Forum: Economic and Social Council I

Issue: Reducing aid dependency in LEDCs

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Introduction

Aid initially was supposed to be a short term interaction between countries to help each other reconstruct in times of disasters and economic downfalls. Contradictory to the prediction that aid would lead to improved self reliance of each country, the level of aid rapidly increased just after the ending of the Cold War.

Aid dependency is when a country cannot achieve its aim or goal without the help of other countries. Therefore, it is not capable of functioning by itself, as quoted by Lensink and White's study on aid dependence: "A country is aid dependent if will not achieve objective X in the absence of aid for the foreseeable future". Aid dependency is usually caused by improper functions of government in which maintenance and operations are a great part, and by the incapability to deliver the public with basic services.

Although aid has become a way of interaction between the MEDCs and LEDCs, aid dependency has become one of the major problems; LEDCs have difficulties carrying out main functions within themselves without the help of international aid funding or expertise. The number of countries that receive large amounts of aid has been increasing. Some nations receive great amounts of aid to recover from natural disasters or civil wars, and some receive it to establish something basic, from where they continue to develop by themselves.

LEDCs mainly suffer from poverty and economic hardships. With low incomes and salaries, and scarcity of funds to support the functioning of governments, talented officials can rarely remain in government. Political issues are one of the main reasons that developing countries become aid dependant. Different parties disagree with each other in terms of developments whereas the citizens are eager for their countries to develop so that they will be more economically secure and have a better standard of living. In discussing this issue of reducing aid dependency in the LEDCs, delegates will need to firstly focus on establishing cooperation within and stabilizing the governments.

Definition of Key Terms

Aid

Help, support or relief provided to countries in difficult situations. An example is a Financial Aid.

LEDC

Less Economically Developed Countries

MEDC

More Economically Developed Countries

GNP

Gross National Product; this refers to the total monetary value of all the produced goods in a nation.

IMF

International Monetary Fund; this is an organization promoting stabilization of the global currencies.

General Overview

Relevant organizations

Below are some organizations that consider monetary cases or those that have endeavored and supported developing countries to become less aid dependant.

EGDI (Expert Group on Development Issues)

Based on the Swedish Ministry for Foreign Affairs, EGDI continues its long term research on development policies' field. It attends globally held development conferences, such as the one in Beijing, 2007.

IMF (International Monetary Fund)

With 186 countries as members, IMF seeks to secure financial stability, develop global monetary cooperation, make easier the international trade, support high employment and sustainable growth of economy and endeavors to reduce poverty,

World Bank

World Bank offers loans, and technical and financial assistance to developing countries. Its aim is to reduce poverty and support people to help themselves by providing resources.

Factors that contributed to increasing aid dependency

Below are some of the factors that caused aid dependency to increase. It is strongly recommended that delegates examine these factors and research on other possible factors and generate solutions that fulfill countries' needs to move out of aid dependency.

Poverty

Debts have occurred in the 70s and became intense in the 80s. Developing countries have highly sought to receive aid from IMF, World Bank and the bilateral donors when the international lending markets closed abruptly. The increasing amount of official debt in lower income countries makes aid necessary.

Economic crisis

Economic crisis has caused reduced state expenditures and risen aid dependency that has come to disable some of the most basic governmental functions in some developing countries. Low salaries and scarcity of funds aimed to enhance maintenance and operations have weakened government abilities, making donors to help. In many cases decreasing of commodity prices and increased corruption helped add to aid dependency by weakening states' abilities to generate revenues.

Timeline of Events

Date	Description of event
1999	IMF and World Bank initiate Poverty reduction and Growth facility
2004-2005	Nearly 40 countries began program under HIPC (Heavily Indebted Poor Countries) initiated by the World Bank and the IMF in 1996
October, 2009	Sierra Leone starts to commit itself to reducing its aid dependency.

UN Involvement, Relevant Resolutions, Treaties and Events

- United Nations Voluntary Fund for victims of torture **(A/RES/36/151)**

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