

## TOPIC 2: The issue of financial assistance for fragile states

**Forum (Council, Committee, Assembly): General Assembly 2**

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### [LibGuide](#)

#### **I. Introduction to the Topic**

To address the theme of the conference, “How do we ensure sustainability through multilateral cooperation?” The Second General Assembly Committee looks at the issue of financial assistance for fragile states by exploring the interaction between fragile states and MEDCs and how they can ensure financial sustainability. In the current world of constant economic changes, financial stability and development are important for a country’s economic progress. Some countries have had stable economic growth such as developed countries like the States and countries in the European Union. Other countries are hindered in terms of economic and societal development because of circumstances, for example: violent conflicts, corruption, etc. These countries are called fragile states. Fragile states' status depends on each nation and organization. Many developed countries with stable economies regularly send financial assistance to less developed countries and have plans as well as alliances to do so. Organizations such as the World Bank and the International Monetary Fund also organize to help send countries financial assistance as well as help those countries’ governments create policies to stabilize their economic progress.

There has been debate surrounding the aid of financial resources to fragile states. Some say that financial aid is now used as leverage to yield influence within the recipient country. As it is helpful for that country, the recipient country is almost forced into a position to repay favors or return the action to the donor country. In addition to that, other critics argue that financial assistance might provide the recipient country with an unrecoverable amount of debt. Also, some say that the recipient country might not be politically stable or have unsatisfactory human rights records. However, financial assistance with conditionalities would still be of help for recipient nations that use it efficiently. Many fragile states may still benefit largely from financial assistance given by fellow nations. This has prompted a division on the subject of financial assistance for fragile states, leading to discussion and discourse globally.

#### **II. Definition of Key Terms & Concepts**

## Definition of Key Terms

**Fragile states:** States that are considered to have characteristics or traits that noticeably limit their economic and social development. There is no official list of fragile states each year as there are different standards; the IMF (International Monetary Fund), for example, bases the state's status on its CPIA (Country Policy and Institutional Assessment) score.

**Foreign aid:** The transferral of money and/or resources from one country's government to another country. This assistance is usually directed to developing and fragile states and covers many different types of aid such as; bilateral, military, or voluntary aid.

**Aid effectiveness:** How efficient, helpful, and/or impactful the financial assistance has been to the country that received it. This could be measured in different ways, depending on the perspective of each country or organizational body.

**Conditionalities:** The conditions that come along with the financial assistance to countries. These conditions are usually placed by organizations like the IMF when giving out aid to ensure the resources and money are being used properly and to benefit the country's economy healthily,

**Aid transparency:** The accessibility and transparency of the information regarding financial assistance. This information can prove to be important in situations where the transaction of money and resources is for other purposes, such as money laundering, and not for true financial assistance.

## III. Key Stakeholders

**International Monetary Fund:** The internationally recognized organization with member countries that helps to promote economic development, and financial stability and help mitigate poverty, as well as many other economically-related problems. It is one of, if not the most, influential organization in terms of financial assistance to fragile as well as developing states.

**Organization for Economic Co-operation and Development:** An intergovernmental organization founded in 1961 to help invigorate world trade, economic progress as well and financial stability globally. It helps member countries enact and create policies based on

problems regarding activities like cross-border trade for their governments to allow for larger economic growth.

**Donors:** The givers of financial assistance to the fragile states. These member nations are usually developed countries such as the United States, United Kingdom, member states of the EU, Japan, etc. They are financially capable of assisting fragile states and many of them currently have ongoing plans, frameworks, and alliances for these activities such as the Sahel Alliance.

**Fragile states:** The receiving countries of the financial assistance given by the donors. As previously mentioned, these are countries that have been limited in terms of their societal and economic development. Financial assistance would help these countries improve their economy and stabilize themselves amidst the changing global economic landscape.

#### **IV. Key Issues including Background Information**

**Humanitarian Crisis:** Studies by the IMF (International Monetary Fund) show approximately one billion people populate fragile and conflict-affected states. These civilians suffer from poor institutions and infrastructure, lack of regulation of public services, poverty, forced displacement, and, in extreme cases, war. Due to the economic calamity, these conditions continue to persist and stagger; thus, recovery progress is not made. The effect of these economic issues on citizens is what is truly concerning for many fragile states. This is relevant to the issue of financial assistance for fragile states, as aid from ‘donors’ could prove to be productive in the failed states’ recovery, lifting the impediments to progress.

**Effectiveness of Financial Aid:** The effectiveness of financial aid is another key issue that must be addressed. There is a thin line between help and hindrance regarding the states’ recovery caused by aid from donors, whether that be MEDCS or international organizations. Oftentimes, MEDCS’ justification of financial assistance is through genuine concern and self-interest. Yet, there have been and continue to be cases where donors have appeared at the wrong time with undesirable mindsets and behavior, in turn impeding development and recovery. As a whole, this

is one of the most important issues within the topic, as countries with different stances may offer different viewpoints on whether financial aid would help or hinder the states.

**Global Concerns and Impact:** Fragility and conflict in states also directly correlate to global concerns for climate change, food insecurity, persisting gender inequalities, poor education, and more. This not only affects the fragile states but all nations worldwide. Financial assistance is often thought of as a means for donors to foster relationships with individual developing countries and uphold their reputation, the underlying importance of this aid is to target said global concerns and work towards the implementation of Sustainable Development Goals across all countries.

## V. Timeline of Resolutions, Treaties, and Events

Date	Description of event
1944	Establishment and creation of the International Monetary Fund in New Hampshire, United States after the Great Depression took place in the 1930s. The organization was created as a major economic agency of the United Nations, with its aim to “promote financial stability and monetary cooperation”.
1961	Founding of the Organization for Economic Co-operation and Development. The organization aims at the collaboration between 38 member countries to develop policies that lead to sustainable economic growth.
1994	Genocide of Rwanda: A disturbing yet important example of how donor involvement contributed to the state’s collapse.
1990s	Creation of the Fragile State Index: A method to recognize and measure the patterns and causes of conflict in complex situations in countries. The state’s fragility assessment and rank were done by the FSI using the CAST framework.

2017	Formation of the Sahel Alliance: France, Germany, the EU, World Bank, African Development Bank, UNDP, Spain, Italy, and the United Kingdom's investment of €6 billion into 500 regional projects and UK's fifty percent provision of its funding to states deemed fragile since 2015.
2020	The United Nations provides \$6.7 billion in fragile states to protect civilians and contain the spread of coronavirus.
2020-2023	COVID-19 and its effect on the economy of fragile states: Recovery back to 2019 economy levels is only expected to happen after 2024.

## VI. Possible Challenges & Solutions

**Humanitarian Crisis:** The way in which citizens of fragile states have been affected and the lack of financial assistance is an issue. The local and global issues of poor institutions and infrastructure, lack of regulation of public services, poverty, forced displacement, and, in extreme cases, war, should be addressed through international cooperation by MEDCs, donors, fragile states, and other relevant organizations. One solution that said stakeholders can work towards is financial assistance for fragile states and the states' responsible use of the aid. Organizations such as the IMF should not only be giving provisions and regulations over this aid. In addition, the concerns may be addressed not only by financial aid but by taking into consideration the totality of bilateral economic relationships as well.

**Effectiveness of Financial Aid:** The effectiveness of financial aid proves to be a difficult issue to address, as this varies in different countries and circumstances, and cannot remain consistent throughout all situations. Establishing the line between help and hindrance concerning the states' recovery can be done by collecting data statistics from reliable databases such as the UN or the Fund for Peace. Donors must be in the right frame, time, and with the right attitudes for financial assistance to prove efficient.

**Global Concerns and Impact:** The connection between the fragility of a state and global concerns such as climate change, food insecurity, or persisting gender inequalities must be established before addressing the issue. As different countries have varying levels of interest in

each concern, finding a baseline for countries to unite and create solutions may prove to be difficult. One solution is to increase modification of Fund involvement and tools to the fragility and conflict manifestations distinct to each nation in need of aid.

## **VII. Recommendations for Resolution Writing including Research**

To begin crafting a resolution, all delegates are first reminded to do research thoroughly to understand their countries' stances, perspectives, and goals regarding the topic, and write their operative clauses accordingly. Before and during the conference, delegates are highly recommended to cooperate with other delegates in the committee of GA2 and seek out countries with similar perspectives; this allows delegates to build upon each other's clauses, and allow for powerful resolutions to be made.

The UNISMUN Resolution Manual may be accessed [here](#), and can immensely help delegates unpack a resolution and understand its creation process as a whole. The chairs highly suggest delegates take a look at the manual if unsure or need help with their resolution writing process. With regards to the topic of financial assistance for fragile states specifically, the delegates should address the three key issues provided in section IV (Key Issues including Background Information), and possible solutions to help guide delegates are found in VI (Possible Challenges & Solutions).

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**IX: Additional Resources**

