GROUP OF TWENTY (G-20)

LEADERS SUMMIT

MSMUN EXTERNAL MODEL 2023

Chair:

Elisa Medina.

María Salazar.

Topic A:

The Impact of the Supply Chain Crisis

Topic B:

Measures To Address External Debt In Developing Countries

Official Language:

English

INDEX

1. Welcoming Letter

"Collectively we carry responsibilities and that our cooperation was necessary to global economic recovery, to tackle global challenges, and lay a foundation for strong, sustainable, balanced, and inclusive growth" (G20 Leaders, 2022).

Dear Delegates,

We, Elisa Medina and Maria Salazar, your chair, are honored to welcome you to this year's version of MSMUN, specially to the G-20 committee.

As your chair, we are joyful to accompany you throughout this whole experience. The Models United Nations are spaces that transcend beyond the time of debate, they involve the acquisition of knowledge and the creation of new bonds of friendship, that is why we invite you to enjoy every moment, and to focus on the process.

Always remember we know what it's like to be a rookie, which is why we understand the fear of raising our placards and asking our presidents seemingly idiotic questions. Do not be afraid to reach out to us in these moments of indecision, we are here to support you in all you may need.

Sincerely,

Elisa Medina *+57 3053842446*
Maria Salazar *+57 305 2979142*

2. Introduction to the Comitte

2.1. Historical Context

The Group of Twenty(G20), is an intergovernmental forum that reunites the twenty largest economies in the world to discuss financial and economic matters. In its conception (1999) it was originally created to solve Financial Crisis, however, since then its functions have evolved.

Originally, the forum reunited Finance Ministers and Central Bank Governors as a way to reunite most important industrialized and developing economies to discuss international economic and financial stability. The ministers of Finance and the Governors still assist the G20 meeting but have a separate track known as the Financial Track.

When it was originally formed in 1999 as members of the G7 recognized the need to include rising economic powerhouses in this forum due to the ongoing economic crisis. The G20 as known today, was established in 2008, due to the ongoing economic crisis, it established a special forum for the Heads of States, now known as the Sherpa Track.

The group was praised for its response to the 2008, specially for stabilizing markekts and giving economical stimulis, giving it international imporance. From that moment on, it has fortified and solidicied the development of emerging economies, helped strenghten and improve the financial structures of both national and international organisms, and created preemptive nets in case of crisis.

The members of the Forum, include 19 Nations and the European Union. Together they represente 80 % of the Global Economic output, 75 % of exportes and 60 % of the global population, these figures have maintained since its inception (see Figure 1). With groups like the UN being criticized for their inefficiency, the smaller G20 has taken up increased world importance(Tareen A, 2022).

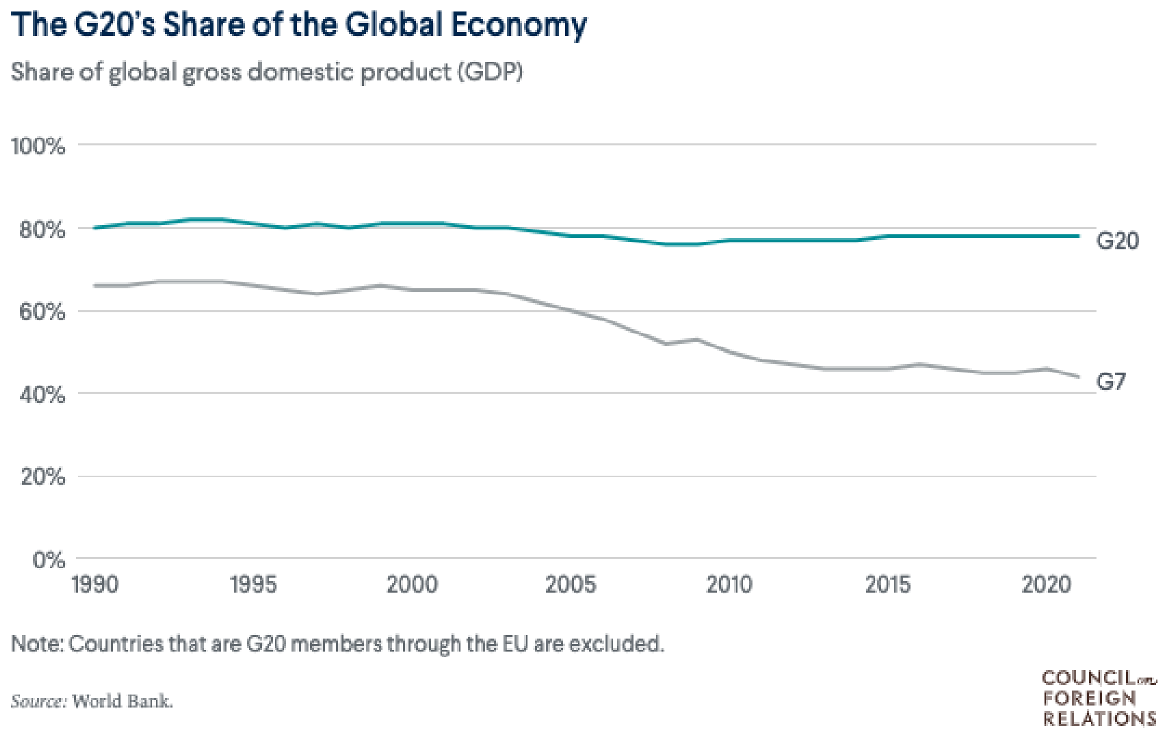


Figure 1.

McBride,J.(2022)Council On Foreing Relations. *The G20's Share of the Global Economy.*

In MSMUNs 2023 G20, the simulation is going to focus on the Sherpa track, delegates will be in direct representation of Heads of State.

NOTE: As you will be in direct representation of a character you may use the first person during the deabte

2.2. Functions and Objectives

The main objective of the group is to bring important countries together in order to coordinate the most important aspects of the international economics and financial agenda. According to the G20 Indian Presidency (n.d.):

> *The G20 initially focused largely on broad macroeconomic issues, but it has since expanded its agenda to inter-alia include trade, climate change, sustainable development, health, agriculture, energy, environment, climate change, and anti-corruption*

Moreover the MEA (2012.) has declares the Groups objectives to be:

a) Policy coordination between its members in order to achieve global economic stability, sustainable growth;

b) To promote financial regulations that reduce risks and prevent future financial crises; and

c) To create a new international financial architecture.

3. TOPIC A:

The Impact of the Supply Chain Crisis

3.1. Theoretical Framework

a. Supply Chain: Systems used for producing and distributing services and products, they include every aspect of the production process from collecting raw material to distributing the Final Product (Buttingol M, 2019).

b. Globalization: This term describes the growing networks between the internacional comunity. Countries are everyday more interdependant of the worlds economies, cultures, and populations. Technological andvancementes, flows of investments and cross-border trades have created a world were countries are not longer limited to geograpical borders(PIIE, 2022).

c. Supply and Demand: In Economics, it represents the relationship between the quantity of a product that is for sell (Supply), and the desire for consumers to buy the product(Demand). The tendency to move toward the equilibrium price is know ast the market mechanism. In that way, if supply is low and demand is high, the price can increase so people are less drawn to buy the product (Editors of Britannica of Encyplopedya, 2022). .

d. Inflation: Generally thought of as a general increase in prices. If there is scarcity prices would be driven up, therefore, it would cause a higher inflation. Inflation in high rates can have negative effects, as it reduces the value of money and the return of investments (The Editors of Encyplopedya Britannica, 2023).

e. Manufacturers and Suppliers: Both Manufacturers and suppliers are a key part of Supply Chains. Manuacturing refers to the processing of raw material or parts into finished products. Manufacturing adds value to raw materials or parts by sellling products at a higher cost. Nowadays, large schale manufacturing and advanced technologies allow for goods to be massively prdocues as core assets(Kenton W, 2022).

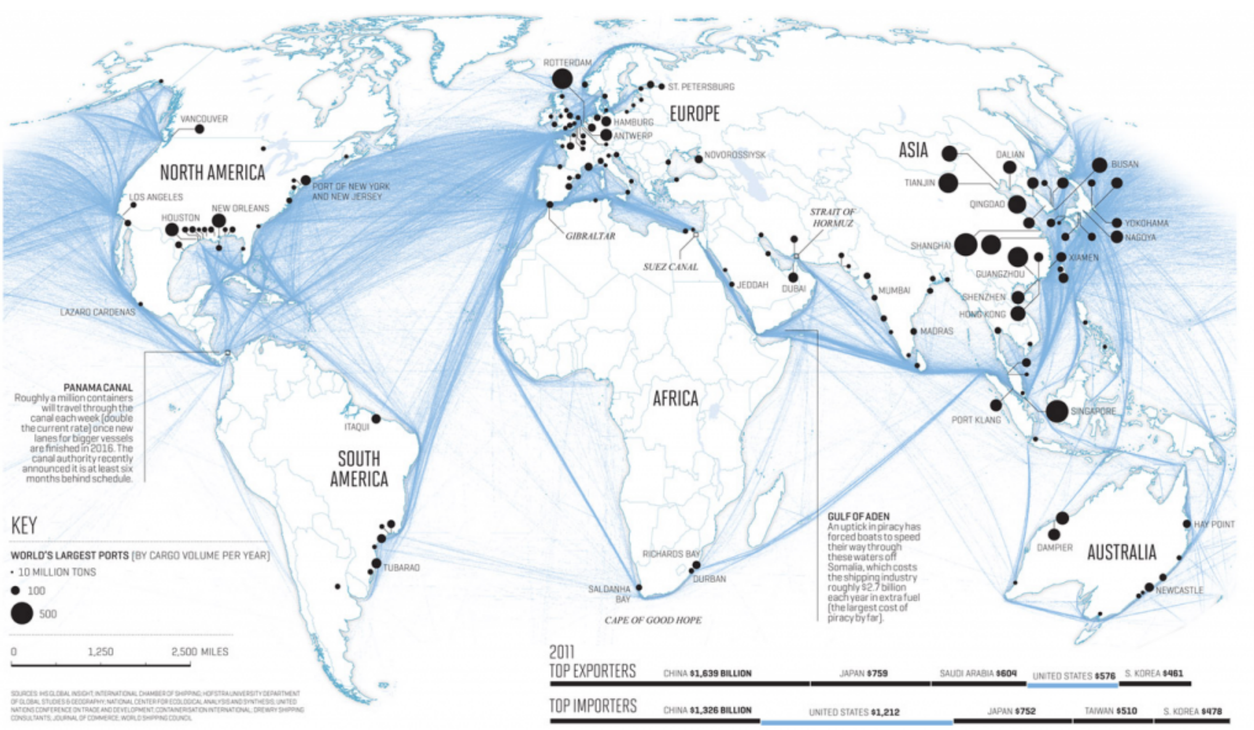
   Thus, suppliers are entities that provide those finished products or services to other organizations. In addiction, suppliers can also provide manufacturers with the raw materials and parts thay they need(AccountingTools, 2023).

f. Bottlenecks: This term refers to delays in Supply Chains, caused by the halt or pause during the stage of the operation. For example, if a companies truck drivers were in a strike, orders would still come in, but the supply chain would be slowed down. Bottlenecks are highly likely to weaken supply chains and cost time, energy and money to manufacturers and suppliers(Rojek R, 2022).

g. Backlog: accumulation or buildup of unfulfilled orders or work in th manufacturing nd shipping process. These backlogs can happen when one or several factors in the process are disrupted(Sackos J, 2022).

3.2. Introduction

We live in a globalized world. In our current economy, Global Supply Chains are crucial to the production of products and services. For the production of a single element, collaboration within many countries which contain factories, crucial raw materials, and workforce is often necessary. However this interconnectedness, can have a major



consecuentes, due to the fact that if a single aspect of the Chain is not working it can stop or delay the production.

Figure 2.

Max Roser. (2011) *Global Shipping Routes*. Graph Based on World Development Indicators(World Bank)

As an agravant, the shortage of a single product can impede production of many by-products, causing a chain effect and a generalized diminution in supply. Thus, in the absence of reliable supply chains, goods and services have been affected by the sudden changes in supply and demand.

In recent years, numerous events have disrupted global supply chains in varying degrees, resulting in shortages of products and the price increases and demonstrating how fragile and unreliable Global Supply Chains can be. These problems are included but not limited to: The COVID 19 pandemic and geopolitical conflicts, the worsening of natural disasters due to climate change, and political and economic instability have worsened the situation to an alarming level.

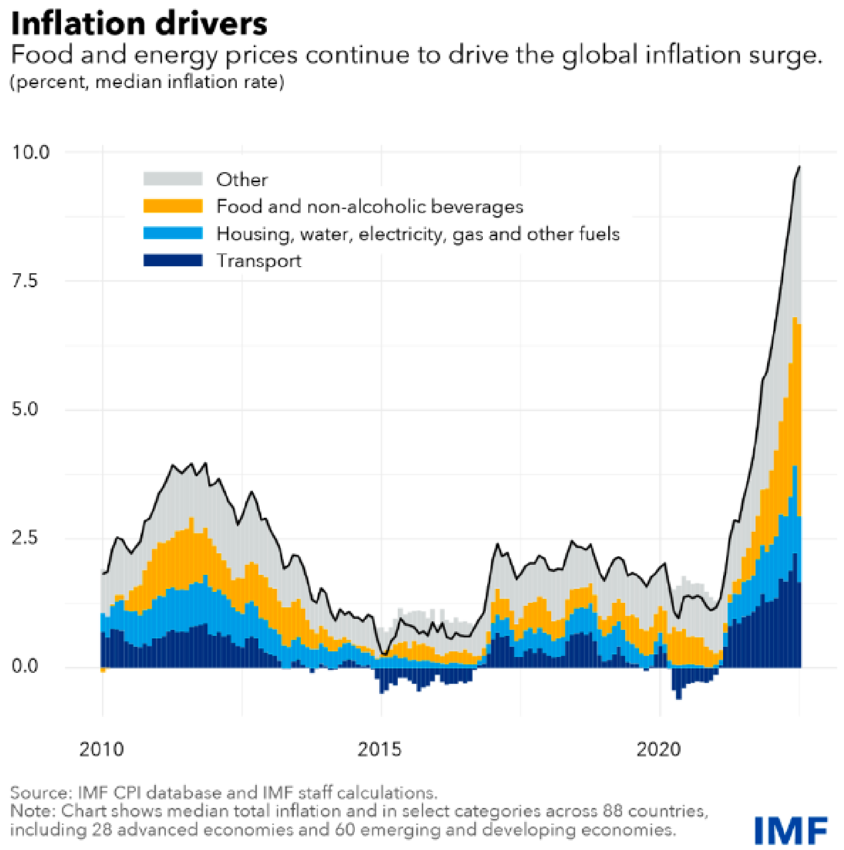


Figure 3.

International Monetary Fund. (2022)Inflation in 88 countries.

Housing, food, transportation and other essential services have seen a relevant increase in prices, a huge wave of inflation has shocked the world . These disruptions have impacted many companies, countries and individuals and influenced social, political and economic welfare all around the world (Gan J et al, 2022).

3.3. Historical Background

<u>The Emergence of Global Supply Chains</u>

In ancient times, goods were produced near the production source of their raw material, few trade routes existed. The first global supply chain began in the rum market, which exported slaves from Africa to the Caribean to grow sugar cane, which then was sent to the United States to be process it in distilleries (Whitfield, 202).

From 1760 to 1830, The First Industrial Revolution brought significant advancements in the production of goods and transportation, which helped improve the speed of exports and imports. Subsequently, the second industrial revolution occurred in 1850 and contributed heavily to globalization and the creation of new supply networks. New in including railroads and the telegraph bettered the communication between buyers and suppliers. Furthermore, the use of electrical energy and large scale production mechanisms such as assembly lines boosted productivity, as the production capacity grew the number of international trade routes increased too(Whitfield, 2022).

Moreover the Panama Canal which opened in 1914, allowed the creation of trade routes between the Atlantic and Pacific Oceans. These trade routes considerably lowered the costs required to export this products, In addition, in the late 20th century contenization was created, this facilitated processes as products did not have to be loaded one by one. Instead, huge containers were easily moved across ships, railways and trucks in one unit(Whitfield, 2022).

Today the world is more connected than ever, and global trade is a key component in most national economies. The Gross Domestic Product is even more dependant on exportations (See Figure 4) .

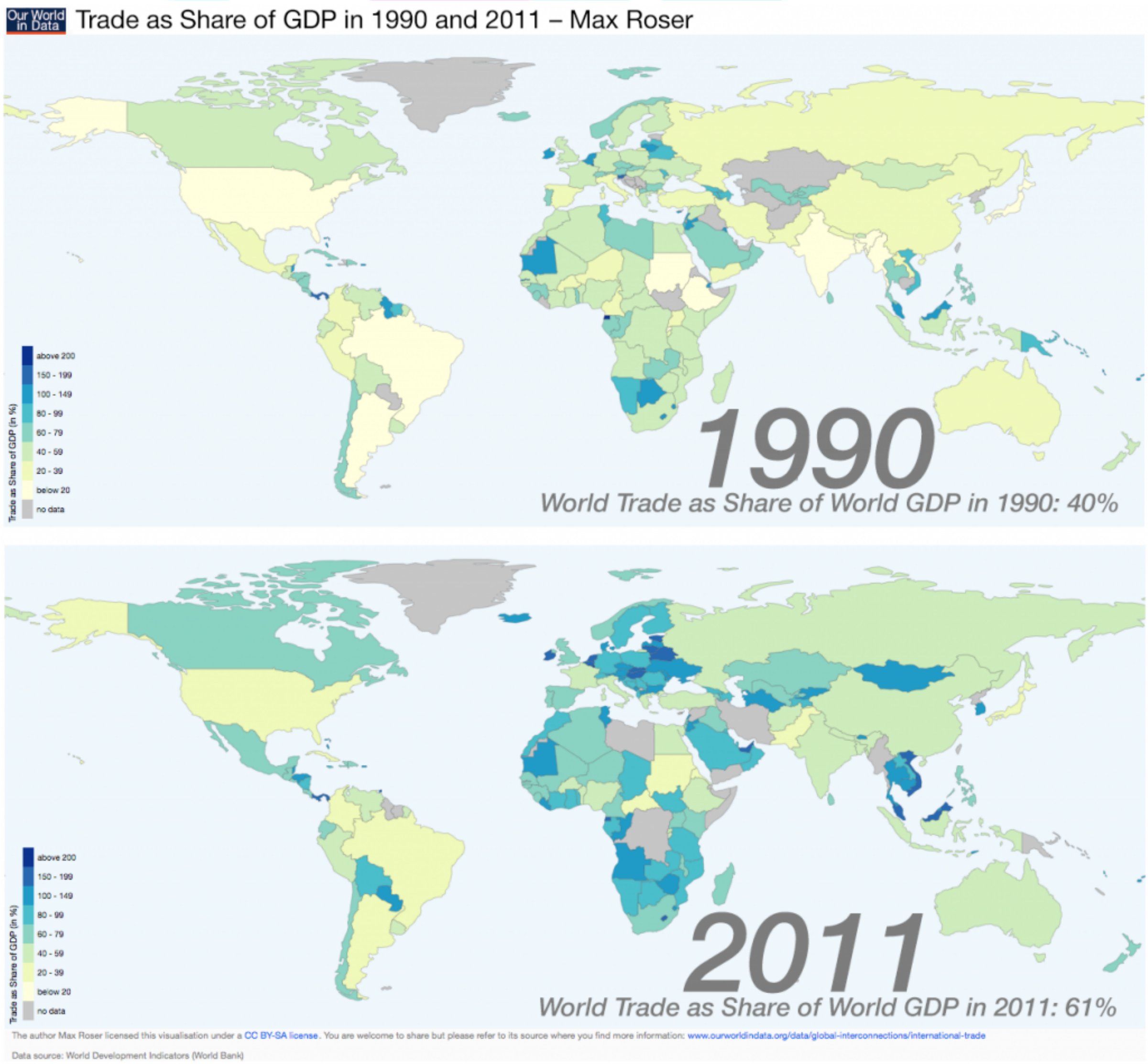


Figure 4.

(Roser, 2011) *Percentage of GDP occupied by exportations and importations based on the World Development Indicators.*

<u>The First Disruptions to Supply Chains</u>

Due to the massiveness and interconnectedness of Global Supply Chains, ensuring that every element is connected and functioning is of crucial importance. However, making this is always the case can be difficult because across numerous companies and countries there are bound to be problems.

For example, a significant bottleneck occurred when Boeing, one of the main airplane manufacturing companies, had a delay of three years in their manufacturing due to labor shortages and inadequate software, this cost the company millions of dollars and their reputation(Terdiman, 2011).

Natural disasters have represented a significant risk to the disruption of Supply Chains. In 2005, Hurricane Katrina damaged and disabled power grids in North America, in addition, it impeded transportation along the Gulf of Mexico. Causing difficulties in shipping food, water and medical supplies amid the hurricane. The devastating effects caused delays for months in production and delayed several financial products. Similarly, a disrupting earthquake in Japan in in 2011, forced the Toyota Mosts to temporarily shut down assembly plants(Michigan State University, 2022).

3.4. Current Situation

Since 2020-21 there have been various factors that have deeply affected the supply chain crisis and have caused even more disruption, such as the COVID-19 pandemic and the ongoing Russian invasion in Ukraine. The increase in demand that followed the supply shock taken place in China in February when the global economy collapsed exposed flaws in the production plans and supply networks of businesses all around the world. Despite this, what the world is going through right now is not a singular crisis stemming from a narrow cause, it is actually a response from a complex system (it being the various supply chains) to major changes in conditions.

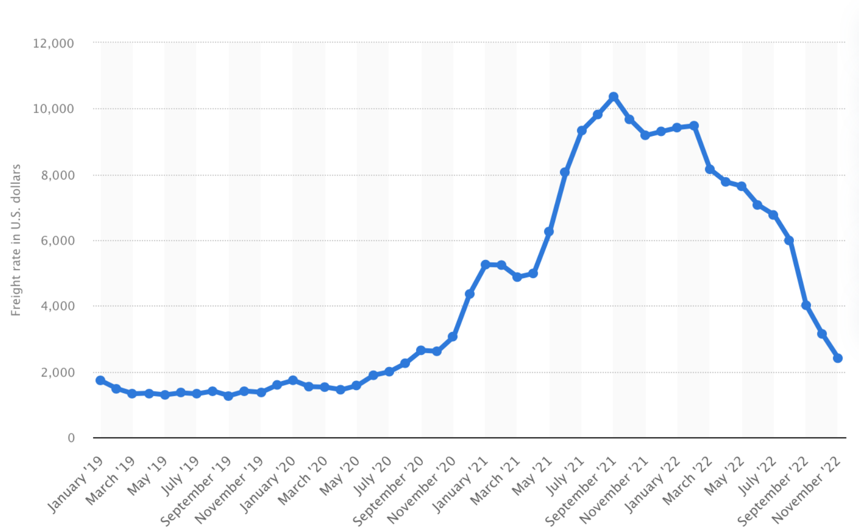
There is not a single supply chain, there are many of them, and they are all complex networks with interdependence at multiple levels. Some experience reductions of capacity, enormous surges in demand, lack of raw materials, staffing issues or all of them all at once. These things consequently cause shortages, long production and distribution lead times and ultimately, stock-outs for consumers. Their flaws were emphasized by temporary trade restrictions, shortages of essential drugs, and other goods. Manufacturers worldwide are now under greater pressure to increase their domestic production and employment as well as reducing the amount of inventory used in their global supply chain. Consumers feel the consequences by the shortage of items in stock when going to make purchase even if it is a basic need such as toilet paper.

According to a survey taken by over 1,000 US americans, 82% are concerned about how the crisis is affecting their purchases, and questioning the ability to acquire their basic needs because of the rise in prices (Kay, 2021). It is impossible for supply chains to avoid shocks, the system is way too complicated and delicate to be inmune, however as the world evolves companies need to adapt to said evolvment and keep the goods moving.

The zero covid policy:

Also known as “Find, Test, Trace, Isolate, and Support" (FTTIS), is public health policy with the objective of keeping COVID-19 cases as close to zero as possible. It consists of different measures as strict as possible to prevent disease transmission, such as lockdowns, quarantine for incoming travelers, isolation, PCR tests for people with any symptoms or even without them during an outbreak. Many countries made use of this policy, such as China, Australia, New Zeleand, Singapore, Taiwan and others, but the People's republic of China was actually the first country to put this policy in use as well as the last to remove it.

China is the world's largest exporting economy and the second largest importing one (first being the EE.UU) which is what makes the zero covid policy and it's use so important. Additionally, 8 of the 20 largest ports in the world belong to China; top three being Nimbo, Shenzhen and Shanghai, meaning it is the origin for numerous of the supply chains around the world and that many industries (technology, retail automobiles, etc) also rely on this country. Focusing specifically in the world's biggest container port, Shanghai, it holds about the 40% of goods that go out of China, and due to the COVID restrictions it is going to slow things down inevitably, not only in Shanghai but in every single port. The COVID-19 pandemic appeared to be an occurrence of such size that it either completely shut down many industries and supply networks or significantly decreased their effectiveness. It had particularly negative impact on container shipping because of its intricacy and cross-country character (see figure 2). The shipping industry has faced challenges since the pandemic's beginning, including port closures and congestion, workforce shortages, issues with capacity utilisation, and a shortage of new shipping containers.



Monthly container freight rate index worldwide 2019-2022 (Statista)

Figure 2.

Not only did the prices raise but due to the congestion in most ports in places such as Europe and the United States it has restricted the amount of vessels and containers that are available for use. Even if there are no more China lockdowns, the after-effects of the pandemic still hit the system hard, and for this year it is probably going to continue being under a lot of pressure.

The impact of the Russia-Ukraine conflict

Not only did COVID cause great disruptions in the supply chain system but global conflicts did too, specially Russia's war on Ukraine. The conflict slowed down trade, fueled rising prices and item shortages, and led to food scarcity all across the world. The agricultural infrastructure in Ukraine has been destroyed by Russia, which has disrupted the entire supply chain. Russia had closed the Black Sea and Azov Sea, and in the early months of the assault, grain shipments from Ukraine were seized (GEP, 2022). During the first 6 months of the war natural gas prises rose up by 120-160% while coal prices rose by 95-97% at the same time.

Figure 3

Shows crude oil prices between February 14th 2022 - February 14th 2023, where we can see a clear peak during the months of March and June.

Throughout the war, the black seaport and a range of other channels ceased to be active, cutting off the supply of a number of goods and resources, including transportation machinery, electronics, metals, chemicals, fertilizers, and food items. Subsequently freight prices also rose due to the fact that many ports were closed, this also caused delay in cargo flows. Additionally, the sanctions and restrictions caused ocean transportation to switch to rail transportation only deepening the container shortage. These cargo delays not only affect Ukraine and Russia, but rather the entire globe as well. US ports are constantly overcrowded as a result of a constant stream of cancelled orders and delayed cargo. The movement of cargo away from the American West Coast is accompanied by an increase in the number of container ships anchored off Savannah and Houston. Congestion results in shipments and sailings being cancelled which causes noteworthy productivity issues at the ports.

Finally, Russia is also one of the biggest suppliers of raw materials around the world such as aluminum, nickel, potash (for fertilizing) and palladium and vanadium (produce steel) (OECD, 2022). In addition to the imposed sanctions and export limitations, there are severe transportation interruptions that have an impact on the supply of the mentioned critical raw materials. These goods are transported by rail and container ships. The biggest shipping companies in the world stopped providing cargo services to and from Russian ports in the start of March 2022, which had a significant impact on Russia's supplies to numerous nations. Additionally, the Russian news agency TASS stated that the Russian government has suggested restricting exports of metals, oil, and gas to Western nations in reaction to the suspension of shipping services.

These disruptions have caused countries to stop solely relying on Russia or Ukraine for certain good and to have more variety in their suppliers. For instance, Russia and Ukraine together are the main exporters of corn and wheat, which suggests that the supply of grains will probably be damaged, leading to an increase in the price of bread and other products. Additionally, Russia is the largest exporter of all three major categories of fertilizers, which raises input costs.

3.5. Previous Resolutions

Over the years, supply chains have been becoming more global which subsequently makes them more prone to disruption wether it's in manufacturing or transportation. They key to prevent or at least control somewhat said disruptions is in supply chain management, and because of the recent crisis' that have been going on, tactics to counterattack these disruptions have been more talked about recently.

Regionalization:

It consists in setting up factories in various parts of the world in order to make operations in each region able to supply products to the closest markets. The idea with this is to minimize risk, so if a company is regionalized a close factory in one place will only affect sales in nearby locations instead of global.

3.6. QARMAS

a) What effects did the pandemic and/or global conflict have on your delegation's supply chain?

b) What tactics or methods has your delegation used in order to counterattack supply chain disruptions?

c) How reliant is the country you are in representation of Exports and Imports?

3.7. Additional Resources

- Main threats to Global Supply Chains: https://www.weforum.org/agenda/2022/09/5-challenges-global-supply-chains-trade
- Actors and Principal Industries affected https://www.jpmorgan.com/insights/research/global-supply-chain-issues
- Plausible Solutions https://www.brookings.edu/research/six-ways-to-improve-global-supply-chains/
- Wall Street Journal Documentary https://www.youtube.com/watch?v=1KtTAb9Tl6E
- COVID-19 impact https://hbr.org/2020/09/global-supply-chains-in-a-post-pandemic-world

4. TOPIC B:

Measures To Address External Debt In Developing Countries

4.1. Theoretical Framework

a. Developing Countries: Defined as States with less mature economies, some of their main characteristics are: lower GDPs per capita, not having a developed industry and scoring low on the Human Development Index (which measures the wellbeing of its inhabitants),

b. HIPC: Heavily indebted poor countries, refers to nations which are at risk or in debt distress and have a low income.

c. PPG: Public and Publicly guaranteed debt refers to long-term external obligations to public debtors, meaning national governments, public corporations, development banks and other mixed enterprises, as well as, external obligations of private debtors that are guaranteed by a public entities.

d. Commodity: Refers to a raw good or material (basic needs such as coffee or copper), used in commerce that can be traded with another good of the same type.

e. Commodity exchange: Company or entity that establishes and upholds the policies and procedures of the trading of standardized commodity contracts and associated financial instruments. Also refers to the actual location where trading takes place.

f. External debt: Gross external debt is the total amount owing by citizens of an economy to nonresidents at any given moment. It includes all present obligations that must be paid at some future date, including interest and/or principal.

g. Debt restructuring: It is the process of negotiating terms of debt so the payment becomes more manageable. It is usually the last resort before filing bankruptcy and it can result in a lower interest rate, longer repayment period, or reduced loan balance.

4.2. Introduction to the Topic

The International Monetary Fund (IMF) and the World Bank (WB) have identified almost half of low income countries as heavily indebted. According to the WB(2022): The poorest countries in the world now spend over a tenth of their export revenues to pay their long-term public and publicly guaranteed external debt, since 2000 this proportion has not been so high. In addition, 60% of countries that qualify for The World Banks developing aids, find themselves in risk of debt distress or in it(WB, 2022).

The above is especially preoccupying when it is taken into account that these debts hamper with the development of each country since their spending has to focus on the credits payments and interests rather than key investments such as infrastructure or social spending. The UNCTAD has expressed that external debt often makes countries unable to achieve the Sustainable Development Goals.

Internal and external problems are both causes for these type of problems inside countries. Poor debt management and low government income can be some of the causes of why countries tend to fall deep on debt(IMF, 2022). Despite this, governments often contract debts to finance essential public investments, for example, during the pandemic many countries acquired public debt in order to be able to deal with the iminent health and economic crisis.

As the debt burden increases, developing countries may find themselves in vicious cicles, in which they are unable to invest in economic growth making it even harder to pay their debts (UN News, 2022).

4.3. Historical background

Early in the 1980s, the rapid increase of developing nations' external debt became a major concern and it continued into the 21st century. Debt only becomes a problem when the borrower does not have the sufficient needs to meet the repayments. Even though it happens mostly to under-developed countries it can happen to developed ones too, and the term “debt crisis” is used to define such state. In the past decades many of the developing countries had to make sacrifices in public spending (which furthermore slows development), and even have to implement austerity measures such as increasing taxes or spending less.

The Mexican debt crisis

The external debt crisis became more prominent in 1982, when Mexico was one of the first american countries to default on its sovereign debt to the U.S. commercial banks and other creditors. It started on August 12 when Mexico’s minister of finance announced the secretary of treasury and the IMF that it was unable to meet its August 16 obligation service of $80 billion debt. From here the situation only continued to get worse and by October of 1983, 27 countries (notably Argentina, Brazil, and Mexico) owing $239 billion had rescheduled their debts to banks or were in the process of doing so. Consequently, various of the biggest world banks faced the prospect of major loan defaults and failure.

Before 1982, several factors have made the debt payment burden higher since.. Oil prices soared in 1979 during the second oil shock. As an oil exporter, Mexico benefited from this because it raised oil income. The subsequent global recession, however, had a significant negative effect on export earnings. The Federal Reserve's policy to combat the oil-based inflation of the 1970s led to a spike in US interest rates. This resulted in rising US dollar exchange rates, making debt repaying more difficult. To make matters worse, because roughly three-quarters of interest payments were linked to variable interest rates, debt service payments increased, making debt repayment even more difficult. During that time, the World Bank and the International Monetary Fund (IMF) played key roles in assisting developing countries with debt management by providing conditional loans and advice.

As of today, the 1982 debt crisis is the most serious in Latin American history. Income and imports fell; economic growth stagnated; unemployment reached time highs; and inflation eroded the purchasing power of the middle classes. Additionally, investment that might have been used to address social issues and poverty was instead being used to pay the debt.

4.4. Current Situation

At the end of 2021, the external debt of low and middle income economies totaled 9 trillion, more than double the amount that a decade ago. In 2022, the global economic growth slowed sharply, amid the tightening of economic and fiscal policy, this has aggravated the ability for countries to service this debt. Many find themselves in debt distress; unable to meet payments or having to sacrify crutial public spending in order to meet their quotas.

Economic Instability in Developing Nations

Developing economies tend to have structural issues which difficult steady and continuous economic growth.

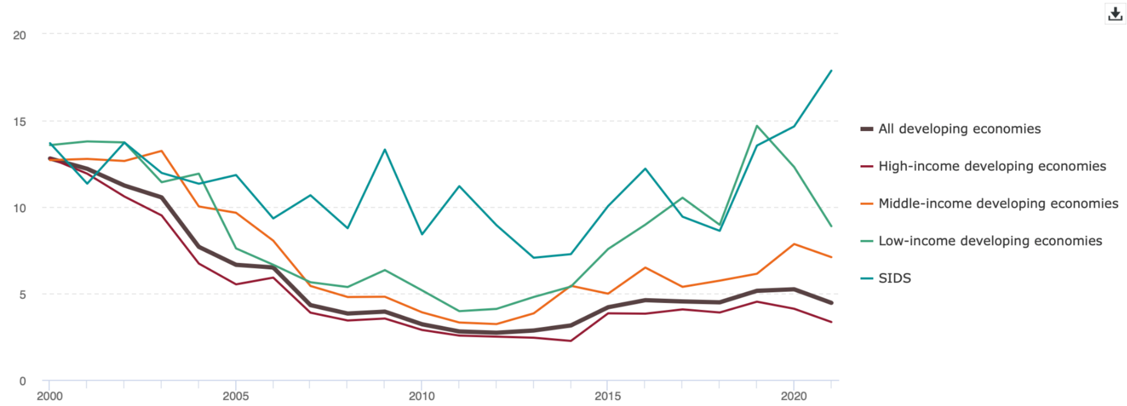
Most of them have poorly diversified economic and export structure, which often means they overly rely on commodities, the problem with this is that it makes them extremely susceptible to changes in supply and demand on the global market. Due to this reason, volatility in their economies is high, which might lead them to be unable to properly calculate their ability to acquire debt .

In addition to that, countries tend to acquire debt in dollars or euros, making fluctuations in local currencies exchange rates particularly harmful. The UNCTAD chief noted that currency depreciations have increased the cost of debt repayments by the equivalnet fo public health spending in Africa. As a consequence producing enough export revenues or other sources of income is eventually necessary to meet the obligations associated with servicing external debt (Un News, 2022).

The Pandemic

The pandemic affected developing countries' capacity to repay their external debt in multiple ways at once, including through previously unusual non-resident investment monetary easing, a decline in foreign investment during the early months of the pandemic, sharp drops in export earnings, the virtual collapse of the tourism sector, and slumps in commodity prices and remittances (payments).

Only high-income developing nations have been able to sustain an external long-term Foreign debt to export revenue ratio of two to four percent over the past ten years (See figure 1). Their greater ability to issue domestic public debt in order to prevent currency mismatches is the cause of this.



Source: UNCTAD calculations based on data from World Bank (2022a), IMF (2022) and national sources.
Notes: Figures for 2021 are UNCTAD estimates. Income groups follow UNCTAD's definition.

Figure 5.

Debt service on long-term external PPG debt by groups of economies (SDG 17.4.1)

It is also relevant to note, that many countries indebted themselves themselves in the pandemic in order to mitigate the crisis. As measures such as subsidies, health spending, economic stimuli where implemented, countries had less income from taxes, leading a lot of them to adquire public debt.

Inflation

Additionally the Ukraine conflict and natural disasters caused rising global interest rates aimed at restraining inflation which have further jeopardized the progress of these countries' and those of the SDGs (Sustainable development goals).

According to the IMF (2022):

Governments are now struggling with rising import prices and debt bills in a highly uncertain environment of elevated inflation and a slowdown in growth. As monetary policy tightens to curb inflation, sovereign borrowing costs will rise, narrowing the scope for government spending and increasing debt vulnerabilities, especially in emerging market and developing economies. To complicate matters, the extent of liabilities and their terms are not fully known in many cases.

Developing economies are in crisis, and if measures are not taken they might find themselves in deep trouble.

4.5. Previous Resolutions

Despite this problem affecting mainly developing countries, G20 nations have expressed their concern as they are some of the main lenders (excluding private organizations). To address the problem, The G20 and the Paris Club, created an agreeemnt in November 2020 called the Common Framework, in which they tried to deal with insolvency and provided relief consistent with debtors spending needs and their capacity to pay their current debt. However, not a single country has achieved the goals set up in the Common Framework, due to delays both traced back to debtors and creditors. In Response, the IMF has proposed to impose a standstill on debt service payments during the negotiation of the framework, which would relief debtors an impose pressure on lenders. However some have, criticized this measure as it would only put pressure on one side.

Furthermore, Initiatives such as debt condonation have originated in African Countries. Two main propositions stand out, first, its debt restructuring in which it decreases interest rate or extends payments through longer periods of time. The second, proposes for countries to cancel external debt, Senegal President Macky Sally(2021) is one of the main proponents of this, he argues that it is crucial for developing economies to not be strained in order to continue growing, and, invites other countries to condemn this debt in order to speed up global economic growth.

The UNCTAD has proposed the modification of debt sustainability assessments that serve as a basis for negotiation for debt restructuring. Debt restructuring has also been criticized, as the terms of restructuring are usually set by groups of creditors competing to get the best terms, instead of giving priority to the debtors interests, or the sustainability to keep up with payments. The Debt Management Financial Analysis Programme (DMFAS), a programme created by the UNCTAD, has been one of the most successful technical assistance initiatives. It offers countries plausible solutions for managing debt and analyzes data useful for policymaking. It has supported more than 116 institution, in 75 countries (UN News, 2022)

Some also argue that debt is necessary and that modifying and restructuring payments can be harmful to loaners. This may lead to less organizations and countries loaning crucial money to governments who may need it in times of crisis or to develop infrastructure. The IMF also planted the following question(Whatson CM, n.d.):

> *What are the costs that the international system might incur, both now and in the future, by granting terms to those countries that have experienced debt-servicing problems that are more "favorable" than the terms granted to those countries that have performed well and have avoided debt-servicing problems?*

Deb, in developing countries can be a tool, however it could also be harmful, this is why it is necessary for leaders to analyze its consequences and decide the best path of action.

4.6. QARMAS

a. Has the delegation made any public statements regarding public debt condemnation?
b. Is the country loaning money to developing economies? Are they in debt distress?
c. Has the delegation been part of any debt restructuring initiatives? What where they?
d. Has the delegation implemented any other solutions regarding the problematic?

4.7. Useful Resources

a. World Economic Forum brief explanation

   https://www.weforum.org/agenda/2022/10/government-debt-economy-bonds-loans/

b. UNs stance on the topic as well as explanations

https://news.un.org/en/story/2022/12/1131432

c. External debt dynamics according to the IMF

https://www.imf.org/external/pubs/ft/ar/2022/in-focus/debt-dynamics/

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Topic A:

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