



THE GENERAL ASSEMBLY SECOND COMMITTEE: ECONOMIC AND FINANCIAL

Purview of the Simulation: The Second Committee makes recommendations on means to improve the economic development of Member States and maintain the stability of the international financial and trade network. The economic issues considered by the Second Committee are distinguished from those considered by the Fifth Committee in that this Committee deals solely with financing the economic assistance to Member States, whereas the Fifth

Committee addresses the budgetary issues within the UN System. The Second Committee does not address social issues that impact development; such issues are considered by the Third Committee. For more information concerning the purview of the UN's General Assembly as a whole, see page 17.

Website: <http://www.un.org/ga/second/index.shtml>

PREVENTING AND COMBATING CORRUPT PRACTICES AND TRANSFER OF ASSETS OF ILLICIT ORIGIN AND RETURNING SUCH ASSETS, IN PARTICULAR TO THE COUNTRIES OF ORIGIN, CONSISTENT WITH THE UNITED NATIONS CONVENTION AGAINST CORRUPTION

Globalization and the growth of social and economic international relations have led to the expansion of international markets, cultural exchanges, and the mutual understanding of shared social commonalities. However, an undesired by-product of increased global economic interaction has been the rise in corrupt financial practices. The globalization of financing has facilitated near-instant electronic transfers of illicit assets through so-called 'megabyte money transactions', which in turn sustain criminal enterprises around the world. This growth of transnational organized-crime networks has bolstered such illicit activities as illegal-weapons transfers, drug and human trafficking, terrorism, governmental corruption and corporate malfeasance, damaging the economies of both developed and developing countries. Estimates of the total monetary impact of illicit asset transfers are difficult to ascertain, but UN estimates range from \$800 billion to \$2 trillion, or 2 to 5% of global GDP. Alarming, corrupt money associated with bribes received by public officials from developing countries is estimated at \$20 billion to \$40 billion per year, which roughly equals 20 to 40% of flows of official development assistance (ODA). In response to the situation, the UN has resolved to aggressively prevent, detect, and deter these corrupt practices.

The various UN conventions on corruption, transnational organized crime, drugs, and the transfer of illicit assets reflect an evolution of responsive strategies. In 1998, the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances emerged as the first international legal instrument to criminalise the transfer of illicit assets. In 2003, the UN Convention against Transnational Organized Crime defined and addressed the transnational nature of criminal networks, and their ability to circumvent domestic law by unrestricted international movement of financial assets. Perhaps the most significant agreement has been the United Nations Convention against Corruption (UNCAC), which entered into force on 14 December 2005. The Convention's 71 articles provide common standards for national policies and practices while also requiring greater international cooperation to address cross-border crime. It also obligates states party to the Convention to assist each others' efforts to combat corruption through technical assistance. By 2009, 140 Member States had signed the Convention. The Conference of State Parties to UNCAC has convened twice since the agreement entered into force, with a third session scheduled to take in late 2009.

The lead implementation agency for UNCAC is the UN Office on Drugs and Crime (UNODC). The UNODC's Global Programme against Money Laundering, Proceeds of Crime and the Financing of Terrorism acts as an anti-corruption resource for States implementing the provisions of the Convention against Corruption. The UNODC prioritizes the coordination of technical assistance, including model legislation, legal advice, site visits from anti-corruption experts, and development of an action plan for implementation of the Convention.

In cooperation with the UNODC, UN agencies and non-governmental organizations have coordinated anti-corruption efforts. The International Money Laundering Information Network (IMOLIN) acts as an information library on transnational crime and money laundering. The Financial Action Task Force (FATF) is an inter-governmental body that proposes ethical financial standards, suggests policy adjustments, and promotes recommendations to combat money laundering and terrorist financing. Proposed countermeasures include customer-identification and due-diligence requirements, supported by domestic financial intelligence units that review suspicious transaction reports and notify the appropriate law enforcement agencies to initiate seizing and freezing mechanisms. Known as the FATF 40 plus 9 recommendations, they have been endorsed and accepted as the financial standard by the International Monetary Fund and the World Bank. In recent years, the Security Council and General Assembly encouraged Member States to implement the FATF 40 plus 9 recommendations.

In 2007, the UNODC, in partnership with the World Bank Group, launched the Stolen Asset Recovery Initiative (StAR Initiative) to help developing countries recover assets and invest them in effective development programs. While emphasizing the joint responsibility of developing and developed countries to tackle corruption, the StAR Initiative outlines an action plan for assisting developing countries in the recovery of assets by reducing barriers to recovery in developed countries and strengthening the capacity of developing countries to pursue such assets. The StAR program also requires developing countries to strengthen public institutions and enhance public accountability and transparency. In May 2009, the StAR Initiative published a guide to assist States in the recovery of assets in the absence of a criminal conviction. Non-conviction based asset forfeiture is a legal regime that allows for the recovery of proceeds from serious crime, including corruption, without the need for a criminal conviction. It is often the only option available for governments when perpetrators are unavailable to be prosecuted. An increasing number of States have established systems to permit non-conviction based asset forfeiture, as recommended by the UNCAC.

While the StAR Initiative demonstrates increased international cooperation, greater coordination of efforts is still needed to develop an effective and comprehensive response to corrupt practices. In 2008, the General Assembly stressed the need for mutual legal assistance

from Member States to effectively combat corruption in all its forms. The GA also urged all Member States who have not yet done so to require domestic financial institutions to fully implement comprehensive due diligence and vigilance programs. These actions would achieve measures of accountability and regulation, all of which would substantially disrupt and hinder corrupt practices.

In A/63/88, the Secretary-General noted several priority action areas for the General Assembly. Presently, the primary challenges in implementing the UNCAC are a lack of agreement on a review mechanism and the lack of legal framework to address corruption. Reaching agreement on a mechanism for reviewing the implementation of the Convention will be difficult, and further commitment by Member States is still needed particularly in the area of technical assistance. The Secretary-General's report also underscored the significance of the review mechanism, noting that its promulgation will lead to "a high volume of new and complex tasks" to be performed by the Secretariat. The report warned that this will not be possible at present resource levels, urging the General Assembly to give appropriate consideration to the resource needs of the UNODC. In its work, the General Assembly will need to discuss the best approaches to addressing and resolving the aforementioned challenges.

Questions to consider from your government's perspective on this issue include:

- What additional steps can the UN and Member States take to stem the cycle of transnational organized crime?
- How can illicit money transfers to secret banking havens be policed? When non-identifiable source criminal assets are seized, how should they be utilized?
- What, if any, steps might the UN take once a Member State has been informed of corrupt practices within its borders, but takes no effective action?

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"World Bank and UNODC release guide to recover looted funds," United Nations Office on Drugs and Crime, 5 May 2009.

UN Documents:

A/RES/63/226
A/RES/62/202
A/RES/61/209
A/RES/60/288
A/RES/60/207
A/63/416/Add.4
A/63/88
CAC/COSP/2008/15
CAC/COSP/2008/5
CAC/COSP/2008/4
CAC/COSP/2008/3
Convention Against Corruption
Convention Against Illicit Traffic in Narcotics, Drugs, and Psychotropic Substances
Convention Against Transnational Organized Crime

Additional Web Resources:

www.transparency.org - Transparency International
www.unodc.org - UN Office on Drugs and Crime
www.imolin.org - International Money Laundering Information Network
www.fatf-gafi.org - Financial Action Task Force

CONVENTION ON BIOLOGICAL DIVERSITY

The preservation of biological diversity and the pursuit of sustainable development are issues that become more pressing with each year due to humanity's increasing demands on the planet. The world population has doubled since 1950; it reached six billion in 1999 and is predicted to be nine billion by 2050. Today, the global market consumes natural resources at a rate that is growing five times more rapidly than the world population; over 60% of the world's ecosystems have been degraded or are being used in an unsustainable manner. This unprecedented rate of extraction puts a tremendous strain on the delicate balance of biodiversity that has evolved for billions of years between the species and ecosystems that comprise life on Earth. Due to the infinite complexities that characterize these relationships, the consequences of specific human actions are difficult to predict.

Member States acknowledged the gravity of these environmental threats in the creation of the Convention on Biological Diversity (CBD) at the 1992 United Nations Conference on Environment and Development in Rio de Janeiro, also known as the Earth Summit. Ratified by 189 Member States and one regional economic integration organization, the CBD today remains the key international instrument for the conservation and sustainable use of biological resources.

The Convention's three main goals are to conserve biodiversity, use it in a sustainable fashion, and share the benefits of such use fairly and equitably. Acting on the national, regional and international level, it stresses the common interest vested in these goals and promotes their adherence through sustainable economic and social development. The CBD also emphasizes the pursuit of poverty alleviation through natural conservation and sharing of knowledge and technology. The Cartagena Protocol on Biosafety, which entered into force on 29 January 2000, further addresses concerns relating to the protection

of natural biodiversity from the potential threat posed by genetically modified organisms. The Protocol establishes procedures to ensure that states receive information necessary to make informed decisions before importing genetically modified organisms. The Protocol also reaffirms the precautionary approach cited in the Rio Declaration.

Different UN agencies have underscored the cross-cutting impact of biodiversity loss and the urgent need to reverse it. The 2005 Millennium Ecosystem Assessment found that the degradation of ecosystems and loss of biodiversity resources are a barrier to achieving the Millennium Development Goals. The assessment concluded that sufficient efforts to reverse the damage are not yet underway, though if substantial actions were undertaken, improvements may occur within the next 50 years. In 2007, the 2010 biodiversity target set forth in the CBD was fully incorporated into the Millennium Development Goals, and 2010 was declared the International Year of Biological Diversity. In 2008, the Food and Agriculture Organization (FAO) called urgent attention to the impact of the global decline in biological diversity on the world food supply. The FAO estimated that the genetic diversity of agricultural crops has declined by 75% over the last century, which poses a serious threat to future agricultural production.

In response, the General Assembly reaffirmed in 2007 the UN's commitment to reducing the global degradation of biological diversity. It urged greater technological assistance to developing countries in order to achieve sustainable economic development that does not degrade the state's biodiversity. The GA also reminded Member States of previous commitments to prevent the loss of biodiversity through greater scientific and technical collaboration. The Second Committee addressed the potential of partnerships with the private sector to work in concert with Member States' national legislation and existing conventions. The Committee urged that new and additional financial and technical resources be provided to developing countries, and suggested that the Global Environment Facility be used to channel appropriate resources.

The ninth Conference of the Parties to the Convention on Biological Diversity convened in Bonn, Germany, from 19 to 30 May 2008. Though the CBD previously recognized the sovereignty of nations over their natural resources, conference negotiations achieved a major breakthrough with the finalization of plans to introduce in 2010 an international regime on access to genetic resources and the equitable sharing of the benefits arising from their use. Also discussed were the problem of invasive alien species, loss of rainforest biodiversity, degradation of marine ecosystems and genetically modified trees. States further acknowledged that efforts to reduce emissions caused by deforestation under the United Nations Framework Convention on Climate Change were a potential effective avenue of slowing the current rate of loss of forest biodiversity. Conference delegates recognized that biodiversity objectives, including climate change policy and alternative biofuels, are important to reducing rural poverty and achieving sustainable economic development.

Despite progress, with more than 12% of land now in protected areas, the speed of the international community's response has not kept pace with the scale of environmental degradation. While the topic of biodiversity has garnered significant attention and discussion in recent years, decisive new actions are needed to reverse the continuing degradation. To achieve the goals set for the 2010 International Year of Biodiversity, extraordinary commitments will be necessary from all Member States. Prospects for success face even greater obstacles in light of the global recession, as the economic downturn incentivizes the depletion of natural resources for profit. The Second Committee will need to discuss how financial and technical assistance can achieve solutions that are both economically and ecologically viable for Member States. While considering the ramifications of biodiversity on global trade and investment, as well as Member States'

national economic development, the Committee will need to focus on the economic costs of biodiversity loss as well as the financial benefits from conservation.

Questions to consider from your government's perspective on this issue include:

- Bearing in mind the financial and technical focus of the Second Committee as well as the roles played by other relevant UN agencies that address environmental issues, what is the role of the General Assembly in addressing biodiversity?
- How can biodiversity conservation efforts be implemented to also benefit the human population of fragile ecological areas, economically and otherwise?
- How does biological diversity relate to larger issues of economic and social development? How can Member States be encouraged to make biological conservation a useful and productive part of their own national development plans and legislation?

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UN Documents:

- A/RES/63/219
A/RES/62/194
A/63/414
A/63/294
A/62/419/Add.6
A/C.2/62/L.45
A/C.2/62/L.15
TD/L.410
UNEP/GC/22/INF/16
Rio Declaration
Convention on Biological Diversity
United Nations Framework Convention on Climate Change
Cartagena Protocol on Biosafety

Additional Web Resources:

- www.cbd.int – Convention on Biological Diversity
www.unep.org – United Nations Environment Programme
www.millenniumassessment.org – Millennium Ecosystem Assessment
www.countdown2010.net – Countdown 2010: Save Biodiversity