insert Delegation Name Here*)

### *Position Paper for the General Assembly Plenary*

The issues before the General Assembly Plenary are: The Situation in Sub-Saharan Africa; Racism and Racial Discrimination, and A Comprehensive Review of United Nations Peacekeeping Operations. The State of Tranquility a proud member of the Regional Alliance of Peaceful Countries and a fully supports other regional groups in their efforts to coordinated a regional plan for sustained and sustainable development. In that regard, the State of Tranquility recognizes the necessity of ensuring the full realization of the Right to Development as declared in the Declaration on the Right to Development and the Final Report of the Working Group on the Right to Development. Tranquility fully supports the implementation of national development plans with the cooperation of regional organizations, the United Nations, and the international community. Tranquility is firmly committed to addressing the underlying factors.

#### **I. The Situation in Sub-Saharan Africa**

The State of Tranquility believes that the principles of sovereignty, territorial integrity and economic security lend themselves to the pacific settlement of disputes in Sub-Saharan Africa, the most ethnically diverse region in the world. The lack of development in the region constitutes the root cause of political instability and conflict. The report of the Secretary-General, *An Agenda for Peace: Recommendations*, if implemented, could enhance the work of the Organization in its efforts to bring about sustainable development in Africa. Tranquility also believes that the use of preventive development in Africa could ensure that conflicts such as those in Liberia, Rwanda, Angola, Somalia and the Democratic Republic of the Congo can be avoided before they erupt. While obstacles to be overcome are many, international support for effective national programs to ensure the relief to rehabilitation to development continuum through post-conflict peace-building, can enable Sub-Saharan Africa and the entire developing world to achieve the sustainable development which alone will guarantee regional peace and stability. The State of Tranquility fully supports the increased cooperation between the United Nations and regional organizations in all aspects of dispute settlement and peace-keeping. Increased support for such regional efforts, when combined with measures to eliminate the root causes of regional conflict, serves to further enhance the prospects for lasting peace, security and development in Sub-Saharan Africa and throughout the entire international community.

#### **II. Racism and Racial Discrimination**

The State of Tranquility believes that the World Conference against Racism, Racial Discrimination, Xenophobia, and Related Intolerance offers the global community an opportunity to establish an updated plan of action to completely eradicate racism and racial discrimination throughout the world. The necessity for all Member States to sign, accede to and ratify the International Convention on the Elimination of All Forms of Racial Discrimination is an integral part of this plan, as policies and practices based on racism and racial discrimination remain devastating to regional social, economic and infrastructure development. Tranquility encourages all States, international organizations and non-governmental organizations to increase their efforts to combat racism, racial discrimination and xenophobia and to provide assistance to those affected by such practices. The lack of financial resources that prevented the international community from realizing its objectives in the three previous United Nations Decades to Combat Racism and Racial Discrimination must not continue to hinder the international community in guaranteeing the fundamental human rights of all peoples.

#### **III. A Comprehensive Review of United Nations Peacekeeping Operations**

The State of Tranquility remains firmly committed in support of the continued role of the United Nations Security Council as the primary agent for the maintenance of international peace and security, as mandated under Chapters IV and V of the *UN Charter*. We strongly recommend the authorization, determination, composition and financing of peacekeeping operations should be determined by the Council, as authorized by Articles 24, 25 and 26 of the

*Charter* and in conjunction with the recommendations of the Special Committee on Peacekeeping Operations. Additionally, the State of Tranquility endorses the current role of the Secretary-General as administrator of the Operations established by the Council. The State of Tranquility remains a central contributor for both financial and logistical support of the United Nations Peacekeeping forces and will continue to contribute to the United Nations Peacekeeping Budget throughout the duration of the current year. The State of Tranquility is firmly committed to addressing all threats to international peace and security through regional arrangements and multilateral forums. The international community must address the underlying causes of these conflicts and the destabilizing effects of such conflicts on entire regions. Tranquility is convinced that increased utilization of regional and sub-regional peacekeeping mechanisms can enhance the ability of peacekeeping missions to take into account historical, social, and cultural values and traditions within areas of conflict. As operation costs continue to escalate, however, our nation strongly urges all Member States and the Secretary-General to devote greater attention to the monetary and management aspects of peacekeeping operations and provide serious consideration for the establishment of operation termination dates. The State of Tranquility further supports the proposal endorsed within A/Res/44/49, calling for Member States to develop and maintain an inventory of supplies and equipment to be made available for Operations on short-notice. In addition, the State of Tranquility calls upon Member States to recognize the need to maintain voluntary contributions for United Nations Peacekeeping Operations to reduce the continuing problems incurred by funding deficits.



## History of the General Assembly Economic and Financial Committee (GA 2<sup>nd</sup>)

### *Structure of the Committee*

With the ratification of the Charter of the United Nations (UN) in 1945, the UN was established by 51 countries.<sup>1</sup> As outlined in Chapter I Article 1 of the *UN Charter*, the UN aims to maintain international peace and security, to solve international problems of economic, social, cultural, or humanitarian origin, and to develop friendly relations among nations.<sup>2</sup> To further concentrate on its various goals, the UN is based on five principal organs, with equal representation of all Member States at the General Assembly.<sup>3</sup> Therefore, this assembly serves as the main forum for all its members to discuss issues of international law and peace.<sup>4</sup>

As established in the UN Charter, the functions and powers of the GA include approving the UN budget, considering reports from the Security Council and the other UN organizations, and making recommendations in maintaining international peace and security.<sup>5</sup> Hence, it is in the General Assembly where all of the UN's important projects (except Security Council's peacekeeping projects) originate.<sup>6</sup> Due to the wide range of topics, the UN Rules of Procedure state: "The General Assembly may establish such committees as it deems necessary for the performance of its functions."<sup>7</sup> Therefore there are six Main Committees of the GA, dealing with specific topics. The General Assembly Second Committee (GA 2<sup>nd</sup>) deals with Economic and Financial issues; the First Committee handles Disarmament and International Security; the Third Committee oversees Social, Humanitarian, and Cultural issues; the Fourth Committee concentrates on Special Political and Decolonization; the Fifth Committee manages the Administrative and Budgetary issues; and the Sixth Committee discusses Legal issues.<sup>8</sup>

The purpose of the GA 2<sup>nd</sup> Committee is to discuss any financial and economic topics that are introduced in the General Assembly.<sup>9</sup> After examining these issues in-depth, GA 2<sup>nd</sup> makes recommendations to the Assembly in the form of resolutions and reports which include implications and further suggestions which will have a direct impact in achieving the goals of the General Assembly and the UN as a whole.<sup>10</sup> Due to the fact that it is a sub-committee of the General Assembly, all 192 Member States are represented in GA 2<sup>nd</sup>.<sup>11</sup>

### *Current Status of the Committee*

The chairperson of the Economic and Financial Committee (GA 2<sup>nd</sup>) is H.E. Ambassador Tiina Intelmann from Estonia.<sup>12</sup> The committee covers topics of macroeconomic policy such as international trade, debt crisis, financing for development, sustainable development, human settlements, poverty eradication, strengthening humanitarian and disaster relief assistance, globalization and interdependence, operational activities for development, and information and communication technologies for development.<sup>13</sup> At the 60<sup>th</sup> session, GA 2<sup>nd</sup> had 45 draft proposals, with topics ranging from sustainable development to revitalization of the work of the General Assembly.<sup>14</sup>

### *International trade and development*

The recent failure of the Doha Round meeting in July 2006 is a major setback in the UN's progressive efforts in facilitating international financial transactions.<sup>15</sup> The World Trade Organization (WTO) round of multilateral

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<sup>1</sup> United Nations. *History of the United Nations*, n.d.

<sup>2</sup> United Nations. *Charter of the United Nations*, 1945.

<sup>3</sup> New Internationalist. *The United Nations System Principal Organs*, 2005, Issue 375, p.13.

<sup>4</sup> United Nations. General Assembly, *Functions and Powers of the General Assembly*, n.d.

<sup>5</sup> United Nations. *Charter of the United Nations*, 1945.

<sup>6</sup> United Nations. General Assembly, *Functions and Powers of the General Assembly*, n.d.

<sup>7</sup> United Nations. General Assembly, *Rules of Procedure of the General Assembly*, 1985, rule 22.

<sup>8</sup> United Nations. General Assembly, *Amendments to the Rules of Procedure of the General Assembly*, 1993, rule 98.

<sup>9</sup> United Nations. General Assembly, *Economic and Financial Second Committee*, n.d.

<sup>10</sup> United Nations. General Assembly. 61<sup>st</sup> Session, *Economic and Financial Second Committee*, n.d.

<sup>11</sup> *Ibid.*

<sup>12</sup> *Ibid.*

<sup>13</sup> *Ibid.*

<sup>14</sup> *Ibid.*

<sup>15</sup> Gorelick, UN Chronicle: *The Sixty-First General Assembly: Transcending Rifts on Development and Beyond*, 2006, No. 4,

negotiations broke down because developed countries could not agree on dismantling their agricultural subsidies.<sup>16</sup> In a recent speech in Kuala Lumpur in August 2007, WTO Director-General Pascal Lamy stressed that completing the Doha Round is a “political must.”<sup>17</sup> He further explained that the current global challenges are “resisting protectionist tendencies, investing in policies which ensure that the benefits of trade are spread fairly among and within countries and investing in a stable multilateral trading system.”<sup>18</sup>

According to the United Nations Conference on Trade and Development (UNCTAD) report *The Least Developed Countries Report 2004—Linking International Trade with Poverty Reduction*, the main reason for the failure of the trade-poverty relationship is a country’s weak trade performance.<sup>19</sup> Differences in the exports dynamics are closely correlated to the differences in the export structure.<sup>20</sup> For instance, the non-oil primary-commodity-exporting Least Developing Countries (LDCs) have a weaker export performance mainly because of falling commodity prices and a lack of competitiveness.<sup>21</sup>

According to the World Bank *Global Poverty Report*, 1.2 billion people are estimated to still live on less than \$1/day, and almost 3 billion on less than \$2/day.<sup>22</sup> Factors such as globalization, the volatility of commodity prices, innovation and endogenous knowledge, and flows of private and official capital between countries have a powerful impact on countries and can strengthen their ability to reduce poverty.<sup>23</sup>

The *Least Developed Countries Report 2007* by UNCTAD suggests that technology plays a crucial role in development.<sup>24</sup> However currently, the level of development of technological capabilities in LDCs is ranked at the bottom of UNCTAD’s Innovation Capability Index.<sup>25</sup> Therefore, the Member States should focus more energy towards formulating strategies aimed at transferring the endogenous knowledge and helping the LDCs to benefit from the international technology diffusion.<sup>26</sup>

GA 2<sup>nd</sup> recommended, in a report to the Secretary-General, that an enhanced trading environment, especially through multilateral negotiations, can potentially improve the anticipation for economic growth and sustainable development among the LDCs.<sup>27</sup> Following these recommendations, the Assembly called for increased cooperation in solving complex issues of globalization.<sup>28</sup> It asked for integrated consideration of trade, finance, technology, and further development in the reformation of the international financial system.<sup>29</sup> In a report to the GA Plenary, GA 2<sup>nd</sup> urged developed countries to collaborate with developing countries in trade-related negotiations.<sup>30</sup> GA 2<sup>nd</sup> further called for the enhancement of South-South trade and acceleration on the development-related mandate concerning the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPs).<sup>31</sup>

### ***The international financial system***

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p.11.

<sup>16</sup> Global Issues. *Free Trade and Globalization: Doha Round Collapses*, 2006.

<sup>17</sup> World Trade Organization News. *Completing the Doha Round is a “political must” – Lamy*, August 2007, n.d.

<sup>18</sup> *Ibid.*

<sup>19</sup> United Nations Conference on Trade and Development, *The Least Developed Countries Report 2004: The Potential Role of International Trade in Poverty and Reduction in the LDCs*, 2004, p.102.

<sup>20</sup> United Nations Conference on Trade and Development, *The Least Developed Countries Report 2004: Trade and Poverty from a Development Perspective*, 2004, p.67.

<sup>21</sup> United Nations Conference on Trade and Development, *The Least Developed Countries Report 2004: How the Trade-Poverty Relationship works in Practice*, 2004, p.125.

<sup>22</sup> World Bank, *Global Poverty Report*, 2000, p.2.

<sup>23</sup> *Ibid.*, p.3.

<sup>24</sup> United Nations Conference on Trade and Development, *The Least Developed Countries Report 2007: Overview*, 2007, p.6.

<sup>25</sup> *Ibid.*, p.10.

<sup>26</sup> United Nations Conference on Trade and Development, *The Least Developed Countries Report 2004: How the Trade-Poverty Relationship works in Practice*, 2004, p.133.

<sup>27</sup> United Nations. General Assembly. 61<sup>st</sup> Session, *International trade and development (A/61/272)*, 2006.

<sup>28</sup> *Ibid.*

<sup>29</sup> United Nations Chronicle: *The Sixty-First General Assembly: Second Committee (Economic and Financial)*, 2007, p.36.

<sup>30</sup> United Nations. General Assembly. 61<sup>st</sup> Session, *International Trade and Development: Report of the Second Committee. (A/61/420/Add.1)*, 2006.

<sup>31</sup> *Ibid.*

The international financial system is a framework that facilitates all the monetary and commodity transactions. It consists of several multilateral organizations such as the IMF and the World Bank among others. These organizations work to promote international monetary cooperation. For instance, the IMF has three main responsibilities aimed especially at crisis prevention: surveillance, lending, and technical assistance.<sup>32</sup> The World Bank, on the other hand, provides low-interest loans, interest-free credit and grants to developing countries for various social needs and infrastructure.<sup>33</sup>

Mobilizing financial resources and their effective use in developing countries are crucial to a global partnership of financial development.<sup>34</sup> Foreign Direct Investment (FDI) is one example of a financial resource.<sup>35</sup> According to the World Investment Report 2006, FDI increased in 2005 by 29%, reaching \$916 billion.<sup>36</sup> However, the contribution of FDI to economic growth has been extensively debated in the literature on international and development economics.<sup>37</sup> The direct impact of FDI on an economy is an increase in capital formation.<sup>38</sup> Capital formation is a transfer of private and government savings for investment purposes that leads to economic expansion.<sup>39</sup> Capital formation can cause growth by introducing new technologies, such as new production processes and techniques, ideas, new varieties of goods, and other indicators.<sup>40</sup> Therefore transfer of technology and knowledge can help poorer economies reach a higher growth rate, but the rate of growth depends on the rate of technological change, as a technology change will now push the economy onto a higher growth rate.<sup>41</sup>

Official Development Assistance (ODA) is another form of a financial resource that can help poor economies attain a higher growth rate.<sup>42</sup> Simply stated, ODA is the official assistance given by governments, in forms of loans and grants, to developing countries to promote and implement development.<sup>43</sup> ODA must have the following three elements: it must be an official government loan, the loan must be for economic development purposes, and it must be at a discounted rate.<sup>44</sup>

As summarized in General Assembly Resolution 2626 from the committee's 25<sup>th</sup> Session in 1970, the developed countries agreed upon dedicating the International Target Rate of 0.7% of the developed countries' Gross National Product (GNP) toward ODA.<sup>45</sup> There has been a significant recovery of ODA since the International Conference on Financing for Development, held in Monterrey, Mexico, in 2002.<sup>46</sup> Much of the increase in ODA since 2002 is accounted for by debt relief, technical and emergency assistance.<sup>47</sup>

In a recent report to the Secretary-General, the GA reviewed recent trends in international official and private capital flows to developing countries and recent efforts to strengthen international institutions concerned with expanding the flow and stability of development financing.<sup>48</sup> External debt issuance by countries declined as improved fundamentals and increased reliance on domestic funding reduced external financing requirements and sovereigns aggressively retired debt.<sup>49</sup> The report asked for the restoration of the Bretton Woods institutions, suggesting that

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<sup>32</sup> International Monetary Fund. *What the IMF Does*, n.d.

<sup>33</sup> World Bank. *About Us*, n.d.

<sup>34</sup> United Nations Conference on Trade and Development. *World Investment Report 2006: FDI from Developing and Transition Economies: Implications for Development*, 2006. p. 2.

<sup>35</sup> *Ibid.*

<sup>36</sup> *Ibid.*, p. 17.

<sup>37</sup> The Journal of Development Studies. *Foreign Direct Investment, Financial Development and Economic Growth*, Vol. 40, No. 1, October 2003, p.142-163.

<sup>38</sup> *Ibid.*

<sup>39</sup> *Ibid.*

<sup>40</sup> *Ibid.*

<sup>41</sup> *Ibid.*

<sup>42</sup> International Monetary Fund. *External Debt Statistics: Guide for Compilers and Users – Appendix III: Glossary: Official Development Assistance*, n.d.

<sup>43</sup> *Ibid.*

<sup>44</sup> *Ibid.*

<sup>45</sup> Organization for Economic Co-operation and Development. *Development Co-Operation Directorate: Aid Statistics, Donor Aid Charts*, n.d.

<sup>46</sup> United Nations. General Assembly. 62<sup>nd</sup> Session, *International financial system and development*. (A/62/119/), 2007. p. 4.

<sup>47</sup> *Ibid.*

<sup>48</sup> *Ibid.*, p. 1.

<sup>49</sup> *Ibid.*, p. 5.

the effectiveness and legitimacy of these institutions can only be achieved when their agenda reflects the needs and concerns of the majority of countries affected by their operations.<sup>50</sup> The report points out IMF's failure at its key tool of surveillance in assigning responsibility of preventing crises and promoting macroeconomic stability.<sup>51</sup> It suggests that the Fund's capability to monitor the financial sector and capital market developments at the global levels needs to be reformed and strengthened greatly.<sup>52</sup>

To further continue economic development, the GA invited the World Bank, IMF and other regional development banks to further integrate development strategies to help Member States reach the Millennium Development Goals (MDGs).<sup>53</sup> It called for the continued collaboration and support of the multilateral financial institutions. The GA supports the efforts of developing countries to create an environment conducive to attracting foreign investment.<sup>54</sup> During the 60<sup>th</sup> session, the GA requested the Secretary-General to submit a report featuring an analysis of the range of reasons for a net outflow of financial resources from developing countries.<sup>55</sup>

Therefore to improve the international financial system, government reforms and improved multilateral surveillance is a must step one.<sup>56</sup> Multilateral surveillance remains in the center of crisis prevention efforts.<sup>57</sup> In order for the IMF to re-establish its relevance and importance to the emerging markets, it must have adequate tools relative to the magnitude of capital account volatility.<sup>58</sup>

### ***Future of the Committee***

As stated earlier, the purpose of the General Assembly Second Committee is to discuss any financial and economic topics that are introduced in the General Assembly.<sup>59</sup> Each member of GA 2<sup>nd</sup> has one vote.<sup>60</sup> On September 21, 2007 the General Assembly adopted the agenda for its sixty-second session with topics ranging from international trade and development to financing various United Nations' missions.<sup>61</sup> Therefore all the macroeconomic policy questions will be discussed specifically in GA 2<sup>nd</sup>.<sup>62</sup> In order to successfully deal with the pertinent issues of international trade and multilateral financial system, the committee must thoroughly understand the complex structure of international and development economics. The committee must consider the relationship between trade and poverty; and, the effect of globalization, volatility of commodity prices, endogenous knowledge and the level of technology on growth rate of an economy. The committee must also survey the effect of Foreign Direct Investment (FDI) and Official Development Assistance (ODA) on the overall growth and development of an economy. Therefore a thorough analysis of our complex multilateral trading and finance system is critical prior to offering solutions.

## **I. The Role of Foreign Direct Investment in Development**

*"We underscore the need to sustain sufficient and stable private financial flows to developing countries and countries with economies in transition. It is important to promote measures in source and destination countries to improve transparency and the information about financial flows to developing countries..."*<sup>63</sup>

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<sup>50</sup> *Ibid.*

<sup>51</sup> *Ibid.*, p. 6.

<sup>52</sup> *Ibid.*

<sup>53</sup> United Nations. General Assembly. 61<sup>st</sup> Session. *Macroeconomic Policy Questions: International Financial System and Development* (A/61/420/Add.2), 2006.

<sup>54</sup> United Nations. General Assembly. 60<sup>th</sup> Session. 2005 World Summit Outcome (A/RES/60/1), 2005.

<sup>55</sup> *Ibid.*

<sup>56</sup> United Nations. General Assembly. 62<sup>nd</sup> Session, *International financial system and development*. (A/62/119/), 2007. p. 16.

<sup>57</sup> *Ibid.*, p. 17.

<sup>58</sup> *Ibid.*

<sup>59</sup> United Nations. General Assembly, *Economic and Financial Second Committee*, n.d.

<sup>60</sup> United Nations. General Assembly. 61<sup>st</sup> Session, *Economic and Financial Second Committee*, n.d.

<sup>61</sup> United Nations. General Assembly. 62<sup>nd</sup> Session, *Agenda of the sixty-second session of the General Assembly* (A/62/251), 2007.

<sup>62</sup> United Nations. General Assembly, *Economic and Financial Second Committee*, n.d.

<sup>63</sup> United Nations. General Assembly. 60<sup>th</sup> Session, *2005 World Summit Outcome* (A/RES/60/1), 2005.

## ***Introduction to Foreign Direct Investment***

Official Development Assistance (ODA) has been the major aid source from the international community towards Developing States.<sup>64</sup> However it is now widely agreed in the international community that ODA alone can not provide the boost needed for growth.<sup>65</sup> A combination of ODA and investment such as Foreign Direct Investment (FDI) is important for enabling Developing countries to transcend their current economic status.<sup>66</sup> This provides countries not only with resources but also access to technology as well as the global economy as a whole.<sup>67</sup> It is from this reasoning that the importance of FDI is understood.

The Organization for Economic Cooperation and Development (OECD) *Benchmark Definition for Foreign Direct Investment* defines Foreign Direct Investment as an international investment tool that revolves around the “objective of a resident in one economy (the direct investor) obtaining a lasting interest in an enterprise resident in another economy (the direct investment enterprise).”<sup>68</sup> In other words, FDI occurs when foreign investors put money and resources into another country to gain part ownership of another company or to create a subsidiary.<sup>69</sup> A subsidiary is when a firm directly controls another firm and hence that controlled firm is a part of the parent (original firm).<sup>70</sup> One of the key reasons why firms pursue FDI is to gain access to resources of a host country which they do not have.<sup>71</sup> The close location to valuable resources reduces basic costs for firms and helps their global competitiveness.<sup>72</sup>

The foreign direct investor can be any organization that is from a country in which is not the country that the investment goes to.<sup>73</sup> Examples of direct investors are corporations, governments, and individuals.<sup>74</sup> The direct investment enterprise is any company in which a foreign direct investor owns 10% or greater of the voting stock, and therefore controls 10% of the company.<sup>75</sup> Besides the 10% rule, any foreign direct investor which has significant power in the operating decisions of a foreign corporation creates this FDI relationship.<sup>76</sup>

FDI is very significant because it essentially connects the economies of different nations, allowing people to transcend borders through commerce. World FDI inflows, FDI that goes into a country, have been increasing steadily.<sup>77</sup> In 2004 FDI inflows increased by 27%, the following year in 2005 it increased by 29% to \$916 billion worldwide.<sup>78</sup> FDI is important in both developed and developing nations.<sup>79</sup> Developed countries account for 59% of total FDI inflows, while developing countries account for 36%.<sup>80</sup> Developing countries reached FDI inflows of \$320.6 billion, while developed nations had \$555.9 billion.<sup>81</sup> Economies in transition, which consist mostly of post-Soviet countries in East Europe and Asia, have an inflow of FDI of \$36 billion.<sup>82</sup> Developing nations that receive the most amount of FDI are those in Southeast, South, and East Asia which have a staggering 18% of world FDI

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<sup>64</sup> United Nations. General Assembly, Third United Nations Conference on the Least Developed Countries, *Enhancing Productive Capacities: The role of Investment and Enterprise Development*, 2001, p. 3.

<sup>65</sup> *Ibid.*, p. 3.

<sup>66</sup> *Ibid.*, p. 3.

<sup>67</sup> *Ibid.*, p. 4.

<sup>68</sup> Organization for Economic Cooperation and Development, *OECD Benchmark Definition of Foreign Direct Investment*, 1999, p. 7.

<sup>69</sup> Chen, *Foreign Direct Investment*, 2000, p 6.

<sup>70</sup> *Ibid.*, p. 18.

<sup>71</sup> Chen, *Foreign Direct Investment*, 2000, p. 19.

<sup>72</sup> *Ibid.*, p.19.

<sup>73</sup> Organization for Economic Cooperation and Development, *OECD Benchmark Definition of Foreign Direct Investment*, 1999, p. 8.

<sup>74</sup> *Ibid.*, p 8.

<sup>75</sup> *Ibid.*, p. 8.

<sup>76</sup> *Ibid.*, p. 8.

<sup>77</sup> United Nations. Conference on Trade and Development, *World Investment Report 2006: FDI from Developing and Transition Economies: Implications for Development*, 2006, p. 1.

<sup>78</sup> *Ibid.*, p. 1.

<sup>79</sup> *Ibid.*, p. 1.

<sup>80</sup> *Ibid.*, p. xvii.

<sup>81</sup> United Nations. United Nations Conference on Trade and Development, *Major FDI Indicators*, n.d.

<sup>82</sup> *Ibid.*

inflows.<sup>83</sup> For developed nations, the highest inflow is to Europe with \$433 billion.<sup>84</sup> FDI inflows are mostly aimed at services, however investment in natural resources, especially oil, have increased sharply over the past few years.<sup>85</sup> Developed countries tend to attract FDI from corporations seeking assets, while developing countries attract a substantial portion of their FDI for their vast resources.<sup>86</sup> Examining how and why FDI flows will shed light on how FDI can be used to aid the development of countries.

### ***Foreign Direct Investment and the United Nations***

FDI information and statistics are gathered and analyzed by the United Nations Conference on Trade and Development (UNCTAD).<sup>87</sup> The recent work of UNCTAD in regards to FDI is summarized in Resolution 172 from the General Assembly's 56<sup>th</sup> Session which details the publications and activities of UNCTAD in the realm of FDI.<sup>88</sup> Most of the work being pursued involves educating developing States regarding the nuances of foreign investment agreements.<sup>89</sup> For example, UNCTAD developed and implemented workshops that aimed to educate developing nations about the law behind International Investment.<sup>90</sup> There were also workshops based on methods to attract investment for developing countries.<sup>91</sup>

The General Assembly 2<sup>nd</sup> Committee has written many reports regarding development and FDI in its 59<sup>th</sup> session.<sup>92</sup> In particular, the Committee's *Report 485* from its 59<sup>th</sup> Session focuses on Globalization and aiding economies in transition and highlights foreign direct investment among other methods as critical.<sup>93</sup> The same sentiments of the importance of Foreign Direct Investment are echoed by the General Assembly in its 59<sup>th</sup> Session, when it passed Resolution 243.<sup>94</sup> Despite discussion on the world forum, many countries still desire more discourse regarding supporting and regulating FDI.<sup>95</sup> The General Assembly as a whole has fully supported the role and implementation of programs that will support FDI from its *Programme of Action of the Least Developed Countries*.<sup>96</sup> This document stated that FDI was needed to secure the financial future of Developing countries, and states that Least Developed Countries (LDCs) should be treated under special circumstances so they may provide incentives to attract investment.<sup>97</sup>

### ***Transnational Corporations and Foreign Direct Investment***

Transnational Corporations (TNCs), also referred to as Multinational Corporations (MNCs), are public or private corporations that operate in more than one country.<sup>98</sup> The country that the TNC is from is the home country, while the country that they invest in is the host country.<sup>99</sup> They consist of a single corporation based in the home country and any number of foreign corporations or affiliates that are related to that company because they have a FDI

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<sup>83</sup> United Nations. Conference on Trade and Development, *World Investment Report 2006: FDI from Developing and Transition Economies: Implications for Development*, 2006, p. xx.

<sup>84</sup> United Nations. Conference on Trade and Development, *Major FDI Indicators*, n.d.

<sup>85</sup> United Nations. Conference on Trade and Development, *World Investment Report 2006: FDI from Developing and Transition Economies: Implications for Development*, 2006, p. xviii.

<sup>86</sup> *Ibid.*, p. 165

<sup>87</sup> United Nations. Conference on Trade and Development, *Role of UNCTAD*, 2002.

<sup>88</sup> United Nations. General Assembly. 56<sup>th</sup> Session, *Information on work undertaken by the United Nations Conference on Trade and Development in support of the promotion of long-term private financial flows, especially foreign direct investment*, 2001.

<sup>89</sup> *Ibid.*

<sup>90</sup> *Ibid.*

<sup>91</sup> *Ibid.*

<sup>92</sup> United Nations. General Assembly 2<sup>nd</sup> Committee, *Reports*, 2004.

<sup>93</sup> United Nations. General Assembly 2<sup>nd</sup> Committee, *Globalization and interdependence: integration of the economies in transition into the world economy (A/59/485/Add. 5)*, 2004.

<sup>94</sup> United Nations. General Assembly, *Integration of the economies in transition into the world economy*, 2005.

<sup>95</sup> Fry, *The Politics of International Investment*, 1983, p. 35.

<sup>96</sup> United Nations. General Assembly. Third United Nations Conference on the Least Developed Countries, *Report of the Third United Nations Conference on the Least Developed Countries*, 2001, p. 5.

<sup>97</sup> *Ibid.*, p. 24.

<sup>98</sup> United Nations Conference on Trade and Development, *World Investment Report 2006: FDI from Developing and Transition Economies: Implications for Development*, 2006, p. 293

<sup>99</sup> Nathalie., Ihsen, & Alain. *Multinational Firms' Foreign Direct Investment*, 2007, p. 242

relationship.<sup>100</sup> An FDI relationship exists when the parent entity is from a country controls at least 10% of the voting stock of the foreign affiliate.<sup>101</sup> There are varying degrees of control depending on the amount of power the parent entity has in its foreign affiliate; hence many foreign affiliates tend to be substantially influenced by their parent company.<sup>102</sup> There are many reasons why TNCs invest abroad.<sup>103</sup> Firms could invest as a result of conditions at home, home country factors, or they could invest because of a favorable situation abroad, host country factors.<sup>104</sup> Home country factors include market expansion, high home country production costs, and restrictions of local business environment.<sup>105</sup> Host country factors include large “unexplored” markets, low production costs, natural resources, and free business environment.<sup>106</sup>

The term “spillover,” when used in an FDI context is defined as the effect FDI has on host economies.<sup>107</sup> There are many types of spillover effects of FDI from TNCs: greater competition between companies, technological advancement that lead to productivity growth, growth of human capital.<sup>108</sup> TNC owned plants tend to be more productive than neighboring host plants.<sup>109</sup> This productivity is mainly derived from the use of advanced technology from the TNC and tends to remain over time.<sup>110</sup> This technological advantage makes TNC-owned plants have a competitive advantage over local plants, which forces the local plants to adapt the technology of the TNC plant.<sup>111</sup> There are economic gains associated with FDI from TNCs including a growth of import and exports which help the current account of a growing economy.<sup>112</sup> There is also the eventual entrepreneurial gain of former employees which provide human capital to young economies.<sup>113</sup> Besides the obvious benefit within the sector of which a MNC contributes there is also evidence of a benefit to companies related to the business, such as suppliers.<sup>114</sup> The benefit of suppliers is called Backward Linkages, and shows that FDI can positively affect many sectors of an economy.<sup>115</sup> All these aspects help support the notion that FDI tends to have an impact on the host country.

### ***Foreign Direct Investment in Least Developed Countries***

Least Developed Countries (LDCs) are the economies of the world which have fallen substantially behind the international community.<sup>116</sup> Many of UNCTAD’s aforementioned efforts are centralized around increasing FDI flows to Least Developed Countries (LDCs).<sup>117</sup> In order for a country to be considered a LDC it must meet three criteria: low income, limited human capital, and economic vulnerability.<sup>118</sup> Low income is defined as under \$900 per capita Gross National Income.<sup>119</sup> Limited human capital occurs when a population is not meeting its full potential and is measured based on the population’s health, education, adult literacy, and nutrition.<sup>120</sup> Economic vulnerability is the level of risk the economy of a nation is exposed to and whether or not their current economy is

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<sup>100</sup> United Nations Conference on Trade and Development, *World Investment Report 2006: FDI from Developing and Transition Economies: Implications for Development*, 2006, p. 293.

<sup>101</sup> *Ibid.*, p. 293.

<sup>102</sup> *Ibid.*, p. 293.

<sup>103</sup> Nathalie, Ihsen, & Alain. *Multinational Firms' Foreign Direct Investment*, 2007, p. 242.

<sup>104</sup> *Ibid.*, p. 242.

<sup>105</sup> *Ibid.*, p. 242.

<sup>106</sup> *Ibid.*, p. 243.

<sup>107</sup> Aslanoglu. *Spillover effects of foreign direct investments on Turkish manufacturing industry*, 2000, p. 1113.

<sup>108</sup> *Ibid.*, p. 1113.

<sup>109</sup> Girma, & Görg. *Multinational's Productivity Advantage: Scale or Technology?*, 2007, p. 350.

<sup>110</sup> *Ibid.*, p. 360.

<sup>111</sup> Aslanoglu. *Spillover effects of foreign direct investments on Turkish manufacturing industry*, 2000, p. 1115.

<sup>112</sup> Nathalie, Ihsen, & Alain, *Multinational Firms' Foreign Direct Investment*, 2007, p. 249.

<sup>113</sup> *Ibid.*, p. 249.

<sup>114</sup> Javorcik. *Does FDI increase the productivity of domestic firms?*, 2004, p. 625.

<sup>115</sup> *Ibid.*, p. 625.

<sup>116</sup> *Ibid.*, p. 10.

<sup>117</sup> United Nations, General Assembly, 56<sup>th</sup> Session, *Information on work undertaken by the United Nations Conference on Trade and Development in support of the promotion of long-term private financial flows, especially foreign direct investment*, 2001.

<sup>118</sup> United Nations Office of the High Representative for Least Developed Countries, Landlocked Developing Countries, and Small Island Developing States, *The Criteria for the Identification of the LDCs*, 2005.

<sup>119</sup> *Ibid.*

<sup>120</sup> *Ibid.*

sustainable.<sup>121</sup> Economic Vulnerability is examined through looking at export stability and levels, agricultural stability, economic handicaps, and other factors such as economic size that would have an effect on the economy.<sup>122</sup> This is measured along a composite Economic Vulnerability Index (EVI), which measures the instabilities of different aspects mentioned beforehand to draw conclusions regarding overall economic vulnerability.<sup>123</sup>

The United Nations Under-Secretary General and the High Representative for Least Developed Countries, Landlocked Developing Countries, and Small Island Developing States, Anwarul K. Chowdhury, stated that FDI was a “critical source of much needed capital, know-how, technology and access to international markets for LDCs.”<sup>124</sup> His statement echoes the seventh clause of the *Brussels Declaration and Programme of Action for the LDCs*.<sup>125</sup> Hence FDI is viewed as an essential part of promoting development in LDCs.<sup>126</sup> Despite growth in the amount of FDI to LDCs, total FDI to LDCs represent a small percentage of total worldwide FDI and developing countries’ FDI.<sup>127</sup> Out of the FDI to LDCs, most went to natural resource rich States such as Angola, Equatorial Guinea, and Sudan.<sup>128</sup>

### **Case Study: FDI and African LDCs**

Africa as a whole is considered to be far from an economic paradise.<sup>129</sup> The GDP per capita of Africans is about 21% of the rest of world’s overall GDP per capita.<sup>130</sup> The lack of an economic backbone has created an unstable investment environment that has led to African countries receiving less than 2% of the total FDI flows to developing nations over the past decade.<sup>131</sup> Of the funds that were invested in Africa, most went to the mineral-rich nations of Angola and Nigeria, and to the more developed nations of South Africa and Mauritius.<sup>132</sup> This essentially left African LDCs with little actual FDI.<sup>133</sup> Yet despite this low number, it is still believed firmly that FDI is the key to the growth of African LDCs.<sup>134</sup>

The area of Africa considered most vulnerable is Sub-Saharan Africa (SSA).<sup>135</sup> Over the past two decades, SSA countries have implemented a wide range of policy changes designed to increase FDI and improve economic conditions.<sup>136</sup> Many of these changes revolved around removing the normal legal and financial restrictions for FDI in order to make the countries a more appealing target.<sup>137</sup> Yet despite many of these efforts, FDI has not increased as suspected and, especially in SSA, the current situation is not much improved.<sup>138</sup> Nonetheless, many countries in Africa have realized that the future of FDI is dependant on ensuring a stable private sector within their country.<sup>139</sup> By increasing privatization of former State Owned Enterprises (SOE), there is a new vacuum created for FDI by TNCs.<sup>140</sup> However despite changing systems, there is still a need for Africa to expand and play a more prominent role in the world economy.<sup>141</sup>

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<sup>121</sup> *Ibid.*

<sup>122</sup> *Ibid.*

<sup>123</sup> United Nations Conference on Trade and Development, *Statistical Profiles of the Least Developed Countries*, 2005. p 6

<sup>124</sup> Chowdhury, *Meeting of the Investment Advisory Council: “Reviewing the performance of LDCs in terms of FDI attraction since 2001,”* 2006.

<sup>125</sup> United Nations, General Assembly, Third United Nations Conference on the Least Developed Countries, *Report of the Third United Nations Conference on the Least Developed Countries*, 2001, p. 8.

<sup>126</sup> *Ibid.*

<sup>127</sup> United Nations Conference on Trade and Development, *FDI in Least Developed Countries at a glance: 2005/2006*, 2006, p. 1.

<sup>128</sup> *Ibid.*, p. 2.

<sup>129</sup> Amin, *Africa: living on the fringe*, 2002, p. 1.

<sup>130</sup> *Ibid.*, p. 1

<sup>131</sup> Akinkugbe, *A Two-part Econometric Analysis of Foreign Direct Investment Flows to Africa*, 2005, p. 908.

<sup>132</sup> *Ibid.*, p. 908.

<sup>133</sup> *Ibid.*, p. 909.

<sup>134</sup> Bennell, *Foreign Direct Investment in Africa: Rhetoric and Reality*, 1997, p. 1.

<sup>135</sup> *Ibid.*, p. 3.

<sup>136</sup> *Ibid.*, p.4.

<sup>137</sup> *Ibid.*, p.5.

<sup>138</sup> Amin, *Africa: living on the fringe*, 2002, p. 8.

<sup>139</sup> Bennell, *Foreign Direct Investment in Africa: Rhetoric and Reality*, 1997, p. 10.

<sup>140</sup> *Ibid.*, p. 10.

<sup>141</sup> Amin, *Africa: living on the fringe*, 2002, p. 10.



## ***Case Study: China***

Despite strong evidence supporting the positive effects of FDI on developing States, there is not much knowledge regarding what specific factors may lead to success.<sup>142</sup> Therefore, the best way to examine FDI's impact on an economy is through a case study. China is a prime example of economic success that may be attributable to FDI.<sup>143</sup> From 1979 to 2003, China's GDP has grown at an incredible 9.41% annually.<sup>144</sup> China's growth is not solely attributed to FDI; many factors, including large amounts of human capital, growth of exports, and internal investment have played a significant role as well.<sup>145</sup> FDI inflows in China are attributed partly to an Export Push (EP) policy which promoted exports by TNCs and led to economic growth in China.<sup>146</sup> Over time, TNCs have played an increasing role in the development of China.<sup>147</sup> In fact TNCs are attributed to 86.9% of China's exported electronics in 2005.<sup>148</sup>

A clear effect of FDI in China can be seen in the banking sector.<sup>149</sup> Before 1995, China's banking system was entirely state-controlled and owned.<sup>150</sup> This led to corruption and problems as banks only lent to state enterprises directly controlled by the government and therefore many loans failed to be profitable as the government felt no need to pay it back.<sup>151</sup> Despite efforts to change internally, many Chinese banks retained their favoritism towards certain individuals despite the PRC Commercial Banks law in 1995, which forced most banks to become commercial.<sup>152</sup> The World Trade Organization set a deadline of December 2006 for China to open its banking system to world investors, and the Chinese government welcomed this change by encouraging foreign banks to pursue up to 20% stock in Chinese banks.<sup>153</sup> Many foreign banks invested in the Chinese banking system, providing capital and methods to Westernize the banking system.<sup>154</sup> The final effect of this influx of FDI into the Chinese banking sector is still unknown; there are various cultural and organizational issues that still must be dealt with.<sup>155</sup> However, there is a clear relationship that States that have a well developed financial sector are at an advantage to receiving more FDI, which in China may lead to even more growth in other sectors.<sup>156</sup>

Despite the apparent growth of China's economy, some believe this has come at a very high cost.<sup>157</sup> FDI to LDCs is not at levels necessary to promote substantial growth.<sup>158</sup> China may have pulled much of the FDI that could have been spent in LDCs.<sup>159</sup> Despite the large sums of FDI, working conditions for Chinese workers have not improved beyond that of many LDCs and other developing nations.<sup>160</sup> Beyond working conditions, there is a belief that TNCs create a dependency with the host economy that will implode if it is not maintained; hence China is dependant on foreign TNCs for its success.<sup>161</sup> The increasing export-oriented economy of China may also cause future problems because it depends on the trade imbalance with the United States and other nations; such an imbalance can not become the norm or it could result in large scale consequences for the future of China.<sup>162</sup>

## ***Conclusion and Committee Directive***

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<sup>142</sup> Yao & Wei, *Economic Growth in the presence of FDI: The Perspective of Newly Industrialized Economies*, 2007, p. 211.

<sup>143</sup> *Ibid.* p. 225.

<sup>144</sup> *Ibid.*, p. 213.

<sup>145</sup> *Ibid.*, p. 225.

<sup>146</sup> *Ibid.*, p. 225.

<sup>147</sup> Hart-Landsberg & Burkett, *China, Capitalist Accumulation, and Labor*, 2007. p.2

<sup>148</sup> *Ibid.*, p. 3.

<sup>149</sup> Hawes & Chiu, *Foreign Strategic Investors in the Chinese Banking Market: Cultural Shift or Business as Usual?*, 2007, p. 203.

<sup>150</sup> *Ibid.*, p. 208.

<sup>151</sup> *Ibid.* p. 208.

<sup>152</sup> *Ibid.*, p. 208, p. 210, p. 214.

<sup>153</sup> *Ibid.*, p. 214, p. 215.

<sup>154</sup> *Ibid.*, p. 214, p. 215.

<sup>155</sup> *Ibid.*, p. 222, p. 224.

<sup>156</sup> Hermes & Lensink, *Foreign direct investment, financial development and economic growth*, 2003, p. 142.

<sup>157</sup> Hart-Landsberg & Burkett, *China, Capitalist Accumulation, and Labor*, 2007, p.1.

<sup>158</sup> United Nations Conference on Trade and Development, *FDI in Least Developed Countries at a glance: 2005/2006*, 2006, p. 1.

<sup>159</sup> Hart-Landsberg & Burkett, *China, Capitalist Accumulation, and Labor*, 2007, p.1

<sup>160</sup> *Ibid.*, p. 4.

<sup>161</sup> *Ibid.*, p. 5.

<sup>162</sup> *Ibid.*, p. 6.

The General Assembly Second Committee must examine the effect of FDI on developing countries, and eventually come up with a solution which will serve to promote positive development. The committee must have a key understanding of what specific factors can lead to growth following an inflow of FDI. Also, the committee must strive to increase FDI to LDCs with the intention of enhancing development. The effect of TNCs must be determined, to decide whether or not they are detrimental to development of industry within a developing economy.

The following questions will aid your research. Is your country a recipient or investor of FDI? If so, what impact has this FDI had on your home economy? Does your government have policies to support FDI inflows and can these policies be implemented in ways that can help other nations? FDI to LDCs is not at the level it could be, so what would be the best way to promote investment to LDCs? What is the role, if any, of Investment Promotion Agencies (IPAs)? TNCs represent many differing viewpoints, what is your States policy regarding TNCs and FDI contribution? What effect has TNCs had on your economy? Is deregulation of TNC, FDI and host country industry a good method of promoting development? Africa continues to grow in FDI inflows, however because of the world image of Africa as a politically unstable area many foreign investors do not invest in Africa.<sup>163</sup> What would be the best course of action to promote investment in Africa and ensure continued development?

## II. The Politics and Economics of the External Debt Crisis

*"I recognize that there are no simple solutions to the debt problem. But where there is agreement in principle that debt relief is essential, and where delays have a profoundly negative impact on the lives of poor people, clearly more must be done."*<sup>164</sup>

### *The External Debt Crisis within the Framework of the United Nations*

The international economy has been a main focus of the United Nations (UN) since its inception. The UN System, through the Economic and Social Council (ECOSOC) and its specialized agencies, has focused on the economic situation of its Member States. Within the sphere of international economics, the UN has been involved through two of its independent specialized agencies: the International Monetary Fund (IMF) and the World Bank.<sup>165</sup> These two institutions were created during the Bretton Woods Conference in 1947 and were charged with the rebuilding of Europe after World War II.<sup>166</sup> The World Bank and the IMF became formally involved with the UN at this time following an agreement which recognized them as independent specialized agencies that would provide reports to the Economic and Social Council.<sup>167</sup> In the beginning, according to the World Bank and IMF's mandate the majority of their loans and assistance went to Western Europe.<sup>168</sup> With the end of colonialism in the 1960s the two agencies began to direct their programs where they were most needed: the newly independent States.<sup>169</sup> Since the 1960s the majority of programs in these international financial institutions (IFIs) have been dedicated to furthering the debt stability and development of developing States.<sup>170</sup>

Since 1990, the "total debt stock of developing countries rose from 1,421.6 billion dollars [...] to 2,384.2 billion dollars in 2002."<sup>171</sup> This increase in debt amongst the developing countries has been recognized by the UN as a main deterrent to development, as well as stability in these countries.<sup>172</sup> The General Assembly Second Committee has addressed the topic of the external debt crisis and development during its past sessions, with most of its work

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<sup>163</sup> United Nations Conference on Trade and Development, *Foreign Direct Investment in Africa: Performance and Potential*, 1999, p. iv.

<sup>164</sup> Global Policy Forum, *UN Chief Disappointed at G-7* from *Xinhua News*, 2000.

<sup>165</sup> The World Bank. *About us: UN*, 2007.

<sup>166</sup> The World Bank. *About us: History*, 2007.

<sup>167</sup> The IMF, *Selected Decisions and Selected Documents of the IMF, Thirtieth Issue*, 2006; The World Bank. *About us: UN*, 2007.

<sup>168</sup> The World Bank. *About us: History*, 2007.

<sup>169</sup> *Ibid.*

<sup>170</sup> *Ibid.*

<sup>171</sup> United Nations. General Assembly. 58<sup>th</sup> Session, *External Debt Crisis and Development (A/RES/58/203)*, 2004.

<sup>172</sup> *Ibid.*

focused on determining the best way to assist indebted countries in finding debt stability, while also addressing their development needs.<sup>173</sup> Particularly, the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI) of the IMF and World Bank have both been positively received by the Second Committee.<sup>174</sup>

### ***Current Debt Relief Programs***

Currently, the main actors who address a debt crisis faced by a sovereign borrower are the World Bank and IMF, as well as the Paris Club of Creditors. All three of these organizations address a debt crisis in similar yet different manners. The structure of the current international financial institutions makes approval and participation in the IMF a prerequisite to financial assistance from the other organizations.<sup>175</sup> The system goes even one step further and for a State to become a member of the World Bank it must first become a member of the IMF.<sup>176</sup>

The International Monetary Fund has many programs focused on debt relief and development.<sup>177</sup> In 1996, IMF and World Bank introduced their debt relief program entitled the Heavily Indebted Poor Countries Initiative.<sup>178</sup> HIPC consist of three stages from initial acceptance into the program as a heavily indebted poor country; to preferential terms for debt service obligations once the country has agreed to certain IMF and World Bank principles (decision point); all the way to the cancellation of debts when set targets have been met (completion point).<sup>179</sup> Since its inception, HIPC has benefited 30 countries with ten more eligible under HIPC.<sup>180</sup> The qualifications necessary to be accepted into the HIPC Initiative are rigorous and accordingly, only these 40 countries have met the requirements to be considered for the program.<sup>181</sup> The HIPC was enhanced in 1999 after a review by IMF and the International Development Association (IDA), a branch of the World Bank.<sup>182</sup> This enhancement included three main changes: debt-burden thresholds were lowered; creditors began to provide earlier interim assistance to those States who qualified for the program; and “the ‘floating completion point’ was introduced, providing incentives to speed up reforms and increase country ownership.”<sup>183</sup>

HIPC has four requirements which need to be met for a country to be considered for actual assistance, including “face an unsustainable debt burden [...]; establish a track record of reform and sound policies [...]; and have developed a Poverty Reduction Strategy Paper (PRSP)”.<sup>184</sup> If a country meets the qualifications, IMF and IDA decide whether it is eligible for assistance and may access preferential terms for debt service; once a country is accepted it must continue to participate in IMF and IDA programs, as well as implement the reforms agreed upon in the PRSP to be granted actual debt relief at the (floating) completion point.<sup>185</sup> According to the IMF, for the 30 countries who have participated in the program already “debt service paid, on average, has declined by about two percent of Gross Domestic Product (GDP) between 1999 and 2005.”<sup>186</sup> By freeing resources previously allotted to debt service, the HIPC Initiative has also helped increase the expenditures on social services such as health and education.<sup>187</sup> However, one of the problems recognized by the IMF is that many of the countries who have received assistance under the HIPC Initiative have had to request more loans due to natural disasters and conflict in order to support reconstruction needs, which placed these countries back in an unstable debt situation.<sup>188</sup>

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<sup>173</sup> United Nations. General Assembly. 61<sup>st</sup> Session. *Economic and Financial, Second Committee: List of Agenda Items and their Periodicity*, October 13, 2006.

<sup>174</sup> United Nations. General Assembly. 61<sup>st</sup> Session. *External Debt Crisis and Development (A/C.2/61/L.54)*, 2006.

<sup>175</sup> *Ibid.*

<sup>176</sup> The World Bank, *About us: Organization: Boards of Executive Directors: Members*, 2007.

<sup>177</sup> The IMF, *What the IMF Does: Debt Relief Initiative*, 2007.

<sup>178</sup> *Ibid.*

<sup>179</sup> *Ibid.*

<sup>180</sup> The World Bank, *HIPC At-A-Glance Guide*, 2007.

<sup>181</sup> The IMF, *What the IMF Does: Debt Relief Initiative*, 2007.

<sup>182</sup> The World Bank, *What the Bank Does: Enhanced HIPC Initiative*, 2007.

<sup>183</sup> The World Bank, *About us: IDA*, 2007.

<sup>184</sup> The IMF, *What the IMF Does: Debt Relief Initiative*, 2007.

<sup>185</sup> *Ibid.*

<sup>186</sup> *Ibid.*

<sup>187</sup> The IMF, *What the IMF Does: Debt Relief Initiative*, 2007.

<sup>188</sup> *Ibid.*

Although the HIPC Initiative has been a step forward some argue that it is not a big enough step. There are many criticisms of the initiative and they range from moral arguments to the way the program as such works. One such argument is that the HIPC Initiative does not do enough and that instead the debt service of the heavily-indebted States should be unconditionally cancelled.<sup>189</sup> Critics who agree with this statement argue that the HIPC Initiative and other debt relief programs do not benefit the debtor countries in the long run, but only “do the minimum possible to prevent outright disaster.”<sup>190</sup> There are many other criticisms that have been lodged over time and the IMF addressed many of these as early as 1998; an example would be the restrictions placed on eligibility and the timing of the debt relief.<sup>191</sup>

Another program of the IMF and World Bank designed to manage debt relief is the Multinational Debt Relief Initiative (MDRI), which was proposed by the Group of 8 (G-8) in 2005 in an attempt to further the Millennium Development Goals.<sup>192</sup> The G-8 is the group of the eight most industrialized States, which meet annually to typically discuss macro-economic issues.<sup>193</sup> The MDRI is available only to those countries who have participated in the HIPC Initiative.<sup>194</sup> It is a program in which the IMF, IDA, and the African Development Fund (AfDF) cancel 100% of the debt owed to these specific organizations by the participating countries.<sup>195</sup> Although this program includes the AfDF it is not only for African countries; Latin American countries such as Nicaragua have also benefited from this program.<sup>196</sup> These three institutions undertake this work based on the understanding that these countries will reach the completion point under the HIPC Initiative - that is the point at which a country has implemented parts of the PRSP and debt is actually cancelled.<sup>197</sup> 22 countries have benefited from this program so far and the debt stock of these countries has been reduced by US\$37.6 billion in nominal terms since its inception in 2006.<sup>198</sup>

These two programs of the IMF and World Bank have considerably reduced the amount of debt of the countries that have participated, but many critics believe that not enough countries are allowed to participate nor are the requirements to participate beneficial to the country as a whole. Even the UN General Assembly and its Second Committee have commented on the need to “deal comprehensively with the debt problems of low-and middle-income countries.”<sup>199</sup> The requirements to participate have been seen as detrimental due to the fact that placing debt service at a high priority forces a government to rearrange its budget, taking funds away from health and social spending.<sup>200</sup> Some see the IMF and World Bank programs as the reason for the debt and lack of development in the Least Developed Countries (LDCs).<sup>201</sup> For example, some critics make the claim that the programs utilized by the IMF and World Bank to improve the ability of a State to pay its debt do so at the cost of investment into social services and human development.<sup>202</sup>

### ***The Paris Club of Creditors***

“The Paris Club of Creditors is an informal group of official creditors whose role is to find co-ordinated and sustainable solutions to the payment difficulties experienced by debtor nations.”<sup>203</sup> This group of creditors agrees to reschedule the debts due to them by a specific State; this rescheduling means that the State is provided with debt relief through a postponement of payments and in some cases a reduction in their debt service obligations.<sup>204</sup> The Paris Club has reached 398 agreements concerning 83 debtor States since its first meeting in 1956, and “since 1983

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<sup>189</sup> The IMF, *HIPC Initiative: The IMF's Response to Critics*, 1998.

<sup>190</sup> Sachs, *Resolving the Debt Crisis of Low-Income Countries*, 2002, p. 274 -275.

<sup>191</sup> The IMF, *HIPC Initiative: The IMF's Response to Critics*, 1998.

<sup>192</sup> The IMF, *What the IMF Does: MDRI*, 2007.

<sup>193</sup> The G8 Information Centre, *What is the G8?*, 2007.

<sup>194</sup> The IMF, *What the IMF Does: MDRI*, 2007.

<sup>195</sup> *Ibid.*

<sup>196</sup> *Ibid.*

<sup>197</sup> *Ibid.*

<sup>198</sup> The World Bank, *HIPC At-A-Glance Guide*, 2007.

<sup>199</sup> United Nations. General Assembly. 58<sup>th</sup> Session, *External Debt Crisis and Development (A/Res/58/203)*, 2004.

<sup>200</sup> Geo-Jaja, *Structural Adjustment as an Inadvertent Enemy of Human Development in Africa*. 2001, p. 30-49.

<sup>201</sup> *Ibid.*

<sup>202</sup> *Ibid.*, 33–34.

<sup>203</sup> The Paris Club, *Description of the Paris Club*, 2007.

<sup>204</sup> *Ibid.*

the total amount covered in these agreements has been \$505 billion.”<sup>205</sup> The Paris Club remains informal even though it has reached such a large number of agreements and operates under a set of rules agreed upon by the creditor States.<sup>206</sup> The Paris Club consists of 19 permanent members, and allows other official creditors to participate in the rescheduling sessions as long as the permanent members and the debtor State are in agreement with their participation.<sup>207</sup>

The creditor States meet ten to eleven times a year in Paris for negotiation sessions or to “discuss among themselves the situation of the external debt of creditor countries.”<sup>208</sup> These negotiation sessions begin when a debtor State comes to the Paris Club “when an appropriate programme is supported by the IMF and shows that the country is not able to meet its debt obligations and thus needs a new payment arrangement with its external creditors.”<sup>209</sup> The 19 permanent members, the debtor State, other official creditors, and observers (most notably the World Bank and IMF) are present at these meetings.<sup>210</sup> The Paris Club has many categories for debt relief under their standard terms of treatment: the Classic, Houston, Naples and Cologne terms.<sup>211</sup> Each of these categories addresses the debt of a different set of countries and results in different terms for this debtor.<sup>212</sup> A rather recent approach of the Club is the Evian Approach, which was only introduced in 2003 as a way for the Paris Club to assist those non-HIPC States indebted to its members.<sup>213</sup> The General Assembly Second Committee praised the Evian Approach of the Paris Club as well as the other work done by the Club towards reducing the external debt of developing countries.<sup>214</sup> Under the Evian approach, debt restructuring is only utilized “in case of imminent default and is not considered by debtor countries as an alternative to more expensive sources of financing; [and it] provides debtor countries with a debt treatment that reflects their financial need and the objective of ensuring long lasting debt sustainability.”<sup>215</sup> Under this approach the Paris Club works closely with the IMF to analyze the best way to address the debt of the debtor country.<sup>216</sup>

### **Conclusion**

The eight Millennium Development Goals (MDGs), created in September 2000 at the United Nations Millennium Summit, guide much of the work of the UN General Assembly Second Committee.<sup>217</sup> These goals were agreed upon by world leaders with a completion date of 2015 and much remains to be done.<sup>218</sup> The goal which most pertains to the topic of the external debt crisis is goal number eight to “create a global partnership for development, with targets for aid, trade and debt relief.”<sup>219</sup> The focus of goal eight reflects the sad fact that “too many developing countries are spending more on debt service than on social services”, thus prohibiting public and private investment which could serve as a catalyst for development.<sup>220</sup>

Since the 1980s the external debt crisis that the majority of Member States face has been a main topic of the United Nations. The IMF, World Bank, and Paris Club of Creditors have responded to the need for a new and innovative approach in dealing with debt with their many programs (HIPC Initiative, MDRI, and Evian Approach). Since the *Millennium Declaration*, debt has become an even more important topic due to its recognized ties to poverty and health issues. Delegates will focus on the actions taken by the IMF, World Bank, and Paris Club of Creditors with regards to alleviating the debt crisis. Delegates should understand their State’s position within the international

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<sup>205</sup> *Ibid.*

<sup>206</sup> *Ibid.*

<sup>207</sup> The Paris Club, *Permanent Members and Other Official Creditors*, 2007.

<sup>208</sup> The Paris Club, *Functioning of the Paris Club*, 2007.

<sup>209</sup> The Paris Club, *Negotiation Sessions*, 2007.

<sup>210</sup> *Ibid.*

<sup>211</sup> The Paris Club, *Terms of Treatment*, 2007.

<sup>212</sup> The Paris Club, *Classic Terms*, 2007; The Paris Club, *Cologne Terms*, 2007; The Paris Club, *Houston Terms*, 2007; The Paris Club, *Naples Terms*, 2007.

<sup>213</sup> The Paris Club, *The Evian Approach*, 2007.

<sup>214</sup> United Nations. General Assembly. 58<sup>th</sup> Session, *External Debt Crisis and Development (A/RES/58/203)*, 2004.

<sup>215</sup> *Ibid.*

<sup>216</sup> *Ibid.*

<sup>217</sup> The United Nations Department of Public Information, *Implementing the Millennium Declaration*, 2002.

<sup>218</sup> *Ibid.*

<sup>219</sup> *Ibid.*

<sup>220</sup> *Ibid.*

economic system. Is it a debtor State or a lender State? Has the State participated in any of these programs? How successful are the current attempts at addressing the external debt crisis? Is enough being done to alleviate the debt pressures placed on the debtor States? How can debt relief initiatives become more interlinked with other development aid mechanisms? What can be done to further promote more sustainable, holistic initiatives? How can the impact of debts on development be better understood? How can the UN balance the interests of debtor and lender States and emphasize common aims and interests? Is there anything – except moral obligations – that can motivate lenders to cancel/reschedule more debt? What can be done to enhance existing mechanisms? How can the UN become more involved to promote innovative approaches?

### III. Public-Private Partnerships in Infrastructure Development

*“The public-private-partnership template works - it now needs to be scaled up.”<sup>221</sup>*

#### ***Definition and Functioning of Public-Private Partnerships***

Public-Private Partnerships (PPPs) are defined as projects that are based on cooperation between the private and the public sector with the purpose of providing infrastructure or services to the public.<sup>222</sup> Generally, Public-Private Partnerships draw on the expertise of both parties involved, and typically go along with some sort of risk transfer between the parties, meaning that one party takes over some risks from the other party in exchange for a potential reward.<sup>223</sup> In addition to expertise, the private sector normally provides capital for a specific project.<sup>224</sup> The exact structure of these projects can vary in quite a broad range from a complete contracting out of a public service to a private party to a public administration that allows for some private input (such as financing or operational functions).<sup>225</sup>

The idea of Public-Private Partnerships emerged roughly two decades ago, when the first initiatives of structurally combining the seemingly opposing parties from the public and private sector were started.<sup>226</sup> The British Government of the 1990s is widely regarded as the earliest mover when it comes to highly influential PPP initiatives.<sup>227</sup> Since then, PPPs have gained in popularity all over the world. In emerging markets, capital flows in the PPP context saw a strong increase in the development in the number of PPP's in the first part of the 1990s, which was then followed by a decline due to the economic crises towards the end of the decade and a subsequent – rather slow – recovery.<sup>228</sup> Today, PPPs are a tool that spans a wide range of sectors – from the provision of all kinds of basic public infrastructure (such as hospitals, schools, roads, tunnels and bridges) over mechanisms for the supply of essentials needs (like water) and for the provision of public services (e.g. waste management) to healthcare initiatives.<sup>229</sup> This last category is constantly gaining importance, with initiatives like the joint inception of a research project on malaria – which is seen as a major impediment to development in many developing countries – by a Swiss pharmaceutical company, the Singapore Economic Development Board, and two charitable foundations in 2006.<sup>230</sup>

All forms of PPPs have one aspect in common: they usually require sophisticated financing structures and complex legal arrangements.<sup>231</sup> On that basis, there are several different models for PPPs that exist. One example is that of

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<sup>221</sup> World Health Organization, *Scaling up the Response to Infectious Diseases*, n.d.

<sup>222</sup> The Canadian Council for Public-Private Partnerships, *About PPP*, n.d.

<sup>223</sup> Nova Scotia Department of Finance, *Transferring Risk in Public / Private Partnerships*, 1997.

<sup>224</sup> The Canadian Council for Public-Private Partnerships, *About PPP*, n.d.

<sup>225</sup> *Ibid.*

<sup>226</sup> Wettenhall, *Thinking Seriously About Public-Private Partnerships as an MDG Tool*. 2005.

<sup>227</sup> *Ibid.*

<sup>228</sup> The World Bank Group, *Private Participation in Infrastructure: Trends in Developing Countries in 1990-2001*, 2003.

<sup>229</sup> BBC Online. *What are Public Private Partnerships?*, 2003; European Commission, *Resource Book on PPP Case Studies*, 2004; European Commission, *Guidelines for Successful Public Private Partnerships*, 2003.

<sup>230</sup> Medicines for Malaria Venture, *Novartis Spearheads Innovative Malaria Research Project in Newly Created Public-Private Partnership*, 2006.

<sup>231</sup> C.R.E.A.M. Europe, *Frequently Asked Questions (FAQs) on Public Procurement: Commission Proposes Clarification of EU Rules on Public-Private Partnerships*, 2005.

an operation and maintenance contract, wherein a public entity enters into a contract with a private party for the operation of an asset, which still remains under the ownership of the public party.<sup>232</sup> In contrast to this, a design-build-finance-operate agreement relies on direct investment by the private sector.<sup>233</sup> In this case, the private party provides initial financing for an infrastructure project and is also responsible for the construction work involved as well as the ongoing operations.<sup>234</sup> In exchange for this, the private party is awarded a – often quite long-term – concession by the public entity that allows it to collect the revenue stream generated by the respective project.<sup>235</sup> A structure that comes along with an even higher degree of involvement by the private actor is a build-own-operate (BOO) arrangement.<sup>236</sup> Here, the duration of the involvement of the private party is not limited by a concession but meant to exist in perpetuity.<sup>237</sup> The role of the public sector is usually reduced to on-going regulatory oversight.<sup>238</sup>

As outlined above, PPPs rely on expertise coming from both the public and the private sector actors involved and also include some form of risk transfer between the parties. Accordingly, both the public and the private sector need to have incentives and feel appropriately rewarded to enter into a PPP arrangement. One motivation for the public sector to actively seek PPP-based solutions would simply be their own budgetary shortfalls.<sup>239</sup> This aspect does not apply only to developing countries. For instance, some European countries see themselves confronted with strict spending rules under the Maastricht criteria which govern fiscal discipline in the EU and require diversified sources for funding and the need for alternative financing solutions for governmental budgets.<sup>240</sup> In addition to this pure demand for financing mechanisms, the public sector often feels that it can benefit from the, at least allegedly, higher operating efficiency of private entities.<sup>241</sup> This aspect may also lead to the creation of commercial value on the basis of public ownership of assets, which could, depending on the structure of the PPP arrangement, financially benefit the public entity.<sup>242</sup> On the other side, private parties obviously require a profit stream that meets their individual return targets in order to be attracted to entering a PPP agreement. But there is more to the private sector's motivation than purely financial considerations. For example, longer term strategic objectives can play an important role as well, such as access to a specific market – including building relevant relationships – or insight into a specific sector or area of expertise.<sup>243</sup>

### ***The United Nations and Financing for Development***

From the perspective of the United Nations (UN), Public-Private Partnerships are primarily of interest in the context of financing for development.<sup>244</sup> When applied in developing countries, Public-Private Partnerships can potentially close an important gap when it comes to the availability of resources and financing of infrastructure projects.

The most prominent objectives with regard to development are probably the eight UN Millennium Development Goals (MDGs) which were formulated in 2000.<sup>245</sup> The goals include creating a “global partnership for development” as MDG number eight, which explicitly refers to the role that the private sector can play in the provision of new technologies.<sup>246</sup> The targets set in the MDGs are ambitious, and to date, much more additional progress is needed in order to work towards their timely achievement.<sup>247</sup> The International Conference on Financing for Development, held in Monterrey, Mexico, in March 2002, led to the conclusion that financial shortfalls were a

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<sup>232</sup> The Canadian Council for Public-Private Partnerships, *About PPP*, n.d.

<sup>233</sup> European Commission, *Guidelines for Successful Public Private Partnerships*, 2003.

<sup>234</sup> *Ibid.*

<sup>235</sup> *Ibid.*

<sup>236</sup> The Canadian Council for Public-Private Partnerships, *About PPP*, n.d.

<sup>237</sup> *Ibid.*

<sup>238</sup> *Ibid.*

<sup>239</sup> European Commission, *Guidelines for Successful Public Private Partnerships*, 2003, p.14.

<sup>240</sup> *Ibid.*

<sup>241</sup> United Nations Economic and Social Council. Economic Commission for Africa, *Public-Private Partnerships for Service Delivery: Water and Sanitation (E/ECA/CHDCS.3/4)*, 2005, p. 3.

<sup>242</sup> European Commission, *Guidelines for Successful Public Private Partnerships*, 2003.

<sup>243</sup> Lewis, *Leveraging Partnerships Between the Public and Private Sector. Experience of USAID's Agricultural Biotechnology Program*, n.d., p.197.

<sup>244</sup> United Nations, *Report of the International Conference on Financing for Development*, 2002.

<sup>245</sup> United Nations, *UN Millennium Development Goals*, n.d.

<sup>246</sup> *Ibid.*

<sup>247</sup> United Nations. Department of Public Information, *Africa and the Millennium Development Goals. 2007 Update*, 2003.

major impediment to the realization of the Millennium Development Goals.<sup>248</sup> The outcome of the Conference, known as the *Monterrey Consensus*, thus included six key areas of financing for development, two of which are closely related to PPPs: the mobilization of further international resources, such as foreign direct investment (FDI), as well as an increase in technical and financial cooperation for development on a global scale.<sup>249</sup> Although the *Monterrey Consensus* and its follow-up programs are still a rather recent initiative, first analyses see an increase in the importance of Public-Private Partnerships for the mobilization of resources for development as a consequence.<sup>250</sup> Key areas where PPPs have become more influential in recent years are education, healthcare as well as water and sanitation.<sup>251</sup>

Another existing UN initiative which is related to the involvement of the private sector is the *Global Compact*, which was started by former UN Secretary-General Kofi Annan in 1999.<sup>252</sup> The *Global Compact* aims at bringing companies together with civil and labor society, as well as UN agencies, to jointly support social and environmental principles.<sup>253</sup> A follow-up report to the Monterrey Summit acknowledges the importance of the *Global Compact* for setting standards in the context of Public-Private Partnerships.<sup>254</sup> The General Assembly Second Committee has addressed the topic of cooperation between the private sector and the UN on various occasions. In a report published in 2005, it in particular emphasized the increasing scope of PPPs across all UN bodies and proposed further steps to enhance and strengthen UN partnerships with the private sector.<sup>255</sup> These include an increase in institutional capacity building and further coordination of different efforts within the UN System.<sup>256</sup>

### ***Perspectives on Public-Private Partnerships***

Despite the increasing attention that PPPs are receiving from the international community, they are not an uncontroversial concept. One argument in favor of PPPs is the fact that they have the potential to achieve a faster development of infrastructure.<sup>257</sup> This is particularly relevant to projects that need a substantial initial investment, which might not at once be feasible for the public sector due to budgetary or bureaucratic constraints.<sup>258</sup> This effect would be enhanced due to the fact that, in some PPP models, the private sector has an incentive to complete the construction work related to the specific project as fast as possible: the earlier the construction work finishes, the earlier the private party can access the revenue streams from the project.<sup>259</sup> PPP arrangements also typically go along with some kind of risk transfer. This aspect creates another opportunity for the public sector when entering into a PPP agreement: an efficient split of risks between the parties involved may lead to an increase in overall efficiency of the project, and even enable projects or specific components of projects that would not be feasible for one single party on its own because of constraints in its individual risk tolerance.<sup>260</sup> In addition to that, the public sector might have the opportunity to design PPP arrangements in a way that could lead to a higher quality of service.<sup>261</sup> For example, a PPP agreement could include specific hurdle conditions that would only allow the private entity to access the maximum revenue potential of a project when certain quality thresholds are met or exceeded.<sup>262</sup>

On the other hand, PPPs do not come without potential downsides. One frequent concern is that the public sector usually loses oversight when entering into a PPP arrangement – at least to a certain degree.<sup>263</sup> This aspect is often

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<sup>248</sup> United Nations, *Report of the International Conference on Financing for Development*, 2002, p.1.

<sup>249</sup> *Ibid.*, p. 5-9.

<sup>250</sup> World Economic Forum, *Building on the Monterrey Consensus: The Growing Role of Public-Private Partnerships in Mobilizing Resources for Development*, 2005.

<sup>251</sup> *Ibid.*

<sup>252</sup> United Nations, *What is the Global Compact?*, 2007.

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<sup>255</sup> United Nations. General Assembly Second Committee. 60th Session, *Enhanced Cooperation Between the United Nations and all Relevant Partners, in Particular the Private Sector, Report of the Secretary-General (A/60/214)*, 2005.

<sup>256</sup> *Ibid.*

<sup>257</sup> European Commission, *Guidelines for Successful Public Private Partnerships*, 2003, p.15.

<sup>258</sup> *Ibid.*

<sup>259</sup> *Ibid.*

<sup>260</sup> *Ibid.*

<sup>261</sup> *Ibid.*

<sup>262</sup> *Ibid.*

<sup>263</sup> The Canadian Council for Public-Private Partnerships, *About PPP*, n.d.



seen as particularly relevant when “public goods” such as water are involved or when very basic public services, for example the healthcare sector, are concerned.<sup>264</sup> A prevailing fear in this regard is that the profit orientation of the private entity might endanger the interest of the general public.<sup>265</sup> For example, higher return expectations by the private actor might lead to less “value for money” – either because of cost-cutting induced decreases in the quality of service or because of increases in the user fees charged for the provision of the service.<sup>266</sup> The most frequent fear related to cost-cutting is a loss of jobs or a cut in salaries.<sup>267</sup> Price increases threaten to hurt poor people in particular and would therefore be a particular aspect of concern with regard to the provision of basic infrastructure in developing countries.<sup>268</sup> Another potential fear that critics of PPPs evoke is a lack of transparency when a project is transferred from public to private responsibility and the respective structures of accountability.<sup>269</sup> In addition to this, some opponents of PPPs argue that, as a general principle, public services or public goods should not become a source of profits for private enterprises.<sup>270</sup>

### **Case Studies**

#### *Early Stage Public-Private Partnerships in the UK*

The main push behind the surge of PPPs in the UK was the Private Finance Initiative, which was initiated by the British government in 1992.<sup>271</sup> Under the PFI, the British Government contracted with private enterprises that paid for the upfront construction charges for the project and then rented the specific asset back to the government.<sup>272</sup> For example, the Private Finance Initiative had a big impact on the UK’s National Health Service (NHS) via the construction of an important number of new hospitals.<sup>273</sup> This Public-Private Partnership model used in the PFI serves as an illustration of how risks can be split between the different parties that are involved in a PPP arrangement as well as for their underlying motivations: The private party bears the risks related to upfront financing and construction work – which might in some cases be too heavy for the public budget and in other cases free up room for other projects in the public budget. It is compensated by revenue streams which are generated over a longer period of time in a number of smaller installments, which might represent an attractive total return. The public party – being freed from upfront financing burdens – needs to provide a certain guarantee that these cash flows will really occur – which represents a degree of liability and, therefore, a risk or at least a constraint for future plans. Over the years, PPP initiatives in the UK have spread into many different areas, with some high profile flagship projects, such as the construction of a high speed rail connection between London and the Channel Tunnel.<sup>274</sup> Despite the high number of PPP projects in the UK, there has been some backlash against the initiatives, mainly because of fears about the loss of jobs.<sup>275</sup> Accordingly, it is difficult to draw a clear conclusion regarding the overall success of PPPs in the United Kingdom.

#### *Public-Private Partnerships in the Water Sector of Developing Countries*

In line with general Public-Private Partnership activity in developing countries, PPP based projects in the water sector in developing countries have seen a strong boom in the first half of the 1990s, which was then followed by a slow down.<sup>276</sup> Since 2005, activity has been picking up again, with annual investment flows of an estimated US\$1.5bn world wide spread across some 41 projects.<sup>277</sup> The demand of private investors for structures that are based on concessions in exchange for high initial investments has been declining and arrangements based on lease and management contracts have become more popular.<sup>278</sup> This trend reflects that many investors have become more

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<sup>264</sup> *Ibid.*

<sup>265</sup> *Ibid.*

<sup>266</sup> UNISON, *Private Finance Initiative*, n.d.; Redlin, *Secretive, Risky, Unaccountable: How Public-Private Partnerships are Bad for Democracy*, 2004, p.2.

<sup>267</sup> UNISON, *Private Finance Initiative*, n.d.

<sup>268</sup> Harris, *Private Participation in Infrastructure in Developing Countries: Trends, Impacts, and Policy Lessons*, 2003, p.31.

<sup>269</sup> Redlin, *Secretive, Risky, Unaccountable: How Public-Private Partnerships are Bad for Democracy*, 2004.

<sup>270</sup> The Canadian Council for Public-Private Partnerships, *About PPP*, n.d.

<sup>271</sup> BBC Online, *What are Public Private Partnerships?*, 2003.

<sup>272</sup> *Ibid.*

<sup>273</sup> *Ibid.*

<sup>274</sup> European Commission, *Resource Book on PPP Case Studies*, 2004, p.119.

<sup>275</sup> UNISON, *Private Finance Initiative*, n.d.

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<sup>277</sup> *Ibid.*

<sup>278</sup> *Ibid.*, p.3.

risk-averse after the difficult time in the late 1990s and prefer not to enter into long-term projects that involve very high financing upfront.<sup>279</sup> The more service oriented rather than construction oriented projects in the water and sewage treatment area can play important roles in increase people's access to water by making water supplies more constant (in terms of availability measured in hours per day), improving the quality of water, and improving efficiency in water delivery.<sup>280</sup> One important contributor to the recent growth in private investor's interest in water projects in emerging markets is the downfall of old oligopolies or monopolies.<sup>281</sup> This allows for a higher number of players and has led to continuous market entries by new investors – both regional or national companies in emerging markets, but also more and more European water and utilities companies.<sup>282</sup>

## **Conclusion**

Public-Private Partnerships are a concept that is increasingly getting awareness in many different sectors and areas. The challenge going forward is to ensure that PPPs are properly and appropriately implemented so that downsides can be mitigated and PPP arrangements can live up to their full potential. On that basis, one question to tackle going forward would be how the role of PPPs could be further promoted – in order to attract more investors, but also in order to increase the reach into new areas, different sectors and different kinds of projects. Another aspect to the question of further proliferation of Public-Private Partnerships would be the need to more consequently overcome some existing impediments. Education and awareness raising – on the side of the public actors in PPPs as well as amongst the general public. Further obstacles to the success of PPPs that still exist are inadequate regulatory or legal frameworks. Monopolies have an adverse effect on competition and are therefore likely to lead to an increase in prices and make a project less efficient – at least from the users' or consumers' perspective.<sup>283</sup>

How can the positive impacts of PPP be increased? How can developing countries gain the expertise and resources to engage in the drafting of complex legal arrangements and their enforcement? How can negative impacts be mitigated in order to make PPP a viable tool for development finance? Which impact does the introduction of private enterprise for the provision of basic services have on the local and national economy and its business environment? Considering that many of the investing companies are based in industrialized States, could international standards be a tool to increase the development impact of PPP? Which lessons can be learned from previous PPP with regard to sector and legal arrangements? How can governments and the international community ensure that legitimacy concerns of the public are addressed?

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<sup>279</sup> Ringskog, Hammond, & Locussol, *Using Management and Lease-affermage Contracts for Water Supply*, 2006, p.1.

<sup>280</sup> *Ibid*, p.2.

<sup>281</sup> Marin & Izaguirre, *Private Participation in Water - Toward a New Generation of Projects?* 2006.

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- United Nations Conference on Trade and Development. (2002). *Role of UNCTAD*. Retrieved July 16, 2007, from <http://www.unctad.org/Templates/Page.asp?intItemID=3664&lang=1>  
*UNCTAD will play a major role in any solution to this issue and therefore a clear understanding of its mission is provided here. Delegates must understand the operating capacity and power of UNCTAD because it is the foremost UN Body that deals with FDI. This introductory site explains the main purpose of UNCTAD and links to much of the committee's work.*
- United Nations Conference on Trade and Development. (2002). *UNCTAD: Foreign Direct Investment Database*. Retrieved July 2, 2007, from <http://www.unctad.org/Templates/Page.asp?intItemID=1923>  
*The United Nations Conference on Trade and Development (UNCTAD) provides key statistics regarding all foreign direct investment over the past three decades. There is information by country and aggregate information. There is also information regarding mergers and acquisition by country and area.*
- United Nations Conference on Trade and Development. (2005). *Statistical Profiles of the Least Developed Countries*. Retrieved August 20, 2007, from [http://www.unctad.org/en/docs/ldcmisc20053\\_en.pdf](http://www.unctad.org/en/docs/ldcmisc20053_en.pdf)

*The United Nations Conference on Trade and Development provides a statistical analysis of all LDCs. The graphical format is easy to understand for the beginner and also provides details for the advanced student. It is a great tool to analyze the situation in different LDCs and implement policy to better their respective situations.*

United Nations Conference on Trade and Development. (2006). FDI from Developing and Transition Economies; Implications for Development. In *World Investment Report*. Retrieved July 16, 2007, from [http://www.unctad.org/en/docs/wir2006\\_en.pdf](http://www.unctad.org/en/docs/wir2006_en.pdf)

*The World Investment Report provides a large amount of material regarding worldwide FDI. This report provides a framework towards understanding worldwide flows of FDI. This particular section provides insights into the growing trend of developing countries increasing FDI outflows. The report also introduces TNCs and other concepts key to understanding FDI.*

United Nations Conference on Trade and Development. (2006). *Foreign Direct Investment in LDCs at a Glance 2005/2006*. Retrieved July 16, 2007, from [http://www.unctad.org/en/docs/iteiia20057\\_en.pdf](http://www.unctad.org/en/docs/iteiia20057_en.pdf)  
*Least Developed Countries (LDCs) are the countries which need FDI the most. This website contains detailed country information on each LDC consisting of where inflows are coming from and which sectors are most affected. There is also information on overall trends and policy changes of FDI to LDCs. Included in this publication is a list of relevant publications which can help delegates with further research.*

United Nations Conference on Trade and Development. (35). Major FDI Indicators. Unpublished raw data. Retrieved July 16, 2007, from <http://stats.unctad.org/FDI/TableViewer/tableView.aspx?ReportId=642>  
*UNCTAD has collected all major statistics regarding FDI and compiled it into this database. There is an option to break statistics by categories consisting of development status, region, and specific country name. Every delegate should use this data to familiarize themselves with the FDI situation in their respective States. The web site also provides historical FDI data going back to 1970.*

United Nations Conference on Trade and Development. (1999). *Foreign Direct Investment in Africa: Performance and Potential (UNCTAD/ITE/IIT/Misc. 15)*. Retrieved July 23, 2007, from <http://www.unctad.org/en/docs/poiteiitm15.pdf>

*This is a clear and concise analysis of the situation of FDI in Africa. Many investors stray away from investing in Africa because of the many political and socioeconomic issues present. The report stresses the advantages of investing in Africa through a steady analysis. The issue of FDI in Africa is an important question for the General Assembly 2nd committee.*

United Nations General Assembly. (2001, May 20). *Enhancing Productive Capacities: The role of Investment and Enterprise Development*. Retrieved September 19, 2007, from [http://www.unctad.org/en/docs/aconf191\\_l21\\_en.pdf](http://www.unctad.org/en/docs/aconf191_l21_en.pdf)

*The United Nations General Assembly provides on this web site an interactive thematic session from its 2001 Conference on the Least Developed Countries. Specific information regarding the importance of FDI in Development is presented. Also there are guidelines for LDCs and Developing nations on how to promote FDI.*

United Nations General Assembly. (2001, August 17). Information on work undertaken by the United Nations Conference on Trade and Development in support of the promotion of long-term private financial flows, especially foreign direct investment. In *International financial architecture and development, including net transfer of resources between developing and developed countries* (addendum 2). Retrieved July 5, 2007, from <http://www.un.org/documents/ga/docs/56/a56173a2.pdf>

*The United Nations Conference on Trade and Development (UNCTAD) has done substantial work involving Foreign Direct Investment (FDI) and their work is catalogued here. There are also references of the various reports written by UNCTAD regarding FDI. This report should serve as a starting point to researching the past work of UNCTAD on FDI and development.*



- United Nations General Assembly. (2001, September 20). *Report of the Third United Nations Conference on the Least Developed Countries (A/CONF.191/13)*. Retrieved July 16, 2007, from [http://www.un.org/special-rep/ohrlls/lcd/Contributions/Report%20of%20the%20LDC%20III\\_E.pdf](http://www.un.org/special-rep/ohrlls/lcd/Contributions/Report%20of%20the%20LDC%20III_E.pdf)  
*There are two very important sections within this document: The Brussels Declaration and the Programme of Action for the LDCs. One of the goals of our committee is to understand how FDI will fit into the framework outlined by the two sections. LDCs are the most fragile sector of the world economy so understanding the current situation regarding them is a must.*
- United Nations General Assembly. (2005, February 28). *Integrations of the economies of transition into the world economy (A/RES/59/243)*. Retrieved August 23, 2007, from [http://www0.un.org/esa/analysis/reports/e\\_i\\_t/n0449084.pdf](http://www0.un.org/esa/analysis/reports/e_i_t/n0449084.pdf)  
*The General Assembly adopted A/RES/59/243, a resolution that was greatly supportive of FDI and its role in development. There are many more resolutions which support FDI which can be found via the UN document website. This resolution is created from the report by the Second Committee (A/59/485).*
- United Nations General Assembly. (2005, September 16). *2005 World Summit Outcome (A/RES/60/1)*. Retrieved July 2, 2007, from [http://www.unfpa.org/icpd/docs/2005summit\\_eng.pdf](http://www.unfpa.org/icpd/docs/2005summit_eng.pdf)  
*This resolution is the outcome of the 2005 World Summit or large Plenary Session of the General Assembly. This is a very wide-ranging resolution covering many topics. The most applicable sections are clauses 23 and 25 which deal primarily with Investment and development. It is recommended that any resolutions from this committee should revolve around the conclusions of this plenary session.*
- United Nations General Assembly 2nd Committee. (2004, December 16). *Globalization and interdependence: integration of the economies in transition into the world economy (A/59/485/Add. 5)*. Retrieved August 23, 2007, from [http://www0.un.org/esa/analysis/reports/e\\_i\\_t/n0449084.pdf](http://www0.un.org/esa/analysis/reports/e_i_t/n0449084.pdf)  
*A/59/485/Add. 2 specifically states that FDI is important to the growth and development of economies in transition. This is one of many reports that affirm the effect of FDI on development. Delegates should also pay attention to A/RES/59/243 which draws upon this report.*
- United Nations General Assembly 2nd Committee. (2004, December 22). *59th Session Reports*. Retrieved August 22, 2007, from <http://www.un.org/ga/59/second/reports.html>  
*As a comprehensive list of the reports of the 59th session of General Assembly 2nd committee, this web site is particularly useful. Delegates may look to these reports not only for FDI but also for the other topics. It is recommended that delegates be familiar with the Reports that affect each topic.*
- United Nations Office of the High Representative for Least Developed Countries, Landlocked Developing Countries, and Small Island Developing States. (2005). *The Criteria for the Identification of the LDCs*. Retrieved July 16, 2007, from <http://www.un.org/special-rep/ohrlls/lcd/lcd%20criteria.htm>  
*Least Developed Countries (LDCs) are defined by meeting three criteria. The three criteria for the status of LDC are discussed in detail within this source. Also discussed are the recent additions and graduations to the list of LDCs and links to more information.*
- Yao, S., & Wei, K. (2007, March). Economic growth in the presence of FDI: The perspective of newly industrialising economies. *Journal of Comparative Economics*, 35(1), 211-253.  
*FDI in China has had a major impact on their economy. Section II of this paper provides a clear understanding of FDI in China. The rest of the of the paper focuses on proving that FDI affects the production output of a host country.*

### ***Additional Sources***

- Kahal, H. (2004). *Foreign Investment in Developing Countries*. New York: Palgrave Macmillan.  
*Kahal has developed a wide ranging book that contains case studies on China, Malaysia, Indonesia, and India, as well as general information an analysis from other sources. The book is*

*tailored for Asian countries, so delegates representing Asian States should look to this book as a reference. To non-Asian State delegates, the book can provide insight into the effects of FDI on a large region and can also be consulted.*

- Markusen, J. R. (2004). *Multinational Firms and the Theory of International Trade*. Cambridge, MA: MIT Press. *Delegates with an Economics background should read this source. The book provides a perspective to MNCs and International Trade based on economic theories. Markusen describes theories in detail providing a background to readers which will help analyze the role of FDI with TNCs as well.*
- Moran, T. H., Graham, E. M., & Blomström, M. (2005). *Does Foreign Direct Investment Promote Development?* Washington, DC: Institute for International Economics and the Center for Global Development. *This is a well designed collection of readings which provide insight into the effect of Foreign Direct Investment(FDI) on Least Developed Counties (LDCs). The readings stresses why certain nations receive more FDI than others and precisely what the effect is on there economies. The effect on local industry, wages, and employment are also examined. Delegates may use this as a starting point for researching FDI in LDCs.*
- Morisset, J., & Andrews-Johnson, K. (2004). *The Effectiveness of Promotion Agencies at Attracting Foreign Direct Investment*. Washington,DC: The International Bank for Reconstruction and Development / The World Bank. *This book provides a complete analysis of the effects and limitations of Investment Promotion Agencies (IPAs) in FDI. The conclusion of this book is that IPAs will not have a tangible impact unless measures are taken within a country to promote a healthy business environment. However, it concludes that with a correct business environment the effect of IPAs is very positive toward attracting FDI for a country. This is the best source for those delegates unfamiliar with IPAs or their role in FDI.*

## **II. The Politics and Economics of the External Debt Crisis**

- Agreement Between the United Nations and the International Monetary Fund. (2006, June 30). *Selected Documents Relating to the Fund, The United Nations, and Other International Organizations*. Retrieved August 24, 2007, from International Monetary Fund Web site: <http://www.internationalmonetaryfund.org/external/pubs/ft/sd/index.asp?decision=DN19> *This document can be of great use to those participants who are not familiar with the agreement between the United Nations (UN) and the International Monetary Fund (IMF). It contains the thirteen articles of the document approved in November 1947 and outlines the relationship that the two organizations have. This will be useful when delegates are formulating their recommendations and assist them in making sure that these recommendations fall within the scope of the relationship between the UN and IMF.*
- Bulow, J. (2002). First World Governments and Third World Debt. *Brookings Papers on Economic Activity*, (1), 229-255. *This article provides a discussion about the differences between sovereign debt and other types of debt as well as official and private creditors. The article also provides some policy recommendations regarding sovereign debtors in distress. This would be a good article to introduce delegates to what some common policy recommendations have been.*
- Cohen, B. J. (n.d.). *Bretton Woods System*. Prepared for the Routledge Encyclopedia of International Political Economy. Retrieved August 24, 2007, from <http://www.polsci.ucsb.edu/faculty/cohen/recent/pdfs/bretton%20woods%20system.pdf> *This is an article describing the design of the Bretton Woods system and can be quite useful in gaining a historical knowledge of the institutions created by the system. The author describes the design of the Bretton Woods system as well as what its original functions were. He goes through the history of the system and the problems it has faced since its inception and the changes that have taken place.*

Fischer, S. (1997, May). Applied Economics in Action: IMF Program. *The American Economic Review*, 87(2, Papers and Proceedings of the Hundred and Fourth Annual Meeting of the American Economic Association), 23 - 27.

*This article provides a description of current International Monetary Fund (IMF) programs as well as their intended functions. The article describes the different types of loans offered by the IMF as well as their successes and failures. At the end of the article is an interesting section titled "Do Fund Programs Work?" This section should be of extreme interest to delegates because it analyzes what programs work and do not and why.*

Geo-Jaja, M. A., & Magnum, G. (2001, September). Structural Adjustment as an Inadvertent Enemy of Human Development in Africa. *Journal of Black Studies*, 32(1), 30 - 49.

*This article provides a very negative critique of the structural adjustment programs of the IMF and World Bank. The article focuses on the effect that these two organizations have had on African states and argues that the structural adjustment programs have in fact hampered the human development in Africa. The article specifically focuses on education and unemployment and how these are tied to structural adjustment programs and uses Nigeria as an example for their arguments.*

Helpman, E. (1989, June). The Simple Analytics of Debt-Equity Swaps. *The American Economic Review*, 79(3), 440-451.

*This article provides a good explanation of what debt-equity swaps are and how they are used. The author also provides a critique of the program and some suggestions for its improvement. This article can come in handy when attempting to understand debt-equity swaps with regards to the Paris Club and can assist delegates in formulating policy recommendations.*

Sachs, J., & Williamson, J. (1986). Managing the LDC Debt Crisis. *Brookings Papers on Economic Activity*, (2), 397-440.

*This article provides some interesting data on the debt problems faced in the 1980s and can give a good historical background of how the debt crisis of the 1980s was approached. In addition to good historical background this article also provides a good analysis of the strategies used in this time period which have greatly influenced the current programs of the IMF and World Bank we see today. The article concludes with some policy recommendations which may prove helpful to delegates.*

Sachs, J. D. (1990, Winter). A Strategy for Efficient Debt Reduction. *The Journal of Economic Perspectives*, 4(1), 19-29.

*This article provides a discussion about the success of the current international financial institutions as well as policy recommendations which would improve upon the current structure. The author focuses on proposals made by others specifically voluntary debt reduction and argues that a much more comprehensive program of debt reduction is needed. The author also provides the reader with a number of myths surrounding an international debt facility. This article will be useful when formulating exactly how to approach the current situation and what recommendations to make.*

Sachs, J. D. (2002). Resolving the Debt Crisis of Low-Income Countries. *Brookings Papers on Economic Activity*, (1), 257 - 286.

*This article provides an analysis of the current problems of the international financial institutions as well as policy recommendations to be utilized to solve the debt crisis of Least Developed Countries (LDCs). The author specifically argues that the current structure is not enough to solve the debt crisis many LDCs face. He explains and discusses poverty traps and debt overhang and how those two conditions are tied to the debt crisis.*

G8 Information Centre. (2007). *What is the G8?* . Retrieved September 1, 2007, from The University of Toronto Library Web site: [http://www.g7.utoronto.ca/what\\_is\\_g8.html](http://www.g7.utoronto.ca/what_is_g8.html)

*This Web site was created within the University of Toronto and can be used to get a basic understanding of what the G-8 is. Within the main Web site delegates can also find out information about the different meetings and summits held by the G-8. This source can be specifically useful to the delegation from Canada because it provides Canada specific information as well.*

The International Monetary Fund. (1998, September). *HIPC Initiative: The IMF's Response to Critics*. Retrieved September 1, 2007, from The International Monetary Fund Web site: <http://www.imf.org/external/np/hipc/res.htm>

*This document is a very good starting point for understanding the criticisms of the Heavily Indebted Poor Countries (HIPC) Initiative. The document lists the criticisms of the initiative as well as the responses of the IMF. Delegates should utilize this as a tool to understanding the basic criticisms of the HIPC and look further into the basis of the criticisms presented here.*

The International Monetary Fund. (August, 21, 2006). *International Development Association and the International Monetary Fund: Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI)-Status of Implementation* [Data file]. Retrieved September 10, 2007, from The IMF Web site: <http://www.imf.org/external/pp/longres.aspx?id=3887>

*This report reviews the progress of the HIPC Initiative and the Multilateral Debt Relief Initiative (MDRI). It also contains a number of tables and charts that can be useful in understanding how the two programs work. The report also reviews the status of each country's progress within the programs.*

The International Monetary Fund. (n.d.) *About the IMF: Factsheets: Multilateral Debt Relief Initiative (MDRI)*. Retrieved August 24, 2007, from <http://www.imf.org/external/np/exr/facts/mdri.htm>

*This factsheet provides a basic background on the MDRI, including what it is, how it is implemented, and which countries are eligible for the program. Delegates may also use this site as an access point for other information regarding the MDRI and the HIPC Initiative.*

The International Monetary Fund. (n.d.) *International Monetary Fund: What the IMF does*. Retrieved July 2, 2007, from The International Monetary Fund Web site: <http://www.imf.org/external/work.htm>

*This Web site is the gateway to information on all of the IMF programs. It provides explanations for how the IMF approaches lending, as well as information about their technical assistance programs. This site also has links to statistics and concluding statements on previous IMF missions.*

The International Monetary Fund. (n.d.) *What the IMF Does: Debt Relief Initiative*. Retrieved August 24, 2007, from <http://www.imf.org/external/np/exr/facts/hipc.htm>

*This Web site contains information regarding the HIPC initiative. Within this specific page delegates can gain a general understanding of the HIPC initiative as well as the terms that are employed under the program. This site also serves as an access point to news and other reports on the HIPC Initiative.*

The Paris Club. (n.d.) *About us: Description of the Paris Club*. Retrieved August 24, 2007, from Club de Paris Web site: <http://www.clubdeparis.org/sections/qui-sommes-nous>

*This section provides a brief description of the Paris Club and its work. Delegates may also use this section to access further information about the Club and its history.*

The Paris Club. (n.d.) *About us: Permanent members and other official creditors*. Retrieved August 24, 2007, from Club de Paris Web site: <http://www.clubdeparis.org/sections/qui-sommes-nous/membres-permanents-et>

*This page provides a list of the countries who are permanent members as well as other official creditors who have participated in Paris Club agreements. Delegates may use this Web site as an access point to see which countries have interacted with each other and how many agreements a certain country has been party to.*

The Paris Club. (n.d.) *The Club at Work: Functioning of the Paris Club*. Retrieved August 24, 2007, from Club de Paris Web site: <http://www.clubdeparis.org/sections/que-faisons-nous>  
*This Web site provides a brief description of how the Paris Club works. Delegates may also use this as an access point for information regarding information about the debt of developing countries and the negotiation sessions held by the Paris Club.*

The Paris Club. (n.d.). *The Club at Work: Negotiation sessions*. Retrieved August 24, 2007, from Club de Paris Web site: <http://www.clubdeparis.org/sections/que-faisons-nous/sessions-de-negociation>  
*This Web site describes the process of negotiation sessions and provides links to definitions of certain terms used by the Paris Club. Delegates may also utilize this Web site as an access point for information regarding bilateral agreements.*

The Paris Club. (n.d.). *Club de Paris. The Paris Club*. Retrieved July 2, 2007, from The Paris Club Web site: <http://www.clubdeparis.org/>  
*This is the main page of the Paris Club of Creditors and information on how and what they do can be found under "The Club at Work" tab. This section provides links to how the Paris Club looks at debt, how their negotiations take place, and which bilateral agreements that have materialized from these negotiations. From this web page the delegate can navigate to read about the different terms that the club employs and find information regarding specific decisions and approaches.*

The Paris Club. (n.d.). *Terms of Treatment..* Retrieved August 24, 2007, from Club de Paris Web site: <http://www.clubdeparis.org/sections/termes-de-traitement>  
*This Web site contains links to the three different categories of terms that the Paris Club employs. Delegates may also use this site as an access point for information regarding the Classic, Naples, Cologne, and Houston terms of treatment.*

The Paris Club. (n.d.). *Terms of Treatment: Standard terms*. Retrieved August 24, 2007, from Club de Paris Web site: <http://www.clubdeparis.org/sections/termes-de-traitement/termes-de-traitements>  
*This Web site provides basic information regarding the standard terms of agreement. Delegates may also utilize this specific page to access information regarding the Classic, Cologne, Houston, and Naples terms which all fall under their standard terms.*

The Paris Club. (n.d.). *Terms of Treatment: The Evian Approach*. Retrieved August 24, 2007, from Club de Paris Web site: <http://www.clubdeparis.org/sections/termes-de-traitement/approche-d-evian>  
*This Web site provides information regarding framework and options for debt treatment among countries seeking the Evian Approach. Delegates will be able to find the specific terms that can be agreed upon under the Evian Approach in this section.*

The World Bank. (n.d.). *About Us: History*. Retrieved August 24, 2007, from <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,contentMDK:20653660~menuPK:72312~pagePK:51123644~piPK:329829~theSitePK:29708,00.html>  
*This Web site provides information regarding the history of the World Bank. Within this specific page delegates can find information about the current goals of the Bank. Delegates may also utilize this page as an access point for a more in-depth look at the history of the World Bank through their archives.*

The World Bank. (n.d.). *About us: Organization: Boards of Directors..* Retrieved August 24, 2007, from <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/ORGANIZATION/BODEXT/0,,pagePK:64020055~theSitePK:278036,00.html>  
*This webpage contains information regarding the organization of the World Bank and is of significant importance because it explains that there is a separate board of directors for each of the four associated institutions of the World Bank. Delegates may also use this Web site as an access point for other information regarding the boards such as minutes and meetings.*

The World Bank. (n.d.). *About Us: United Nations*. Retrieved August 24, 2007, from <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,contentMDK:20040610~menuPK:41691~pagePK:43912~piPK:44037,00.html>

*This Web site provides information about the original relationship between the United Nations and the World Bank. The site also provides information about the current ties between the two organizations.*

The World Bank. (n.d.). *Topics in Development: Economic Policy and Debt*. Retrieved July 2, 2007, from The World Bank Web site: <http://www.worldbank.org/html/extdr/thematic.htm>

*This Web site is the gateway to information regarding World Bank programs. In this section there are links to how the World Bank addresses many issues, such as the Millennium Development Goals, debt issues, and poverty.*

The World Bank (n.d.). *HIPC At-A-Glance Guide*. [Pamphlet]. The World Bank. Retrieved July 2, 2007, from The World Bank Web site: [http://siteresources.worldbank.org/INTDEBTDEPT/Resources/Debt\\_PocketBroch\\_Spring07.pdf](http://siteresources.worldbank.org/INTDEBTDEPT/Resources/Debt_PocketBroch_Spring07.pdf)

*This brief pamphlet provides information about the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative. It provides statistics about the two programs including information on the success of the programs.*

The World Bank. (n.d.). *Topics: Economic Policy and Debt: (HIPC) The Enhanced Heavily Indebted Poor Countries Initiative*. Retrieved August 24, 2007, from <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTDEBTDEPT/0,,contentMDK:20260411~menuPK:64166739~pagePK:64166689~piPK:64166646~theSitePK:469043,00.html>

*This Web site provides a brief description of the HIPC Initiative. Delegates should use this site as an access point for statistics about the HIPC Initiative as well as news and other documents regarding the HIPC.*

United Nations. (2002, October). *Implementing the Millennium Declaration*. [Brochure]. The United Nations Department of Public Information. Retrieved August 24, 2007, from The United Nations Web site: <http://www.un.org/millenniumgoals/MDGs-FACTSHEET1.pdf>

*This is a brief description of the Millennium Development Goals (MDGs) and how they came about. There is a table on the second page that gives a very succinct summary of the goals and what exactly they hope to achieve.*

United Nations. (2006, June). *The Millennium Development Goals Report 2006*. [Brochure]. United Nations Department of Economic and Social Affairs. Retrieved August 24, 2007, from The United Nations Web site: <http://mdgs.un.org/unsd/mdg/Resources/Static/Products/Progress2006/MDGReport2006.pdf>

*This is the most recent report on the Millennium Development Goals and provides insight into the progress towards achieving these goals. Each goal has its own section and contains statistical information as to the progress towards the specific targets of each goal.*

United Nations. General Assembly. 55<sup>th</sup> Session. (2000, September 18). *United Nations Millennium Declaration (A/RES/55/2)*. Retrieved August 2, 2007 from <http://daccessdds.un.org/doc/UNDOC/GEN/N00/559/51/PDF/N0055951.pdf?OpenElement>

*This resolution is the original Millennium Declaration and can be used as a guide to understanding what the goals were originally set to accomplish. It will provide you with good background knowledge of the MDGs as well as information that could be further utilized during the conference.*

United Nations. General Assembly. 58<sup>th</sup> Session. (2004, February 4). *External debt crisis and development (A/RES/58/203)*. Retrieved August 2, 2007 from <http://www.un.org/Depts/dhl/resguide/r58.htm>

*This is an important resolution; it is the basis for the resolutions of the next three General Assembly sessions and provides an insight into how the Second Committee has dealt with a similar issue. Delegates should familiarize themselves with all the various resolutions that have been*

*passed by the 2<sup>nd</sup> Committee to ensure they remain current on the issues facing the Committee and its Member States.*

United Nations. General Assembly. 59<sup>th</sup> Session. (2005, February 14). External debt crisis and development (A/RES/59/223), 2005. Retrieved August 2, 2007 from <http://daccessdds.un.org/doc/UNDOC/GEN/N03/506/76/PDF/N0350676.pdf?OpenElement>  
*This resolution provides you with information about how the Second Committee has evaluated the performance of the HIPC as well as the recommendations made on this topic. This resolution also provides the delegate with an example on how the 2<sup>nd</sup> committee analyzes and makes recommendations to organizations such as the IMF, World Bank, and the Paris Club of Creditors.*

United Nations. General Assembly. 60<sup>th</sup> Session. (2006, February 9). External debt crisis and development (A/RES/60/187). Retrieved August 2, 2007 from <http://daccessdds.un.org/doc/UNDOC/GEN/N03/506/76/PDF/N0350676.pdf?OpenElement>  
*This resolution provides you with information about how the Second Committee has evaluated the HIPC as well as their initial reaction to the proposed MDRI program initially discussed by the G-8. The resolution also includes recommendations regarding debt restructuring for those countries not eligible for the HIPC Initiative.*

United Nations. (n.d.) *The follow-up process to the International Conference on Financing for Development.* (n.d.). Retrieved July 2, 2007, from <http://www.un.org/esa/ffd/>  
*This Web site is the gateway to information on recent conferences about financing and development. It also provides links to documents such as the Monterrey Consensus and recent UN resolutions related to the topic.*

#### ***Additional Sources***

The International Monetary Fund and International Development Association. (n.d.). *The Impact of Debt Reduction under the HIPC Initiative on External Debt Service and Social Expenditures.* (2001, September 10). Retrieved September 10, 2007, from The IMF Web site: <http://www.imf.org/external/np/hipc/2001/impact/091001.htm>  
*This statement made by the IMF in 2001 describes the impact of the HIPC Initiative. There are also graphs and charts that provide statistics about the countries that have participated in the initiative. This source will be helpful specifically to the countries who have participated in the HIPC Initiative because it gives statistics for each of the countries who had participated in it prior to 2001.*

*Global Policy Forum.* (2000, July 22). *UN Chief Disappointed at G-7 from Xinhua News.* Retrieved September 17, 2007, from Global Policy Forum Web site: <http://globalpolicy.org/secgen/g8.htm>  
*This source is an article from the Xinhua news about former UN Chief Kofi Annan and his reactions to the G-7 conference in 2000. The main site also provides insights into policy making at the UN. Some of the topics discussed are globalization, Security Council decisions, and Iraq.*

United Nations. General Assembly. 60<sup>th</sup> Session. (2005, December 19). *Follow-up to and implementation of the outcome of the International Conference on Financing for Development (A/60/487).* Retrieved August 2, 2007 from <http://daccessdds.un.org/doc/UNDOC/GEN/N05/626/37/PDF/N0562637.pdf?OpenElement>  
*This is a Second Committee report about the International Conference on Financing for Development. The report contains draft resolutions concerning the conference. One such resolution was proposed by the Group of 77 and will be useful to delegates representing these states. The report also contains the draft resolution that was proposed to the General Assembly.*

United Nations. General Assembly. 61<sup>st</sup> Session. (2006, November 16). *External debt crisis and development (A/C.2/61/L.54).* Retrieved August 2, 2007 from <http://daccessdds.un.org/doc/UNDOC/LTD/N06/618/86/PDF/N0661886.pdf?OpenElement>

*This is the most recent resolution from the Second Committee on the External Debt Crisis and provides a good background for the delegates on exactly how resolutions are written and what the Second Committee has considered important topics within this discussion.*

United Nations. General Assembly. 61<sup>st</sup> Session. (2006, November 21). *Follow-up to and implementation of the outcome of the International Conference on Financing for Development (A/61/421)*. Retrieved August 2, 2007 from <http://daccessdds.un.org/doc/UNDOC/GEN/N06/549/18/PDF/N0654918.pdf?OpenElement>  
*This is the most recent Second Committee report about the International Conference on Financing for Development. The report contains draft resolutions concerning the conference. One such resolution was proposed by the Group of 77 and will be useful to delegates representing these states. The report also contains the draft resolution that was proposed to the General Assembly.*

United Nations. General Assembly. 61<sup>st</sup> Session. Economic and Financial, Second Committee: List of agenda items and their periodicity. New York Author.  
*This is the list of agenda items and how often they are discussed. Delegates can utilize this source to help them decide how they would like to set the agenda at conference based on what the Second Committee has done in the past. This document also provides the delegates with an idea of what the committee considers important topics based on how often they are discussed.*

### **III. Public-Private Partnerships in Infrastructure Development**

BBC Online. (2003, February 12). *What are Public Private Partnerships?* Retrieved July 31, 2007, from <http://news.bbc.co.uk/1/hi/uk/1518523.stm>  
*This news article looks at the topic from a British perspective and in the context of the Private Finance Initiative (PFI) which was created in the United Kingdom (UK) in the early 90s. It outlines basic mechanisms of Public-Private Partnerships (PPP) as well as frequent arguments in favor and against. In the UK, Public-Private Partnerships have a certain focus on the health and education sector, and this article provides some brief examples of historical projects in these areas.*

C.R.E.A.M. Europe. (2005, November 17). *Frequently Asked Questions (FAQs) on Public Procurement: Commission Proposes Clarification of EU Rules on Public-Private Partnerships*. Retrieved July 31, 2007, from [http://www.cream-europe.eu/en/documents/memo\\_05\\_431\\_en.pdf](http://www.cream-europe.eu/en/documents/memo_05_431_en.pdf)  
*This short paper provides a definition of Public-Private Partnerships and outlines how basic European Union (EU) law in this area works. It introduces the key concept behind Public-Private Partnerships and outlines the interest that the European Commission has in PPPs, as well as the work that it is doing concerning the harmonization of legal standards across Europe.*

European Commission. (2003, March). *Guidelines for Successful Public Private Partnerships*. Retrieved July 31, 2007, from [http://www.cream-europe.eu/en/documents/pppguide\\_en.pdf](http://www.cream-europe.eu/en/documents/pppguide_en.pdf)  
*This very comprehensive paper by the European Commission provides guidelines for the implementation of Public-Private Partnerships. It focuses on four areas: ensuring open market access and fair competition, protecting the public interest and maximizing value added, defining the optimal level of grant financing both to realize a viable and sustainable project but also to avoid any opportunity for windfall profits from grants and assessing the most effective type of Public-Private Partnership for a given project.*

European Commission. (2004, June). *Resource Book on PPP Case Studies*. Retrieved July 31, 2007, from [http://ec.europa.eu/regional\\_policy/sources/docgener/guides/pppresourcebook.pdf](http://ec.europa.eu/regional_policy/sources/docgener/guides/pppresourcebook.pdf)  
*This is a comprehensive collection on case studies from various European countries. It concentrates on three key sectors: water and waste water treatment, solid waste management, and transport infrastructure. The various examples for PPP projects give a useful illustration of the variety of areas in which Public-Private Partnerships can be applied and introduce different concepts and structures.*



- Harris, C. (2003, March). *Private Participation in Infrastructure in Developing Countries: Trends, Impacts, and Policy Lessons*. Retrieved July 4, 2007, from <http://web.mit.edu/urbanupgrading/waterandsanitation/resources/pdf-files/Harris-PrivateParticipation.pdf>  
*This paper reviews 15 years of experience with Public-Private Partnerships in the context of the provision of infrastructure. The sharp decline of investment flows after an initial peak in 1997 is analyzed in the context of macroeconomic crises. In addition to infrastructure, the report also examines impacts on service delivery. It concludes by stating Public-Private Partnerships will remain an important tool, but require further governmental efforts in terms of legal and regulatory frameworks.*
- Lewis, J. (n.d.). *Leveraging Partnerships Between the Public and Private Sector – Experience of USAID’s Agricultural Biotechnology Program*. Retrieved August 2, 2007, from <http://www.cgiar.org/biotech/rep0100/Lewis.pdf>  
*This is a report on a biotech program designed by the US Agency for International Development (USAID). It was implemented in partnership with the private sector. The paper discusses advantages, but also constraints of the involvement of private parties in that area.*
- Marin, P., & Izaguirre, A. K. (2006, September). *Private Participation in Water. Toward a New Generation of Projects?* (Note No. 14). Public-Private Infrastructure Advisory Facility. Retrieved July 4, 2007, from <http://www.ppiaf.org/Gridlines/14ppiwater.pdf>  
*The water sector experienced a period of buoyant Public-Private Partnership activity until the middle of the 1990s, followed by a decline in investment inflows. Though, recently, activity has picked up again. This paper presents data points since 2005 suggesting that the private sector is a strong player in the field of water provision again. One particularly encouraging fact in that context is that the number and diversity of private actors in that area is continually increasing.*
- Medicines for Malaria Venture. (2006, May 23). *Novartis Spearheads Innovative Malaria Research Project in Newly Created Public-Private Partnership*. Retrieved August 1, 2007, from [http://www.mmv.org/imprimer.php3?id\\_article=289](http://www.mmv.org/imprimer.php3?id_article=289)  
*This is an official press release on an alliance of Novartis, the Wellcome Trust, Economic Development Board of Singapore, and Medicines for Malaria Venture to jointly initiate a research project on malaria. The project’s goal is to develop a new generation of malaria drugs.*
- Nova Scotia Department of Finance. (1997, November). *Transferring Risk in Public / Private Partnerships*. Retrieved September 21, 2007, from <http://www.gov.ns.ca/fina/MINISTER/P3GUIDE/P3.pdf>  
*This discussion paper is already quite old (dating from 1997), but is a useful introduction to the concept of risk in a PPP context. It presents basic and general considerations about risk, risk management and risk transfer. Several examples illustrate various types of risk and tools associated to dealing with these risks. Because of the time at which the paper was written, experience included therein mainly comes from the early adopters of PPPs, i.e. the UK and the US.*
- The World Bank Group. (2003). *Private Participation in Infrastructure: Trends in Developing Countries in 1990-2001*. Retrieved July 4, 2007, from [http://ppi.worldbank.org/resources/ppi\\_book.aspx](http://ppi.worldbank.org/resources/ppi_book.aspx)  
*This book, which can be downloaded by chapter as well, presents an overview of the almost 2500 Public-Private Partnership led projects that occurred between 1990 to 2001, in about 130 developing countries. Accordingly, the data provided therein is not very recent, but provides a detailed illustration of the boom period from 1990 to 1997 and the subsequent decline in privately funded infrastructure projects across a variety of sectors.*
- Redlin, B. (2004, November 21). *Secretive, Risky, Unaccountable: How Public-Private Partnerships are Bad for Democracy*. CUPE Research. Retrieved July 31, 2007, from [http://www.cupe.ca/updir/rptbr\\_Secretive\\_Risky\\_Unaccountable\\_P3\\_Bad\\_for\\_Democracy\\_1.26.05.pdf](http://www.cupe.ca/updir/rptbr_Secretive_Risky_Unaccountable_P3_Bad_for_Democracy_1.26.05.pdf)  
*This paper presents a criticism of Public-Private Partnerships. A key thesis is that Public-Private Partnerships undermine democracies because they are commercial in nature and, as such, “inherently secretive, unaccountable and often very risky.” In order to illustrate this thesis, the author mainly uses several case studies, primarily from Canada.*

- Ringskog, K., Hammond, M. E., & Locussol, A. (2006, September). *Using Management and Lease-Affermage Contracts for Water Supply* (Note No. 12). Public-Private Infrastructure Advisory Facility. Retrieved July 4, 2007, from <http://www.ppiaf.org/Gridlines/12-Leaseaffermage.pdf>  
*Management and lease-affermage contracts are one of the tools in the toolbox of Public-Private Partnerships in the area of water supply. This research paper presents eight case studies on the historical use of this tool in different countries in the light of factors like tariffs and service quality. It concludes by saying that - albeit general experience has been mixed - performance of these tools in general has improved over time.*
- The Canadian Council for Public-Private Partnerships. (n.d.). *About PPP*. Retrieved July 31, 2007, from [http://www.pppcouncil.ca/aboutPPP\\_definition.asp](http://www.pppcouncil.ca/aboutPPP_definition.asp)  
*This Web site provides a short definition of Public-Private Partnerships. It highlights two key criteria: the provision of public infrastructure or public services as well as a risk transfer between the involved parties. In addition to this, some different models for Public-Private Partnerships are introduced and some basic arguments in favor and against Public-Private Partnerships are outlined: Whereas efficiency and an increase in the provision of capital would be arguments for Public-Private Partnerships, a decrease in public control ranks amongst the points for criticism.*
- UN Department of Public Information. (2007, June). *Africa and the Millennium Development Goals. 2007 Update*. Retrieved August 1, 2007, from <http://www.un.org/ga/president/61/follow-up/doha/MDGafrika07.pdf>  
*This is a brief update on the Millennium Development Goals (MDGs) in Africa - which comes to a sad conclusion: "At the midway point between their adoption in 2000 and the 2015 target date for achieving the Millennium Development Goals, sub-Saharan Africa is not on track to achieve any of the Goals. Although there have been major gains in several areas and the Goals remain achievable in most African nations, even the best governed countries on the continent have not been able to make sufficient progress in reducing extreme poverty in its many forms."*
- UNISON. (n.d.). *Private Finance Initiative*. Retrieved July 31, 2007, from <http://www.unison.org.uk/pfi/index.asp>  
*This web presence by UNISON, the British trade union for public services, is part of its "campaign to keep [...] public services public." It presents a list of arguments against the Private Finance Initiative, including higher costs and a high profit share that is attributed to private companies.*
- United Nations. (n.d.). *UN Millennium Development Goals*. Retrieved August 1, 2007, from <http://www.un.org/millenniumgoals/>  
*The eight Millennium Development Goals (MDGs) range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education. The target date is 2015. This website provides further information, documentation, and news on the MDGs.*
- United Nations. (2002). *Report of the International Conference on Financing for Development*. Retrieved August 1, 2007, from <http://www.eclac.cl/noticias/noticias/2/10582/aconf198-11ing.pdf>  
*This is the official outcome report of the International Conference on Financing for Development, which was held in Monterrey in March 2002. It includes all resolutions and reports adopted and presented at the conference.*
- United Nations. (2005, May 19). *Strengthening the Role of the Private Sector and Entrepreneurship in Financing for Development. Report of the Secretary-General*. Retrieved August 1, 2007, from <http://www.un.org/Docs/journal/asp/ws.asp?m=A/59/800>  
*This report is a follow-up to and implementation of the outcome of the International Conference on Financing for Development in Monterrey 2002. It is dedicated to the topic of "Strengthening the role of the private sector and entrepreneurship in financing for development." Both progress and obstacles in several key areas are examined, using a variety of sources both from within the United Nations (UN) and from other parties.*

- United Nations. (2007, May 17). *What is the Global Compact?* Retrieved August 3, 2007, from <http://www.unglobalcompact.org/AboutTheGC/index.html>  
*This is the official Web site of the UN Global Compact, an initiative to foster collaboration between UN agencies and the private sector. Via the Global Compact, the UN aims at creating a catalyst for actions by private companies that support UN initiatives and objectives in areas such as environmental standards, good corporate governments, labor rights and fight against corruption.*
- United Nations Economic and Social Council. Economic Commission for Africa. (2005, April 13). *Public-Private Partnerships for Service Delivery: Water and Sanitation (E/ECA/CHDCS.3/4)*. Retrieved September 21, 2007, from [http://www.uneca.org/chdcs/chdcs3/PPPs\\_CHDCS\\_3.pdf](http://www.uneca.org/chdcs/chdcs3/PPPs_CHDCS_3.pdf)  
*This report was drafted for discussion at the third meeting of the Committee on Human Development and Civil Society in Addis Ababa, Ethiopia. It includes a review of the role of Public-Private Partnerships in water projects in Africa, which is considered to be one of the key areas where the development of resources and infrastructure is most needed. The report presents rationales for entering into PPP agreements and discusses potential frameworks, both in a political and a legal context.*
- United Nations. General Assembly Second Committee. 60th Session. (2005). *Enhanced Cooperation Between the United Nations and all Relevant Partners, in Particular the Private Sector. Report of the Secretary-General (A/60/214)*. Retrieved September 21, 2007, from <http://www.un.org/ga/60/second/otherdocs.htm>  
*This report of the UN Secretary-General was published as part of the agenda item "Towards global partnerships." It reviews the importance of cooperation with the private sector across the UN System and proposed further steps to deepen those partnerships. Some presented suggestions are the further devotion of resources and additional work on coordination between various initiatives.*
- Wettenhall, R. (2005, October 24). *Thinking Seriously About Public-Private Partnerships as an MDG Tool*. Centre for Research in Public Sector Management, University of Canberra. Retrieved August 1, 2007, from <http://unpan1.un.org/intradoc/groups/public/documents/EROPA/UNPAN026304.pdf>  
*This paper reviews PPPs in the context of the Millennium Development Goals. It concentrates on a discussion of how a "partnership" must look like in order to be a useful concept on the road towards achieving the MDGs. Some of these aspects include, for instance, genuine collaboration and consensus-based decision making processes.*
- World Economic Forum. (2005). *Building on the Monterrey Consensus: The Growing Role of Public-Private Partnerships in Mobilizing Resources for Development*. Retrieved September 21, 2007, from [http://www.odi.org.uk/iedg/Business\\_Development\\_Performance/Papers/ODI\\_Partnerships\\_WEFPPPResources.pdf](http://www.odi.org.uk/iedg/Business_Development_Performance/Papers/ODI_Partnerships_WEFPPPResources.pdf)  
*This report covers PPP initiatives as a follow-up from the Monterey Summit. It focuses on three key areas: basic education, health and water and sanitation, and analyzes the importance of Public-Private Partnerships for the mobilization of resources for further development in these areas. It concludes that PPPs do play an important role in this context, and also sees an increasing degree of involvement from all stakeholders.*
- World Health Organization. (n.d.). *Scaling up the Response to Infectious Diseases*. Retrieved September 21, 2007, from <http://www.who.int/infectious-disease-report/2002/amoako.html>  
*This web presence developed by the World Health Organization (WHO) deals with the issue of combating infectious diseases in the context of efforts to reduce poverty. It presents a broad variety of strategies, resources and different models for approaches to that topic - including Public-Private Partnerships.*

### ***Additional Sources***

- Irish Government Public Private Partnership (PPP) Website. (n.d.). *Briefing Notes*. Retrieved July 31, 2007, from <http://www.ppp.gov.ie/keydocs/briefingnotes/>

*This Web site by the Irish Government provides various resources on the topic from an Irish perspective. Documents provided include a history of Public-Private Partnerships in Ireland, current programs and a basic definition.*

*Private Participation in Infrastructure Database. (n.d.). Retrieved July 4, 2007, from The World Bank Group Web site: [http://ppi.worldbank.org/resources/ppi\\_publications.aspx?PubsSectorID=10](http://ppi.worldbank.org/resources/ppi_publications.aspx?PubsSectorID=10)*

*This portal is provided by the World Bank Group's Public-Private Partnership team. It regroups research papers concentrating on various sectors (energy, telecoms, transport, water) as well as cross-sectoral findings. Several recently published papers from the latter category are dedicated to financing and developing infrastructure in Africa.*

*United Nations. (2005, August 5). Revised Draft Outcome Document of the High-level Plenary Meeting of the General Assembly of September 2005 Submitted by the President of the General Assembly. Retrieved August 1, 2007, from [http://www.un.org/ga/59/hlpm\\_rev.2.pdf](http://www.un.org/ga/59/hlpm_rev.2.pdf)*

*Five years after the declaration of the Millennium Development Goals, a review conference was held in New York in September 2005. This draft document presents the outcome of the conference to the UN General Assembly.*

*United Nations Financing for Development Office. (n.d.). Financing for Development. Retrieved August 1, 2007, from <http://www.un.org/esa/ffd/>*

*This web presence was created as a follow-up to the Monterrey Summit. The objective of the Financing for Development Office is to provide secretariat support for sustained follow-up within the United Nations system to the agreements and commitments reached at the International Conference on Financing for Development as well as financing-for-development-related aspects of the outcomes of major United Nations conferences and summits in the economic and social fields.*

## **Rules of Procedure General Assembly Economic and Financial Committee (GA2nd)**

### ***Introduction***

1. These rules shall be the only rules which apply to the General Assembly Economic and Financial Committee (hereinafter referred to as “the Assembly”) and shall be considered adopted by the Assembly prior to its first meeting.
2. For purposes of these rules, the Plenary Director, the Assistant Director(s), the Under-Secretaries-General, and the Assistant Secretaries-General, are designates and agents of the Secretary-General and Director-General, and are collectively referred to as the “Secretariat.”
3. Interpretation of the rules shall be reserved exclusively to the Director-General or her or his designate. Such interpretation shall be in accordance with the philosophy and principles of the National Model United Nations and in furtherance of the educational mission of that organization.
4. For the purposes of these rules, “President” shall refer to the chairperson or acting chairperson of the Assembly.

### **I. SESSIONS**

#### ***Rule 1 - Dates of convening and adjournment***

The Assembly shall meet every year in regular session, commencing and closing on the dates designated by the Secretary-General.

#### ***Rule 2 - Place of sessions***

The Assembly shall meet at a location designated by the Secretary-General.

### **II. AGENDA**

#### ***Rule 3 - Provisional agenda***

The provisional agenda shall be drawn up by the Secretary-General and communicated to the Members of the United Nations at least sixty days before the opening of the session.

#### ***Rule 4 - Adoption of the agenda***

The agenda provided by the Secretary-General shall be considered adopted as of the beginning of the session. The order of the agenda items shall be determined by a majority vote of those present and voting. Items on the agenda may be amended or deleted by the Assembly by a two-thirds majority of the members present and voting.

*The vote described in this rule is a procedural vote and, as such, observers are permitted to cast a vote. For purposes of this rule, “those present and voting” means those delegates, including observers, in attendance at the meeting during which this motion comes to a vote.*

#### ***Rule 5 - Revision of the agenda***

During a session, the Assembly may revise the agenda by adding, deleting, deferring or amending items. Only important and urgent items shall be added to the agenda during a session. Permission to speak on a motion to revise the agenda shall be accorded only to three representatives in favor of, and three opposed to, the revision. Additional items of an important and urgent character, proposed for inclusion in the agenda less than thirty days before the opening of a session, may be placed on the agenda if the Assembly so decides by a two-thirds majority of the members present and voting. No additional item may, unless the General Assembly decides otherwise by a two-thirds majority of the members present and voting, be considered until a committee has reported on the question concerned.

*As the General Assembly Plenary determines the agenda for its Committees, this rule is applicable only to the Plenary body. Items cannot be amended or added to the agenda by any of the Committees of the Assembly. For purposes of this rule, the determination of an item of an “important and urgent character” is subject to the discretion of the Secretariat, and any such determination is final. If an item is determined to be of such a character, then it requires a two-thirds vote of the Assembly to be placed*

*on the agenda. It will, however, not be considered by the Assembly until a committee has reported on the question, or a second two-thirds vote is successful to keep the Plenary body seized of the matter. The votes described in this rule are substantive vote, and, as such, observers are not permitted to cast a vote. For purposes of this rule, "the members present and voting" means those members (not including observers) in attendance at the session during which this motion comes to vote.*

***Rule 6 - Explanatory memorandum***

Any item proposed for inclusion in the agenda shall be accompanied by an explanatory memorandum and, if possible, by basic documents.

### III. SECRETARIAT

***Rule 7 - Duties of the Secretary-General***

1. The Secretary-General or her/his designate shall act in this capacity in all meetings of the Assembly.
2. The Secretary-General shall provide and direct the staff required by the Assembly and be responsible for all the arrangements that may be necessary for its meetings.

***Rule 8 - Duties of the Secretariat***

The Secretariat shall receive, print, and distribute documents, reports, and resolutions of the Assembly, and shall distribute documents of the Assembly to the Members of the United Nations, and generally perform all other work which the Assembly may require.

***Rule 9 - Statements by the Secretariat***

The Secretary-General, or her/his representative, may make oral as well as written statements to the Assembly concerning any question under consideration.

***Rule 10 - Selection of the President***

The Secretary-General or her/his designate shall appoint, from applications received by the Secretariat, a President who shall hold office and, *inter alia*, chair the Assembly for the duration of the session, unless otherwise decided by the Secretary-General.

***Rule 11 - Replacement of the President***

If the President is unable to perform her/his functions, a new President shall be appointed for the unexpired term at the discretion of the Secretary-General.

### IV. LANGUAGE

***Rule 12 - Official and working language***

English shall be the official and working language of the Assembly.

***Rule 13 - Interpretation (oral) or translation (written)***

Any representative wishing to address any United Nations organ or submit a document in a language other than English shall provide interpretation or translation into English.

*This rule does not affect the total speaking time allotted to those representatives wishing to address the body in a language other than English. As such, both the speech and the interpretation must be within the set time limit.*

### V. CONDUCT OF BUSINESS

***Rule 14 - Quorum***

The President may declare a meeting open and permit debate to proceed when representatives of at least one third of the members of the Assembly are present. The presence of representatives of a majority of the members of the Assembly shall be required for any decision to be taken.

*For purposes of this rule, “members of the Assembly” means the total number of members (not including observers) in attendance at the first night’s meeting.*

**Rule 15 - General powers of the President**

In addition to exercising the powers conferred upon him or her elsewhere by these rules, the President shall declare the opening and closing of each meeting of the Assembly, direct the discussions, ensure observance of these rules, accord the right to speak, put questions to the vote and announce decisions. The President, subject to these rules, shall have complete control of the proceedings of the Assembly and over the maintenance of order at its meetings. He or she shall rule on points of order. He or she may propose to the Assembly the closure of the list of speakers, a limitation on the time to be allowed to speakers and on the number of times the representative of each member may speak on an item, the adjournment or closure of the debate, and the suspension or adjournment of a meeting.

*Included in these enumerated powers is the President’s power to assign speaking times for all speeches incidental to motions and amendment. Further, the President is to use her/his discretion, upon the advice and at the consent of the Secretariat, to determine whether to entertain a particular motion based on the philosophy and principles of the NMUN. Such discretion should be used on a limited basis and only under circumstances where it is necessary to advance the educational mission of the Conference. For purposes of this rule, the President’s power to “propose to the Assembly” entails her/his power to “entertain” motions, and not to move the body on his or her own motion.*

**Rule 16**

The President, in the exercise of her or his functions, remains under the authority of the Assembly.

**Rule 17 - Points of order**

During the discussion of any matter, a representative may rise to a point of order, which shall be decided immediately by the President. Any appeal of the decision of the President shall be immediately put to a vote, and the ruling of the President shall stand unless overruled by a majority of the members present and voting.

*Such points of order should not under any circumstances interrupt the speech of a fellow representative. Any questions on order arising during a speech made by a representative should be raised at the conclusion of the speech, or can be addressed by the President, sua sponte, during the speech. For purposes of this rule, “the members present and voting” mean those members (not including observers) in attendance at the meeting during which this motion comes to vote.*

**Rule 18**

A representative may not, in rising to a point of order, speak on the substance of the matter under discussion.

**Rule 19 - Speeches**

1. No one may address the Assembly without having previously obtained the permission of the President. The President shall call upon speakers in the order in which they signify their desire to speak.
2. Debate shall be confined to the question before the Assembly, and the President may call a speaker to order if her/his remarks are not relevant to the subject under discussion.
3. The Assembly may limit the time allowed to speakers and all representatives may speak on any question. Permission to speak on a motion to set such limits shall be accorded only to two representatives favoring and two opposing such limits, after which the motion shall be put to the vote immediately. When debate is limited and a speaker exceeds the allotted time, the President shall call her or him to order without delay.

*In line with the philosophy and principles of the NMUN, in furtherance of its educational mission, and for the purpose of facilitating debate, if the President determines that the Assembly in large part does not want to deviate from the limits to the speaker’s time as it is then set, and that any additional motions will not be well received by the body, the President, in her/his discretion, and on the advice and consent of the Secretariat, may rule as dilatory any additional motions to change the limits of the speaker’s time.*

**Rule 20 - Closing of list of speakers**

Members may only be on the list of speakers once but may be added again after having spoken. During the course of a debate the President may announce the list of speakers and, with the consent of the Assembly, declare the list closed. When there are no more speakers, the President shall declare the debate closed. Such closure shall have the same effect as closure by decision of the Assembly.

*The decision to announce the list of speakers is within the discretion of the President and should not be the subject of a motion by the Assembly. A motion to close the speakers list is within the purview of the Assembly and the President should not act on her/his own motion.*

**Rule 21 - Right of reply**

If a remark impugns the integrity of a representative's State, the President may permit that representative to exercise her/his right of reply following the conclusion of the controversial speech, and shall determine an appropriate time limit for the reply. No ruling on this question shall be subject to appeal.

*For purposes of this rule, a remark that "impugns the integrity of a representative's State" is one directed at the governing authority of that State and/or one that puts into question that State's sovereignty or a portion thereof. All interventions in the exercise of the right of reply shall be addressed in writing to the Secretariat and shall not be raised as a point of order or motion. The reply shall be read to the Assembly by the representative only upon approval of the Secretariat, and in no case after voting has concluded on all matters relating to the agenda topic, during the discussion of which, the right arose.*

**Rule 22 - Suspension of the meeting**

During the discussion of any matter, a representative may move the suspension of the meeting, specifying a time for reconvening. Such motions shall not be debated but shall be put to a vote immediately, requiring the support of a majority of the members present and voting to pass.

**Rule 23 - Adjournment of the meeting**

During the discussion of any matter, a representative may move the adjournment of the meeting. Such motions shall not be debated but shall be put to the vote immediately, requiring the support of a majority of the members present and voting to pass. After adjournment, the Assembly shall reconvene at its next regularly scheduled meeting time.

*As this motion, if successful, would end the meeting until the Assembly's next regularly scheduled session the following year, and in accordance with the philosophy and principles of the NMUN and in furtherance of its educational mission, the President will not entertain such a motion until the end of the last meeting of the Assembly.*

**Rule 24 - Adjournment of debate**

A representative may at any time move the adjournment of debate on the topic under discussion. Permission to speak on the motion shall be accorded to two representatives favoring and two opposing adjournment, after which the motion shall be put to a vote immediately, requiring the support of a majority of the members present and voting to pass. If a motion for adjournment passes, the topic is considered dismissed and no action will be taken on it.

**Rule 25 - Closure of debate**

A representative may at any time move the closure of debate on the item under discussion, whether or not any other representative has signified her/his wish to speak. Permission to speak on the motion shall be accorded only to two representatives opposing the closure, after which the motion shall be put to the vote immediately. Closure of debate shall require a two-thirds majority of the members present and voting. If the Assembly favors the closure of debate, the Assembly shall immediately move to vote on all proposals introduced under that agenda item.

**Rule 26 - Order of motions**

Subject to rule 23, the motions indicated below shall have precedence in the following order over all proposals or other motions before the meeting:

- a) To suspend the meeting;
- b) To adjourn the meeting;
- c) To adjourn the debate on the item under discussion;



d) To close the debate on the item under discussion.

**Rule 27 - Proposals and amendments**

Proposals and substantive amendments shall normally be submitted in writing to the Secretariat, with the names of twenty percent of the members of the Assembly would like the Assembly to consider the proposal or amendment. The Secretariat may, at its discretion, approve the proposal or amendment for circulation among the delegations. As a general rule, no proposal shall be put to the vote at any meeting of the Assembly unless copies of it have been circulated to all delegations. The President may, however, permit the discussion and consideration of amendments or of motions as to procedure, even though such amendments and motions have not been circulated. If the sponsors agree to the adoption of a proposed amendment, the proposal shall be modified accordingly and no vote shall be taken on the proposed amendment. A document modified in this manner shall be considered as the proposal pending before the Assembly for all purposes, including subsequent amendments.

*For purposes of this rule, all "proposals" shall be in the form of working papers prior to their approval by the Secretariat. Working papers will not be copied, or in any other way distributed, to the Assembly by the Secretariat. The distribution of such working papers is solely the responsibility of the sponsors of the working papers. Along these lines, and in furtherance of the philosophy and principles of the NMUN and for the purpose of advancing its educational mission, representatives should not directly refer to the substance of a working paper that has not yet been accepted as a draft resolution. After approval of a working paper, the proposal becomes a draft resolution and will be copied by the Secretariat for distribution to the Assembly. These draft resolutions are the collective property of the Assembly and, as such, the names of the original sponsors will be removed. The copying and distribution of amendments is at the discretion of the Secretariat, but the substance of all such amendments will be made available to all representatives in some form.*

**Rule 28 - Withdrawal of motions**

A proposal or a motion may be withdrawn by its sponsor at any time before voting has commenced, provided that it has not been amended. A motion thus withdrawn may be reintroduced by any representative.

**Rule 29 - Reconsideration of a topic**

When a topic has been adjourned, it may not be reconsidered at the same session unless the Assembly, by a two-thirds majority of those present and voting, so decides. Reconsideration can only be moved by a representative who voted on the prevailing side of the original motion to adjourn. Permission to speak on a motion to reconsider shall be accorded only to two speakers opposing the motion, after which it shall be put to the vote immediately.

*For purposes of this rule, "those present and voting" means those representatives, including observers, in attendance at the meeting during which this motion is voted upon by the body.*

VI. VOTING

**Rule 30 - Voting rights**

Each member of the Assembly shall have one vote.

*This rule applies to substantive voting on amendments, draft resolutions, and portions of draft resolutions divided out by motion. As such, all references to "member(s)" do not include observers, who are not permitted to cast votes on substantive matters.*

**Rule 31 - Request for a vote**

A proposal or motion before the Assembly for decision shall be voted upon if any member so requests. Where no member requests a vote, the Assembly may adopt proposals or motions without a vote.

*For purposes of this rule, "proposal" means any draft resolution, an amendment thereto, or a portion of a draft resolution divided out by motion. Just prior to a vote on a particular proposal or motion, the President may ask if there are any objections to passing the proposal or motion by acclamation, or a member may move to accept the proposal or motion by acclamation. If there are no objections to the proposal or motion, then it is adopted without a vote.*

**Rule 32 - Majority required**

1. Unless specified otherwise in these rules, decisions of the Assembly shall be made by a majority of the members present and voting.
2. For the purpose of tabulation, the phrase “members present and voting” means members casting an affirmative or negative vote. Members which abstain from voting are considered as not voting.

*All members declaring their representative States as “present and voting” during the attendance roll call for the meeting during which the substantive voting occurs, must cast an affirmative or negative vote, and cannot abstain.*

**Rule 33 - Ommitted**

**Rule 34 - Method of voting**

1. The Assembly shall normally vote by a show of placards, except that a representative may request a roll call, which shall be taken in the English alphabetical order of the names of the members, beginning with the member whose name is randomly selected by the President. The name of each present member shall be called in any roll call, and one of its representatives shall reply “yes,” “no,” “abstention,” or “pass.”

*Only those members who designate themselves as “present” or “present and voting” during the attendance roll call, or in some other manner communicate their attendance to the President and/or Secretariat, are permitted to vote and, as such, no others will be called during a roll-call vote. Any representatives replying “pass,” must, on the second time through, respond with either “yes” or “no.” A “pass” cannot be followed by a second “pass” for the same proposal or amendment, nor can it be followed by an abstention on that same proposal or amendment.*

2. When the Assembly votes by mechanical means, a non-recorded vote shall replace a vote by show of placards and a recorded vote shall replace a roll-call vote. A representative may request a recorded vote. In the case of a recorded vote, the Assembly shall dispense with the procedure of calling out the names of the members.
3. The vote of each member participating in a roll call or a recorded vote shall be inserted in the record.

**Rule 35 - Explanations of vote**

Representatives may make brief statements consisting solely of explanation of their votes after the voting has been completed. The representatives of a member sponsoring a proposal or motion shall not speak in explanation of vote thereon, except if it has been amended, and the member has voted against the proposal or motion.

*All explanations of vote must be submitted to the President in writing before debate on the topic is closed, except where the representative is of a member sponsoring the proposal, as described in the second clause, in which case the explanation of vote must be submitted to the President in writing immediately after voting on the topic ends.*

**Rule 36 - Conduct during voting**

After the President has announced the commencement of voting, no representatives shall interrupt the voting except on a point of order in connection with the actual process of voting.

**Rule 37 - Division of proposals and amendments**

Immediately before a proposal or amendment comes to a vote, a representative may move that parts of a proposal or of an amendment should be voted on separately. If there are calls for multiple divisions, those shall be voted upon in an order to be set by the President where the most radical division will be voted upon first. If objection is made to the motion for division, the request for division shall be voted upon, requiring the support of a majority of those present and voting to pass. Permission to speak on the motion for division shall be given only to two speakers in favor and two speakers against. If the motion for division is carried, those parts of the proposal or of the amendment which are involved shall then be put to a vote. If all operative parts of the proposal or of the amendment have been rejected, the proposal or the amendment shall be considered to have been rejected as a whole.

*For purposes of this rule, “most radical division” means the division that will remove the greatest substance from the draft resolution, but not necessarily the one that will remove the most words or clauses. The determination of which division is “most radical” is subject to the discretion of the Secretariat, and any such determination is final.*

**Rule 38 - Amendments**

An amendment is a proposal that does no more than add to, delete from, or revise part of another proposal.

*An amendment can add, amend, or delete operative clauses, but cannot in any manner add, amend, delete, or otherwise affect perambulatory clauses.*

**Rule 39 - Order of voting on amendments**

When an amendment is moved to a proposal, the amendment shall be voted on first. When two or more amendments are moved to a proposal, the amendment furthest removed in substance from the original proposal shall be voted on first and then the amendment next furthest removed there from, and so on until all the amendments have been put to the vote. Where, however, the adoption of one amendment necessarily implies the rejection of another amendment, the latter shall not be put to the vote. If one or more amendments are adopted, the amended proposal shall then be voted on.

*For purposes of this rule, “furthest removed in substance” means the amendment that will have the most significant impact on the draft resolution. The determination of which amendment is “furthest removed in substance” is subject to the discretion of the Secretariat, and any such determination is final.*

**Rule 40 - Order of voting on proposals**

If two or more proposals, other than amendments, relate to the same question, they shall, unless the Assembly decides otherwise, be voted on in the order in which they were submitted.

**Rule 41 - The President shall not vote**

The President shall not vote but may designate another member of her/his delegation to vote in her/his place.

## VII. CREDENTIALS

**Rule 42 - Submission of credentials**

The credentials of representatives and the names of members of a delegation shall be submitted to the Secretary-General prior to the opening of a session.

**Rule 43 - Credentials Committee**

A Credentials Committee, consisting of nine members, shall be appointed by the Secretary-General at the beginning of each session. It shall examine the credentials of representatives and report without delay. The Main Committees shall be bound by the actions of the Plenary in all matters relating to credentials and shall take no action regarding the credentials of any Member State.

**Rule 44 - Provisional admission to a session**

Any representative to whose admission a member has made objection shall be seated provisionally with the same rights as other representatives until the Credentials Committee has reported and the Assembly has given its decision.

## VIII. GENERAL COMMITTEE

**Rule 45 - Composition**

The General Committee shall comprise the President of the Assembly, who shall preside, the twenty-one Vice Presidents and the Chairpersons of the six Main Committees.

**Rule 46 - Functions**

In considering matters relating to the agenda of the Assembly, the General Committee shall not discuss the substance of any item except in so far as this bears upon the question whether the General Committee should

recommend the inclusion of the item in the agenda and what priority should be accorded to an item the inclusion of which has been recommended.

***Rule 47***

The General Committee shall assist the President and the Assembly in drawing up the agenda for each plenary meeting, in determining the priority of its items, and in coordinating the proceedings of all committees of the Assembly. It shall assist the President in the general conduct of the work of the General Assembly which falls within the competence of the President. It shall not, however, decide any political question.

***Rule 48 - Participation by members requesting the inclusion of items in the agenda***

A member of the Assembly which has no representative on the General Committee and which has requested the inclusion of an item in the agenda shall be entitled to attend any meeting of the General Committee at which its request is discussed and may participate, without a vote, in the discussion of that item.

IX. MINUTE OF SILENT PRAYER OR MEDITATION

***Rule 49 - Invitation to silent prayer or meditation***

Immediately after the opening of the first plenary meeting of the Assembly, representatives may request to observe one minute of silence dedicated to prayer or meditation. This is the only time this motion will be entertained and its approval is at the discretion of the Secretariat.

X. COMMITTEES

***Rule 50 - Establishment of committees***

The Assembly may establish such committees as it deems necessary for the performance of its functions.

***Rule 51 - Categories of subjects***

Items relating to the same category of subjects shall be referred to the committee or committees dealing with that category of subjects. Committees shall not introduce new items on their own initiative.

***Rule 52 - Main Committees***

The Main Committees of the Assembly are the following:

- a) Political and Security Committee (First Committee)
- b) Economic and Financial Committee (Second Committee)
- c) Social, Humanitarian and Cultural Committee (Third Committee)
- d) Special Political and Decolonization Committee (Fourth Committee)
- e) Administrative and Budgetary Committee (Fifth Committee)
- f) Legal Committee (Sixth Committee)

***Rule 53 - Organization of work***

Each committee, taking into account the closing date of the session, shall adopt its own priorities and meet as may be necessary to complete consideration of the items referred to it.

***Rule 54 - Discussion of reports of Main Committees***

Discussion of a report of a Main Committee in a plenary meeting of the Assembly shall take place if at least one third of the members present and voting at the plenary meeting consider such a discussion to be necessary. Any proposal to this effect shall not be debated but shall be immediately put to a vote.

XI. ADMISSION OF NEW MEMBERS

***Rule 55 - Applications***

Any State which desires to become a Member of the United Nations shall submit an application to the Secretary-General. Such application shall contain a declaration, made in formal instrument that the State in question accepts the obligations contained in the Charter.

***Rule 56 - Notification of applications***

The Secretary-General shall, for information, send a copy of the application to the General Assembly, or to the Members of the United Nations if the Assembly is not in session.

***Rule 57 - Consideration of applications and decisions thereon***

If the Security Council recommends the applicant State for membership, the Assembly shall consider whether the applicant is a peace-loving State and is able and willing to carry out the obligations contained in the Charter and shall decide, by a two-thirds majority of the members present and voting, upon its application for membership.

***Rule 58***

If the Security Council does not recommend the applicant State for membership or postpones the consideration of the application, the General Assembly may, after full consideration of a special report of the Security Council, send the application back to the Council, together with a full record of the discussion in the Assembly, for further consideration and recommendation or report.

***Rule 59 - Notification of decision and effective date of membership***

The Secretary-General shall inform the applicant State of the decision of the Assembly. If the applicant is approved, membership shall become effective on the date on which the Assembly takes its decision on the application.