The General Assembly Second Committee
Economic & Financial

Purview of the General Assembly Second Committee

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 affect 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 25.

Website: www.un.org/ga/second/index.shtml

Science and technology for development

Science and technology are key drivers of progress and change within the global economic system. The international community is committed to leveraging these tools to promote sustainable development and growth. Developing countries have explored and benefited from green and environmentally sustainable energy programs, advanced and strategic urban development, Internet broadband for an inclusive digital society, and many other technologies. These developments have improved lives and enabled millions to escape poverty. To continue this progress, developing countries need access to and assistance with relevant technologies that may help spur further development. While rapid progress has been achieved in improving access to information and communications technologies at the global level, significant gaps remain between the demand for and access to the ability to use such technologies. Some of the main impediments faced by developing countries in accessing the new technologies include insufficient resources, infrastructure, education, capacity, investment and connectivity, and intellectual property rights.

Social entrepreneurs, States, and various non-profits have capitalized on technology to make real differences. Ushahidi is one such program where an individual with a cell phone can be instrumental in enhancing the availability and accuracy of information that makes governments more transparent, responsive and accountable, and makes markets more efficient. This access has strengthened democracy and economic development, with myriad applications, such as verifying election results across Brazil or tracking teacher absenteeism in Uganda. It has facilitated market efficiency, through mapping biogas market prices and production across six countries in Africa. And, it has helped aid workers in Haiti and Japan reach those affected by natural disasters. In Zambia and other States mobile phones are also being used to fight diseases. Malaria, which affects over 200 million people per year, is an economic handicap that affects States with nearly half the world's population. Health coordinators now receive free cell phones, which they use to send treatment and evaluation reports, allowing them to double the number of patients they are able to see while more rapidly disseminating the latest information on the disease. These success stories are just a few among many, and the United Nations plays a crucial role in supporting the use of science and technology for development. The United Nations has been very active on the topic over the past decades. The seminal 1992 Conference on Environment and Development produced Agenda 21, a program for global sustainable development. Transfers of environmentally sound technologies were key to implementation. Intended to minimize waste and energy consumption, Agenda 21 envisioned that developing countries could leverage technology outside of patent protection, using either technologies in the public domain or bought from the private sector to achieve those goals and protect the environment. States were to increase funding agreements and technology transfers, but it was not until 2002 that funding, including technology transfers, recovered from aid cuts undertaken through the 1990s. Funding grew modestly over the next decade, and technology is a vital multiplier to help those aid dollars go further.

The international community has extensively followed up on the work done in Rio in 1992. The 2002 and 2005 World Summits on Sustainable Development (WSSD) supported initiatives for research and development through voluntary partnerships between the public and private sectors to address the special needs of developing countries in the areas of health, agriculture, conservation, sustainable use of natural resources and environmental management, energy, forestry, and the impact of climate change. The World Summit Outcome document encourages the promotion of greater efforts to develop renewable sources of energy, such as solar, wind and geothermal.

The 2004 Bali Strategic Plan for Technology Support and Capacity-building (BSP) established guidelines for increasing technology support at the national, regional and global levels. The plan calls for the strengthening of the United Nations Environment Programme (UNEP) at both regional and national levels; capacity-building programmes to support the implementation of environmental conventions and other legal instruments, training and enhancement of existing centres of excellence; and exchanges of best practices and lessons learned. The General Assembly's most recent work on the topic has recognized the important role of science and technology in sustainable development and achieving many of the targets set out in the Millennium Development Goals. Working with ECOSOC's Commission on Science and Technology for Development and the United Nations Conference on Trade and Development, the General Assembly is attempting to increase capacity building efforts, reform State's development policies to capitalize on science and technology, and prioritize research in fields especially relevant to developing countries, like agriculture, communication technologies and environmental management.

Technology transfers are not the answer in and of themselves. Sustainable development requires access to technology but also the investments in infrastructure and education needed to capitalize on the tools. Intellectual property rights have been strengthened under many bi- and multi-lateral trade agreements, limiting the ability of States to make use of many technologies in a cost-effective manner. The Second Committee must consider how sharing technology, especially that which the receiving State will be able to sustain the use of, can be better integrated as an alternative of or companion to foreign aid. Entrepreneurs around the world are continuing to leverage existing technologies and create new technologies that support international development. Through the Second Committee, the international community must promote these successes and encourage the structural reforms that allow them: education, Internet connectivity and infrastructure.

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

- How can the international community promote technology transfers while protecting intellectual property rights?
- How effective has the Bali Strategic Plan been, and what steps could be taken to further its implementation?
- How can the United Nations encourage new areas of technological and scientific progress that might support international development?
- How can current technology transfers be better organized to ensure their maximum benefit?

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Follow-up to the Conference on the World Financial and Economic Crisis and Its Impact on Development

The year 2008 marked the beginning of the worst financial and economic crisis since the Great Depression. For years, banks lent money to borrowers who would prove to be unable to pay them back. When the housing bubble in the United States began to deflate, a serious of events were triggered, creating a crisis of confidence in financial markets and, because of complex financial instruments tied to the sub-prime loans, the contagion of the crisis spread rapidly through the world's financial sectors. This ripple triggered another round of problems, as other structural issues came to the forefront after the support of the global financial system for lending, particularly for mortgages, dried up. While the crisis began in the world's major financial centers, it quickly swept across the globe, affecting all Member States. Least developing countries were strongly affected. In all, it is estimated that $14.5 trillion in wealth and value was lost as a result of the crisis.

To limit the scope and depth of the damage, Member States, central banks and international organizations came together to forge a series of reforms, bail-outs and alternative lending schemes. Large banks, reeling from losses tied to both bad loans and complex investments meant to limit risk, were especially unstable. The repercussions of the crisis undermined faith in some government debt, forcing States to undertake unique measures to maintain the stability of theirs and other's finances. Unfortunately, some States, small businesses and poorer populations did not have access to the same financial and monetary tools available to the world's largest and strongest economies. While some States have rebounded, many of the world's poorest remain worse off as a result of the crisis. The crisis prompted States to reduce foreign aid funding, and foreign aid contracted sharply in 2011. Least developed countries suffer a disproportionate impact from these funding cuts, and these cuts continue to hamper efforts to achieve MDG targets. The World Bank estimates that over 50 million people were driven into extreme poverty during the crisis, with the number of undernourished and hungry reaching a historic high of over one billion people. This crisis was a sharp reversal for the international community's fight against poverty, and it required an international response.

In June 2009, world leaders met at the United Nations Headquarters in New York for the Conference on the World Financial and Economic Crisis and Its Impact on Development. The goal of the conference was to identify emergency and long-term responses to alleviate the impact of the crisis and the transformation of financial and economic systems. Member States and representatives from various United Nations' organizations including the World Bank and International Monetary Fund (IMF) attended the Conference, as well as representatives from civil society organizations and the private sector. Leaders were tasked with finding appropriate solutions that were commensurate with the depth and scale of the crisis and appropriate for the unique situations of each Member State. Specifically, the Conference focused on the impact of the crisis on employment, trade, investment and development, including the Millennium Development Goals; appropriate actions and measures to be taken to mitigate the impact of the crisis on development; the role of the United Nations and Member States in the discussion surrounding financial and economic reforms; and the contributions of United Nations Development Systems in response to the crisis.

The Conference's report to the UN examined the damage of the crisis as well as the opportunities it created. Years of progress toward many of the Millennium Development Goals (MDG) were wiped out, global trade contracted sharply and unemployment rose dramatically. At the same time, the participants saw the crisis as a chance to redouble efforts toward a fair, globalized economic system. By focusing the responses toward those least able to help themselves, the world's economic powers could correct imbalances in development and provide for sustainable development paths. No longer just a crisis, the financial and economic collapse could become an opportunity. Prompt access to short-term credit and liquidity coupled with long-term development financing, investments in green technology and a rejection of protectionism could transform the global economy and its distribution of wealth and inequality. Front-loading already agreed upon loans and limiting conditions for disbursement would enable immediate progress on these points.

Subsequently, the United Nations established the ad hoc open-ended working group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development. In its first report to the General Assembly in 2010, the working group found that while millions more than initially estimated were pushed into poverty, the pace of recovery in emerging economies was surpassing developed States. Unfortunately, the aftermath of the crisis continues to hamper growth. The sovereign debt crisis in Europe continues to harm trade and financial markets, as well as affect the poor, the unemployed and migrant workers.

As the aftershocks of the economic meltdown pass and growth returns, the international community has to address uneven economic development and the international regulatory system. The Second Committee must consider how foreign aid flows can be better managed to limit unstable and volatile funding flows and to ensure that macroeconomic crises do not have the same impact. To better regulate the global financial system, the international community adopted voluntary standards under Basel III in 2011. Designed to enhance capital, liquidity and leverage ratio requirements for banks and financial institutions, they are being implemented in stages between 2011 and 2019. Designed to directly address the causes of the global financial crisis, Basel III has faced severe opposition from banks and financial institutions. The Second Committee must consider how the ad-hoc and regional approach so far taken to address financial regulation can be better managed and identify strategies for a more inclusive and global regulatory response. The IMF has been a key player during the crisis, providing key loans to support States' finances, but the loans have come with unpopular conditions. The Second Committee should review how loans are made available and ensure that the long-term goals of macroeconomic stability and growth are maintained. As demonstrated during the 2008-2009 crisis, the global financial markets have an impact not only on developed countries, but a profound effect on the world's poorest – potentially threatening life and well-being. Balancing structural reforms with growth and development has proven difficult, but the international community must find a way to succeed at this crucial task.

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

- What steps can the international community take to enhance global regulatory effectiveness and financial transparency?
- How can the international community revise the system of foreign aid to improve stability of funding levels?
- How can the international community prevent the next global financial crisis?

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