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EMINENCE EDITION
CHAPTER II

Study Guides

UNGA

Agenda 1:
Reforming the Global Financial Architecture to Address the Debt Crisis in Developing States

Introduction & Definition

Developing nations face a severe sovereign debt crisis, driven by compounding global shocks including the COVID-19 pandemic, climate vulnerabilities, persistent inflation, and tightening global monetary policies. The current global financial architecture—anchored by the Bretton Woods institutions (the IMF and World Bank)—is widely criticized by developing countries as outdated, asymmetrical, and inadequate for addressing modern liquidity crunches and long-term sustainable development financing.

Key Sub-Topics & Controversies

* Sovereign Debt Restructuring Frameworks: Evaluating existing mechanisms like the G20 Common Framework, which critics argue is too slow, lacks private creditor participation, and fails to provide preemptive debt relief.

* Special Drawing Rights (SDR) Allocation: Reforming how IMF SDRs are distributed. Developing nations argue that allocations heavily favor wealthy nations based on quota shares rather than actual economic vulnerability or liquidity needs.
* Multilateral Development Bank (MDB) Reform: Expanding the lending capacity of MDBs by leveraging capital adequacy frameworks, allowing developing countries to secure concessional financing for climate adaptation and infrastructure without falling into debt distress.

Bloc Positions & Perspectives

* Global South / Developing Nations (e.g., G77, African Group):Advocate for a comprehensive overhaul of the global financial governance system, proposing a dedicated sovereign debt workout mechanism outside creditor-dominated institutions, widespread debt cancellation, and fair credit rating methodologies.
* Major Developed Creditors (e.g., G7 nations): Emphasize case-by-case debt treatments, transparency in lending practices (particularly targeting non-Paris Club bilateral lenders like China), and private sector burden-sharing.
* Emerging Creditors (e.g., China): Defend bilateral lending structures and project-based financing while supporting multilateral coordination under strict bilateral restructuring terms.

UNGA

Agenda 2:
De-Dollarization and a Fragmenting Global Financial System: Economic Reform or Financial Warfare?

Introduction & Definition

The global financial landscape is experiencing a gradual shift away from absolute U.S. dollar dominance. Prompted by rising geopolitical tensions, the weaponization of the SWIFT financial messaging network, and sweeping economic sanctions (such as those imposed on Russia), several emerging economies are diversifying their foreign reserves, settling bilateral trade in local currencies, and developing alternative payment infrastructures.

Key Sub-Topics & Controversies

* Weaponization of Finance: Examining how economic sanctions and reserves freezes impact global economic trust, prompting targeted nations and risk-conscious states to hedge against dollar dependency.

Alternative Settlement Systems & Digital Currencies: Assessing the rise of bilateral local currency swap lines, alternative cross-border payment systems (such as China's CIPS), and Central Bank Digital Currencies (CBDCs) designed to bypass traditional Western-centric clearinghouses.

* Economic Stability vs. Fragmentation: Debating whether de-dollarization represents a natural multipolar economic evolution that democratizes global finance or a destructive force that fractures global trade, increases transaction costs, and destabilizes emerging markets.

Bloc Positions & Perspectives

* BRICS and Alternative-Seeking States:Argue that de-dollarization is a necessary measure to insulate domestic economies from external monetary shocks, unilateral sanctions, and exchange rate volatility tied to U.S. monetary policy.
* Western Powers (USA, EU, UK): Defend the stability, deep liquidity, and legal predictability of dollar-denominated assets while arguing that sanctions are vital instruments for upholding international law and security against rogue actors.
* Vulnerable Developing Economies: Express deep anxiety over financial fragmentation, warning that a fractured currency system could increase borrowing costs, complicate trade invoicing, and cause severe capital flight.

Recommended UNGA Action Points & Resolution Framework

When drafting UNGA resolutions for these economic agendas, delegates should focus on:

1. Multilateral Inclusive Forums: Proposing a high-level UN conference on international financial architecture reform to give developing nations an equal vote alongside traditional Western institutions.
2. Transparent Lending Guidelines: Establishing universal, transparent benchmarks for sovereign borrowing and debt transparency to protect both lenders and borrowing states.
3. Resilience Mechanisms: Encouraging the expansion of liquidity-swapping networks and regional financial safety nets to protect emerging economies from sudden currency shocks and global market volatility.