

# MUN

## GA2 BACKGROUND GUIDE

AUSMUN 2021



AMERICAN UNIVERSITY OF SHARJAH

# DIRECTOR OF RESEARCH WELCOME LETTER

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Dear Delegates and Faculty Advisors,

It is my utmost pleasure to welcome you to the American University of Sharjah Model United Nations (AUSMUN) 2021. As an organization led by the students of AUS, AUSMUN has had the privilege of hosting some of the biggest and most diverse MUN conferences in this region. Our 2020 conference saw over 1000 delegate registrations from more than 45 national and international institutions!

Adapting to a New Normal, Promoting Resilience: given the turbulent year of 2020, there was no other theme which could have fit our present conditions better. A small outbreak in Wuhan exactly a year back has now trickled down into a global catastrophe which has two million dead, leaving a trail of broken lives in its wake. Looking at the severely distorted life that has become our 'new normal', some may question whether it could all have been avoided. Whether we could have been better prepared. And the broader goal of our conference is to do exactly that: teach the upcoming generation to question current policies in the hopes of preventing another similar global catastrophe.

This background guide has been formulated by your chairs along with the research team to provide you with a concise overview of the topics chosen.

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The guide is initially divided into two sections based on the two topics and is further split into logical components. Firstly, the Summary and History section acts as an introduction to the issue. Secondly, the Discourse on the Issue section establishes a link between the issue, its implications, significance, and the United Nations Charter. Lastly, the Past International Organization (IO) Actions and Latest Developments section elaborates on the previous actions that have been taken, which can be used by delegates as a stepping stone to come up with their own solutions to the issues. At the end of each topic, delegates will find sections of questions and suggestions that aim to guide the process of research.

Delegates are greatly encouraged to expand beyond the guide and research about their country and topics in order to construct well founded arguments during debate. The delegate handbook contains a number of tips on how to research and addresses a vast array of common concerns. Finally, let me use this opportunity to extend my gratitude to all those who have helped create the document you are reading right now: Your wonderful moderators, the AUSMUN Research Team, and not to mention the AUSMUN Media team who have done an incredible job in designing and formatting the Background Guides.

I wish you the very best in preparing for the conference. If you have any queries at all, or need any specific help in researching for your topics, do not hesitate to contact [research@ausmun.com](mailto:research@ausmun.com)

Sincerely,  
Julia Jose  
Director of Research  
AUSMUN 2021

# MODERATORS



Pavithra Ramaprasad

Ibrahim Jamil

Dara Varam

Ali Soufi

# WELCOME DELEGATES!

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We are in unprecedented times, and AUSMUN is something that brings us a sense of normalcy.

It brings us immense joy to greet you all and welcome you (even if virtually) to The Economic and Financial Committee or GA-2. We are excited to see some fiery debates, fruitful discussions and strong resolutions!

We recommend that you start your research early. Use this background guide as a starting point, and then dive in deeper to solidify your points and discussions. We also recommend reading the Delegate Handbook thoroughly to get yourself familiar with the rules and regulations.

As chairs of this committee, we are here not only to ensure that committee sessions are conducted smoothly, but also to ensure that all of you take back key lessons, future skills, and fond memories. Feel free to reach out to us at [g00074830@aus.edu](mailto:g00074830@aus.edu) for any questions or information. We wish you the best of luck for the conference and look forward to seeing you!

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# OVERVIEW OF THE COMMITTEE

*The Economic and Financial Committee also known as GA-2 is one of the six Main Committees of the United Nations General Assembly. It deals with global finance and economic issues and is the principal committee for addressing development and economic policy, including international trade, sustainable development, globalization, and the eradication of poverty. The Committee comprises all 193 nations of the UN each having a single vote. It often seeks to highlight or harmonize the work of the UN with other international development bodies, including the World Trade Organization and international financial institutions.*

## ***At AUSMUN 2021, GA-2 would be discussing two topics***

- 1. Disproportionate Economic Impacts of Climate Change on the Developing States*
- 2. Mitigating the Impacts of COVID-19 on Small-Medium Sized Enterprises (SMEs) and Businesses.*

*GA-2 is working towards serving as a vital mechanism in fulfilling the 2030 Agenda for Sustainable Development. Additionally, in line with the adopted SDGs, the Committee has sought to foster innovative ideas by attempting to combine sustainable growth with meeting development targets.*

## Summary and History of issue

Climate change is a long-term change in the average weather patterns that have come to define Earth's local, regional and global climates. These changes have a broad range of observed disproportionate impact. Climate change has left a bigger impact on many vulnerable developing countries due to the inability to cope with its adverse effects. As a result, it is one of the greatest threats facing humanity today. It affects every country and has a catastrophic effect on both communities and individuals.

Developing countries are the most at risk as they are least able to afford its consequences due to a lack of ability to respond to the impacts of climate change faster. Climate change has the potential to set-back all the development gains made by these developing countries. According to International.gc (2020), in March 2015, the UN member states agreed to implement the 2030 Agenda and the accompanying Sustainable Development Goals (SDGs), the Climate Action SDG Goal 13 highlights on calling on the international community to take urgent action to combat climate change and its impacts shows how diverse the impacts of climate change has been. To achieve this SDG 13, all countries worldwide need to make an effort to increase their efforts and investments on climate change (para 6). According to the World Health Organization (WHO), "Between 2030 and 2050, climate change is expected to cause approximately 250,000 additional deaths per year, from malnutrition, malaria, diarrhoea and heat stress alone. The direct damage costs to health is estimated to be between USD 2-4 billion per year by 2030" (para 2).

There are many human factors directly affecting climate change which includes “emissions of greenhouse gases”. The Paris agreement on climate change is potentially an important agreement signed to help resolve the impact of climate change. The World Bank estimated that the effects of climate change could push an additional 100 million people below the poverty line by 2030. The extreme weather in the different countries has resulted in \$520 million loss in the annual consumption loss and is pushing 26 million people to go below the poverty line each year. In addition, major commercial ports worldwide that include Rio de Janeiro and Mumbai are facing the threat of being submerged by the ever rising sea levels. By this year, at least 300 million people who are living closer to the coastal areas will be threatened by the dangerous flooding. According to USGLC (2020) “A study by Stanford University also proves that climate change has increased the inequality between developed and developing countries by 25% since 1960” (Para 7). The dependence on vulnerable economic sectors like agriculture plays an important role in why climate change will have a more significant impact on the developing countries.

### **Discourse on the issue**

Although international collaborations on climate change mitigation will involve multilateral policy resolutions, the common ground resides that climate is undoubtedly an existential threat to the human race. The escalation in both natural and synthetic disasters, as well as the rise in disputes over natural resource ownership affects primarily the least developed countries, especially the vulnerable populations being the women and children.

With the continual rise in global emissions and temperatures, scientists predict the earth's temperature to increase by a global average between 2-4 degrees Celsius by 2050. This results in the segregation of land experiencing continual drought to increase from approximately 8% to an astonishing 10% (“Effects of Climate Change”, 2019). The severity in the implications due to climate change has resulted in an inequitable



benefit in some regions, as the majority of developing countries are greatly impacted in contrast to others. For instance, regions in Africa often experience extreme drought conditions, in contrast to regions in the South East as they suffer from continuous hurricanes, typhoons, and flash floods.

Climate change has been recognized as one of key components in enforcing migration. The desertification in the Western-side of Africa has contributed towards the spread of influence and enlistment towards terrorist-based organizations, such as Al Qaeda and Boko Haram (climate change, Migration, and conflict in northwestern Africa). With the continual rise towards scarcity in natural resources and basic essentials such as food and water due to the climate change, approximately more than 140 million civilians will be forcefully displaced by 2050 according to the World Bank (Riguad et.al, 2018).

The availability and supply of fundamental sources such as water is an important driver towards food production. The implications of climate change will inhibit environments resided in arid, as well as semi-arid regions to experience precipitation levels, leading to desertification and continual land degradation. According to the UN Convention to Combat Desertification, it is predicted that around 250 million are impacted directly due to desertification and an estimated 1 billion individuals present in over 100 countries are currently at risk (Climate Change, 2020).

As the earth continues to experience global warming, the vulnerability towards the people at risk will be exposed to infectious diseases and will increase to as many as 1 billion. Between the years of 2030-2050, the World Health Organization (WHO) has estimated around 250,000 people will be exposed towards lethal diseases such as malaria, if the global temperatures continue to rise (“Climate Change and Health”, 2018). Stakeholders consisting of private and multinational corporations, NGOs, as well as institutions such as the UN and World Bank are concentrated towards combating climate change being heavily impacted in developing nations.

Stakeholders and institutions such as The Green Climate Fund, CARE, Bill and Melinda Gates Foundation, and many more are collaborating with national governments towards developing resilient and sustainable communities (Climate Change, 2020).

### **Past Actions by UN, International Organizations (IO) and NGOs**

The Second committee (GA-2) has discussed and debated this issue previously. At the 2019 session, the representatives of Bangladesh, Liberia, Yemen, Guatemala, Maldives, Japan, Brazil, South Africa, Kenya, Mexico, Ghana, Albania, Turkey, Bolivia, Georgia, Romania, Kazakhstan, Monaco, Armenia, Egypt, Kuwait, Uruguay, Venezuela, Cabo Verde, Guinea, Libya, Iraq, Peru, Chile, Togo, Ecuador, Bahrain, Ireland, Nepal, Haiti, Myanmar, Tunisia, Costa Rica, Serbia, India, United Arab Emirates, Uzbekistan, Timor Leste, Cameroon and El Salvador spoke and all of them had a common stance that the pace of Agenda 2030 had to be accelerated. Most of these countries also aligned with “Group of 77” and stated that the underdeveloped and developing countries were facing the brunt of climate change and needed partnerships for financial, technological and other sources of assistance. Nations are taking steps but there is no big effect or change seen yet.

At this session, Botswana’s delegate stated that their Government is developing a climate policy and strategy and reducing greenhouse emissions 15 per cent by 2030. Ethiopia’s delegate said his Government has kickstarted a “40 Trees Per Head for New Ethiopia” project, which has resulted in 4 billion trees being planted within 18 months, including over 350 million in a single day (“Second Committee Concludes General Debate”, 2020).

NGOs such as Oxfam and CARE international have also been actively involved with climate change. Oxfam has the Africa Climate Change Resilience Alliance (ACCRA) as well as the Philippines resilience program that work towards disaster management, capacity development, and supporting research.

Care International works towards Adaptation, Advocacy, Gender, Ecosystems and Natural Resources, Food and Nutrition and Resilience for climate change.

### **Questions and suggestions for further research**

1. Assessing the relevance of current climate change policies with respect to the current situation of developing nations
2. What are some sources of financial aid that could be efficiently given to developing nations
3. How do we ensure transparency of said financial aid in developing nations?
4. Resources/technology to kickstart the reversal of these impacts
5. Why is this discussion important for each and every country irrespective of the stage of development



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CLIMATE CHANGE AND THE DEVELOPING WORLD: A DISPROPORTIONATE IMPACT

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### Summary and History of issue

According to OECD (2020), “The coronavirus pandemic is causing large-scale loss of life and severe human suffering globally. It is the largest public health crisis in living memory, which has also generated a major economic crisis, with a halt in production in affected countries, a collapse in consumption and confidence, and stock exchanges responding negatively to heightened uncertainties” (para 1). Forecasts worldwide show an increasingly negative impact of the pandemic on the global GDP growth rates due to the unpredictability of COVID-19 where Small-medium sized enterprises didn’t have a contingency plan ahead which affected vital sectors such as the tourism sector immensely due to the travel bans and restrictions. Moreover, consumer spending worldwide on luxury goods and leisure related services like travel, restaurants, and entertainment was reduced which left millions of SMEs to go out of business due to the fall in demand and the ever-rising overhead costs present.

The COVID-19 has resulted in many countries going into recession. According to the Conference board (2020), “One of the categories that experiences the largest decline in a typical recession is consumer spending on goods. The US is now enduring the worst recession in 80 years: while GDP dropped by 11 percent in the first half of 2020.” (para.1) The decline in consumption had a negative multiplier effect on all the economies as there was a drop in the aggregate demand impacting many SMEs and businesses as this situation has led to a fall in confidence levels of much large businesses as a result there was a significant fall in the investment which will reduce the circular flow of income in the economy.

SMEs and business have been impacted by both the supply and demand side. On the supply side, companies faced a fall in the supply of labor force as the movements were restricted and due to many vital employees being infected by Covid-19. The lockdowns and quarantines resulted in a severe fall in capacity utilization which resulted in impacting the supply chains leading to a shortage of important parts and intermediate goods.

On the demand side, since there was a sudden loss of demand which severely affected SMEs and other businesses ability to function and caused liquidity shortages. Due to the fall in consumer confidence, it affected many SMEs. This pandemic is affecting both larger and smaller firms. However, the consequence of SMEs is more severe, mainly because of higher levels of vulnerability and lower resilience levels related to their size. With the limited resources of SMEs, and the difficulty in obtaining loans and credit facilities, the period in which the SMEs can survive the shock is constrained compared to MNCs and larger firms.

### **Discourse on the issue**

Small to medium enterprises (SME's) represent a massive majority of the total number of companies operating in today's world. Both in terms of workforce and contribution to GDP, SME's surpass their larger multinational counterparts. With the world currently in conflict with an invisible antagonist being the pandemic, the outbreak of COVID-19 has taken a major toll not only costing the loss of lives and living conditions, but affecting national, as well as global economies.

The pandemic has produced a global economic catastrophe with a negative stock exchange performance as nations are continually proceeding towards temporary lockdowns (OECD, n.d). According to the Organization for Economic Co-operation and Development (OECD), an economic forecast projected between April to June 2020 on the global recession, 6% decrease with a 7.6% in the global average GDP by the

end of 2020 with the rise of the second wave of rising COVID-19 cases. The OECD has also projected the continual depreciation in the average GDP by countries who have been impacted by the pandemic with a potential recovery of 2.8% by 2021 (OECD, 2020). According to the June 2020 World Investment Report, a projection in the decline of investments on a global scale will decrease by 40% in 2020. The employment rates have taken a major blow due to COVID-19, as unemployment continues to escalate varying between 5.3 to 24.7 million people (ILO, 2020).

With the presence of the pandemic and the rise in the second wave among many nations, the pandemic has taken a great toll on the economy for the case of SMEs. The reduction in the supply of labor workers, as well as transportation hinders the overall supply chain of SMEs. Additionally, through the severity in liquidity shortages, as well as the decrease in consumer revenue, the demand for goods and services offered by SMEs will continue to undergo a dramatic fall on their financial status, and ultimately be forced to shut down. Developing countries that rely on the sheer number of SMEs as a financial provider towards the economy will be the most vulnerable towards the impact of the global pandemic (“SME policy responses”, 2020).

### **Past Actions by UN, International Organizations (IO) and NGOs**

Governments and businesses around the world are taking many steps to curtail the negative impacts of the coronavirus on business daily operations and workers, but much more action is needed. According to the UN global compact (2020) In response to this, the International Chamber of Commerce (ICC) has introduced a Call to Action to Save Our SMEs “SOS” campaign to:

1. Shine a spotlight on the devastating impact of COVID-19 on SMEs and their employees
2. Ensure effective policy and fiscal responses at both the international and national levels
3. Provide resources and tools to SMEs to help them navigate this economic shock

At the similar time period, the United Nations Global Compact has made a special appeal #UnitingBusiness which is a corporate response to the COVID-19 pandemic: for all corporates to take a unified action to mark the outbreak through implementing their Ten Principles in the areas of human rights, labor, environment and anti-corruption. (para 2 & 3)

Since the issue is new, the UN along with many other international organizations have been working on a comprehensive solution and framework to solve this. Many countries worldwide who have been advised by OECD are taking action to support SMEs with initiative to sustain the short term liquidity. As a result, some countries have taken general policies to promote and support businesses. In many countries the central bank has stepped up to support lending by relaxing the monetary situation and enabling commercial banks to provide more funds to the SMEs. These types of measures are taken by the US Federal reserve and the European Central Bank.

The UN has collected \$49 million which is 5% collection for the budget to help SMEs. At the country level the united nations are providing cash assistance. The International Monetary Fund and the World Bank has released emergency financing to developing countries to help communities, businesses and the economy.

### **Questions and suggestions for further research**

1. How can governments implement relief packages towards SMEs and more importantly what would be the sources of funding for these packages?
2. Ways in which NGOs can support governments in ensuring the relief packages reach each and every SME
3. Sources of encouragement for local citizens to invest in goods and services from SMEs of their nation



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