Commission: United Nations Conference On Trade And Development
Session: 23rd National Model United Nations Conference – 2019
Sponsors: Bolivia (plurinational state of), Belgium, Italy, Yemen, China, Kuwait, South Africa, Greece

QUESTION OF: **MITIGATING THE ADVERSE IMPACTS OF A DEBT CRISIS IN DEVELOPING COUNTRIES**

The General Assembly,

Noting with concern that developing countries become highly indebted as a large percentage of their exports, earning goes towards debt servicing , so lesser is left for investment domestically,

Recognizing that heavy indebtedness is an indication that a country is at investment risk thereby cutting it off from the International Financial Markets,

Noting with regret that healthcare, unemployment benefits and pensions are often ignored to raise funds to cover the debt payments,

Bearing in mind that the debt crises macro economically manifested themselves in mounting deficits in trade and payment balances, dwindling currency reserves, currency devaluations, increasing rates of inflation, higher indebtedness and soaring public budget deficits,

Conscious of the decline in capital goods and intermediate imports which in turn had serious repercussions on the capacity of developing countries to finance and undertake development projects,

1. Encourages governments of high income economies to follow the actions of the World bank and IMF in canceling or partly canceling debts owed to them by under developed nations;

2. Invites governments and authorities to provide tax reduction and incentives to local businesses and franchises to encourage events to set up thereby attaining macro-economic objectives of promoting economic growth and increase money in flows available to reduce debts;

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3. <u>Instructs</u> countries to produce goods in which they have comparative or absolute gains in order not to lose their resources in the production of commodities in which they are non-competitive hence maximizing exports returns;

4. <u>Further invites</u> developing countries to build up more friendly ties in order to receive more grants, subsidies, non-loan financial assistance and interest free loans;

5. <u>Recommends</u> developing countries to use an import substitution strategy in order to prevent imported inflation from affecting the host country and at the same time replace imported goods with domestically produced ones thus protecting its market from international financial crisis;

6. <u>Expresses its hope</u> to increase the effective retirement age by further restricting access to early retirement and providing incentives in the pension scheme to work for a longer period;

7. <u>Notes</u> that a debt crisis poses risk to concerned countries and lenders should focus on making more responsible lending decisions following due process in authorising loans and possibly stipulating limits;

8. <u>Further recommends</u> countries to seek out for support programmes provided by the IMF and the world bank as well as, establishing systems and processes to ensure up to date debt recording and timely debt payments to maintain accountability and sustainable public debt level;

9. <u>Requests</u> the implementation of austerity policies as a measure of last resort to lower budget deficits thereby lowering the governments' expenditures;

10. <u>Calls upon</u> member states to conduct privatisation of sick firms to stimulate growth and development;

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11. Supports the collaboration of non-governmental and government assemblies to change behaviour and monitor progress with the objective of combating red tape;

12. Suggests that governments of developing countries set up a board of investment so as to promote investment in other countries and at the same time, promote the country to attract international investors.