The General Assembly Second Committee
Economic & Financial

Purview of the General Assembly Second Committee

The General Assembly Second Committee addresses the economic development of Member States and the stability and growth of international financial and trade networks. The Second Committee deals solely with the economic development of Member States and addresses State-to-State assistance. It does not set or discuss the budget of the United Nations, which is solely addressed by the Fifth Committee. The Second Committee also does not address social issues that affect development; such issues are considered by the Third Committee. For more information concerning the purview of the United Nations General Assembly as a whole, see page 29.

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

Sustainable Development – Disaster Risk Reduction

The increasing devastation caused by natural disasters, such as hurricanes, droughts, floods and earthquakes, has drawn new attention to disaster risk reduction (DRR) methods. According to a United Nations Office for Disaster Risk Reduction (UNISDR) assessment, disasters cause between 250 billion and 300 billion USD in annual losses. In addition to their immediate effects, these disasters have lasting effects on economic development. Such economic setbacks present immense challenges for sustainable development; climate change and urbanization will only increase the frequency and intensity of natural disasters in the future. Urbanization, in particular, exacerbates the effects of natural disasters, even in the developed world, where dense population and high capital investment are concentrated in one location, often on the coast or in other vulnerable areas. The goals of DRR methods commonly include improving disaster preparedness, reducing exposure and vulnerability to hazards, and making Member States and their governments more aware of the consequences of land management and development.

The United Nations focused on this issue by declaring the 1990s the International Decade for Natural Disaster Reduction. In 1994, a collection of Member States and others met in Yokohama, Japan for the First World Conference on Disaster Risk Reduction (WCDRR). At this meeting, the participants memorialized their commitment to reducing the impact of natural disasters in the ten principles of the Yokohama Strategy for a Safer World. These principles emphasized key components of any DRR strategy, from ensuring environmental protection to maintaining cooperation at all levels. In 1999, the General Assembly established the United Nations Office for Disaster Risk Reduction (UNISDR) to coordinate DRR efforts and manage the implementation of the International Strategy for Disaster Reduction, the United Nations' DRR strategy that ran parallel to the Yokohama Strategy.

In 2005 the international community met in Kobe, Japan, to revisit the Yokohama Strategy and prepare a strategy for the following ten years. This Second World Conference produced the Hyogo Framework for Action (HFA), the United Nations first multi-sector plan focused on reducing loss from disasters. Significantly, the Framework's five priorities for action place emphasis on the State having the primary responsibility to reduce disaster risk, with the expectation of cooperation between local governments and the private sector. Meeting just a month after the devastating 2004 tsunami in the Indian Ocean, the Framework advocated for implementation of the International Early Warning Programme.

Disaster risk reduction saw continued focus in the United Nations system in the years following the Second World Conference. At the Rio+20 Conference on Sustainable Development in 2012, participants recognized the importance of DRR and the link between DRR and sustainable development. In its outcome document, The Future We Want, Member States identified DRR as a crucial step for poverty-eradication and sustainable development plans. The United Nations also recognized the need for a higher-level program to address gaps in the DRR framework, addressing those in the 2013 the United Nations Plan of Action on Disaster Risk Reduction for Resilience, which identified "resilience" as the overarching goal of not only DRR, but of poverty-reduction, climate-change efforts and a host of other development goals.

In 2015, UNISDR organized a third World Conference in Sendai to update the Hyogo Framework. The Sendai Framework, the outcome of this conference, set forth the United Nations' goals for future milestones concerning disaster risk reduction with four priority areas, addressing issues from improved preparedness to ensuring effective reconstruction efforts.

In 2015 the General Assembly also concluded negotiations on and announced the 17 Sustainable Development Goals (SDGs) under the 2030 Agenda for Sustainable Development. These goals are the successor to the Millennium Development Goals. In that negotiation, Member States acknowledged that previous development efforts had not holistically considered the role that social and environmental issues, like disaster risk reduction, play in sustainable development. In the new framework, Goal 11's targets include significantly reducing global losses, both in lives and in infrastructure, due to natural disasters. With the transition to the Sustainable Development Goals, the United Nations also recognized the increasing importance of private investors and other development partners, as private investments had surged past foreign aid in the previous years.

Climate change management is also a crucial factor in disaster risk reduction. While the 2015 Paris Agreement demonstrated the growing concern about climate change among the international community, Member States must remain committed to restraining the rise in global temperatures and the goal of holding the global average temperature increase to well below 2°C above pre-industrial levels; in many cases current State policies are insufficient to meet this goal.This is especially important for development programs in landlocked countries or countries that otherwise are more insulated from the worst effects of global climate change.

Disaster risk reduction plays a central role in sustainable development and building resilience. Natural disasters, at a minimum, disrupt ongoing development efforts, and, at their worst, can destroy previous progress and create new challenges for a region. If the Post-2015 Development Agenda is to be achieved, substantial progress will be necessary on improving disaster risk reduction in the developing world.

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

- How can Member States work together to mitigate the impact of cross-border disasters, such as famines in neighboring countries?
- Where are there possibilities for effective regional cooperation?
- How can the United Nations support capacity building and planning efforts at the national and subnational level?
- How will increased development, increasing urbanization, and worsening climate change affect future needs for disaster risk reduction?

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International Financial System and Development

The modern international finance system dates back to the Bretton Woods Conference in July 1944. The Conference sought to create an organized global financial system following World War II, with the aim of achieving post-war prosperity through economic cooperation and learning from the mistakes made during the Great Depression. The Bretton Woods system produced by this Conference established two lending agencies to assist in global reconstruction efforts and fixed international exchange rates to the US dollar and the price of gold. In 1947, the General Agreement on Tariffs and Trade set standards of free trade in the post-war financial system; it would eventually be replaced by the World Trade Organization (WTO).

The core international financial institutions (IFIs) of the Bretton Woods system were the International Bank for Reconstruction and Development (IBRD), which would later expand to become the World Bank Group, and the International Monetary Fund (IMF). The World Bank Group continues the IBRD's core function of providing loans and financing for development projects, and, additionally, holds and participates in conferences at various levels to spread knowledge about effective development. In contrast, the IMF does not directly support development projects, but rather provides loans to assist countries in meeting their financial obligations. Both the World Bank Group and the IMF also work with states to inform policies and provide technical assistance.

The role of the Bretton Woods institutions has changed over time, especially after 1971, when the United States abandoned the gold standard. In their responses to a series of economic crises in Latin America in the 1980s, the international financial institutions coalesced around a set of economic ideas for developing economies in crisis. This Washington Consensus prioritized investment in infrastructure and other pro-growth institutions and trade liberalization. In 1998, the General Assembly thanked the Bretton Woods institutions for their work in reducing volatility; the General Assembly also outlined problems in the intersection of the international financial system and development. It highlighted the instability caused by fluctuating exchange rates—which were fixed under the original Bretton Woods agreement. Additionally, it called for strengthened international cooperation to prevent future currency crises, broader access to private capital flows for developing countries and the inclusion of developing countries in the international economic decision-making process.

The Consensus guided policy advice up through the early 2000s, however, the influence of the IFIs was on the decline. The Center of Economic Policy and Research criticized the IMF's responses to the 1998 Asian financial crisis and the 2002 Argentine debt crisis as being overly political, charges that would be repeated again during the 2008 financial crisis. The 2008 financial crisis was a major test of the Bretton Woods institutions' capabilities, as it threatened to reverse development progress in developing countries and heavily destabilized the financial systems of even highly-developed countries. The IMF undertook a variety of reforms in response to the crisis and, by 2016, had provided over 700 billion in financing.

With the recent focus on sustainable development, the international financial system and the Bretton Woods institutions see their role shifting toward promoting sustainable development, especially among least developed countries. In 2015, the General Assembly adopted the Addis Ababa Action Agenda, which included in its action areas domestic and international private business and finance, and international trade as engines for development. The Action Agenda asks the Bretton Woods institutions to work together with the UN system to oversee debt obligations and watch for unsustainable financial situations as well as provide financial support to sustainable development projects in developing countries. Additionally, Sustainable Development Goal 17 calls for assistance to developing countries in attaining long-term debt sustainability through coordinated policies for debt financing, debt relief and debt restructuring as well as addressing the external debt of highly indebted poor countries to reduce debt distress. To ensure effective implementation, a group of scientists and experts selected by former Secretary-General Ban Ki-moon are charged with drafting a Global Sustainable Development Report by 2019.

With the declining influence of the Washington Consensus, parts of the Bretton Woods institutions have lost influence since the turn of the century. In particular, the IFIs are hampered by accusations of prioritizing Western economic and political ideals over effective assistance, an image not helped by the long streak of US bankers and politicians as presidents of the World Bank. The international financial system is continuing to undergo reforms in response to the 2008 financial crisis; the IMF in 2016 adjusted its allocation of votes to increase the voice of rising economies. The financial crisis and changing financial landscape will require additional changes to the international financial system to ensure stability and continued effectiveness, however, continued cooperation among Member States will be needed to promote coherence in financial reforms and regulations. Additionally, the success of development efforts will require cooperation between Bretton Woods and the regional development banks and financial institutions. Ensuring sustainable development when evaluating development plans is also important, as the SDGs will require an estimated 5-7 trillion USD per year in investments to achieve. Unsustainable development is still receiving substantial investment as well, with current trends expected to destroy a tenth of global natural wealth by 2030 through environmental deterioration; for example, in 2015 about 6 trillion USD was invested in high-polluting energy generation.

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

- How can international financial institutions balance national sovereignty and political and economic goals?
- How do regional financial institutions fit into the Bretton Woods system?
- What can be done to shield development efforts from future economic crises?
- How can financial institutions be incentivized to focus on sustainability?
- How can the General Assembly encourage the stability of domestic financial institutions and establish their role with respect to multinational institutions like the IMF?

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