



MUNNY
MODEL UNITED NATIONS OF NYBORG

Forum: SECOND COMMITTEE OF THE GENERAL ASSEMBLY

Issue: Implementing international aid efforts focusing on the development of critical infrastructure in LDCs necessary for further economic growth

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I. Introduction

“Investment in infrastructure is a long-term requirement for growth and a long-term factor that will make growth sustainable.”

Chanda Kochhar¹

The provision of good quality infrastructure is a prerequisite for economic and social development. Indeed, it is considered one of the main preconditions for enabling developing countries to accelerate or sustain the pace of their development and achieve the Millennium Development Goals (MDGs) set by the United Nations.

No country has sustained economic growth without investing in infrastructure notably. Roads, water supply, sewerage systems, power grids, and telecommunications are essential to the production of goods and services. They also speed up trade and factor mobility, cut down business costs and generally improve efficiency and productivity.

There is strong empirical evidence that infrastructure development contributes significantly to economic growth.

When economies grow, the government can tax that revenue. Their capacity to provide the public goods and services that their citizens need, like healthcare, education, social protection, as well as basic public services therefore, increases.

¹ Public speaker, former managing director and chief executive officer of ICICI Bank.

Growth can also create wealth on an individual level. When material gains are generated, a number of that money goes directly into the pockets of employers and workers, improving their wellbeing. As people earn higher incomes and spend more money, it enables them to have increasingly improved living standards and exit the vicious cycle of poverty.

II. Definition of Key Terms

| Key term | Definition |
|---------------------|---|
| Colonization | The policy of gaining control over a previously independent country and occupying it with settlers |
| Colony | A country or place controlled by another country |
| Neo-colonialism | Refers to the continuing dependence of former colonies on foreign countries, primarily in places where the power of developed countries was used to produce a colonial-like exploitation. |
| Culture | Ideas, customs, and social behavior of a society |
| Development | A measure of wealth and quality of life for humans within a country or area. Each country is making economic and social progress or change at a different rate |
| Economic Growth | Economic growth is an increase in the capacity of an economy to produce goods and services, as well as an increase of their quantity and quality, compared from one period of time to another |
| Economic indicators | Indicators which help assess the amount of money or wealth within a country and how the people earn that wealth (e.g., GDP) |
| GDP | GDP (Gross Domestic Product) is the measure of the market value of all final goods and services produced in a period of time within a country |



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|-----------------------------------|--|
| HDI | HDI (Human Development Index) is a measure of development used by the UN, which combines indicators of life expectancy, educational attainment, and income into one |
| LEDC | Less Economically Developed Country – usually a poorer country located in South America, Africa, or Asia (global south) |
| MEDC | More Economically Developed Country – usually a rich country located in Western Europe or North America (global north) |
| Primary sector | Jobs or economic activities based around the agricultural sector as well as raw materials |
| Secondary sector | Jobs or economic activities based around the manufacturing of goods |
| Tertiary sector | Jobs or economic activities based around providing services (retail, tourism, education, health, banking etc.) |
| Transnational Corporations (TNCs) | Are companies that operate in more than one country. They often have factories in countries that are not as economically developed to take advantage of cheaper labor. |

III. Background Information:

General:

For economic growth there needs to be a pre-existing basis of infrastructure to transport goods and services. If the grid for, transportation, communication, power, and other public utilities is not given, economic growth and expansion in all trading sectors is insanely difficult for the LEDC.

This emphasizes that good quality infrastructure is important not only for faster economic growth but also to ensure inclusive growth. Inclusive growth hereby means that benefits of growth are shared by the majority of the population. It will therefore lead to the alleviation of poverty and reduction in income inequality in the country.

Lack of adequate infrastructure not only holds lack economic development, it also causes additional costs in terms of time, effort and money of the people for accessing essential social services such as healthcare and education.

The availability of good quality infrastructure raises productivity levels in the economy and brings down costs of the enterprises. Besides, the availability of adequate infrastructure helps to expand trade not only within a country by improving transport facilities but also promote foreign trade through improvement of ports and airports. It also helps to diversify production by the firms as they are able to get the required supplies of raw materials and other inputs from the places where these are available in abundance. Furthermore, with improved infrastructure the firms can produce goods in accordance with the demands of the people of different regions and countries.

According to World Bank estimates, in the year 2008 developing countries made investment of around \$ 500 billion a year in new infrastructure—transport, power, water, sanitation, telecommunication, but the need for infrastructure investment is still large. In developing countries one billion people still lack access to clean water, two billion people lack access to sanitation and electric power and adequate transport facilities are still lacking in developing countries.

The growth effects of narrowing Sub-Saharan Africa’s infrastructure quantity and quality gap are potentially large. For instance, growth of GDP per capita for the region would increase by an estimated 1.7 percentage points per year if it were to close the gap with the median of the rest of the developing world.

When looking at public spending in infrastructure, the report „Africa’s Pulse: Economic Growth in Sub-Saharan Africa Rebounds to a Projected 2.6% in 2017“ found that countries spend significantly less money than they actually give to projects. This reduces the implementation of projects set aside for investment each year, showing the inefficiencies prevalent in the infrastructural aid sector.

The Report also found that the poor state of infrastructure in Sub-Saharan Africa (in electricity, water, roads and information and communication technology (ICT), reduced national economic growth by two percent each year and business productivity by as much as 40%.

Closing the infrastructure quantity and quality gap could increase growth of the country’s GDP per capita by 2.6% per year. The largest potential growth advantages would be gained from closing the infrastructure gap in electricity.

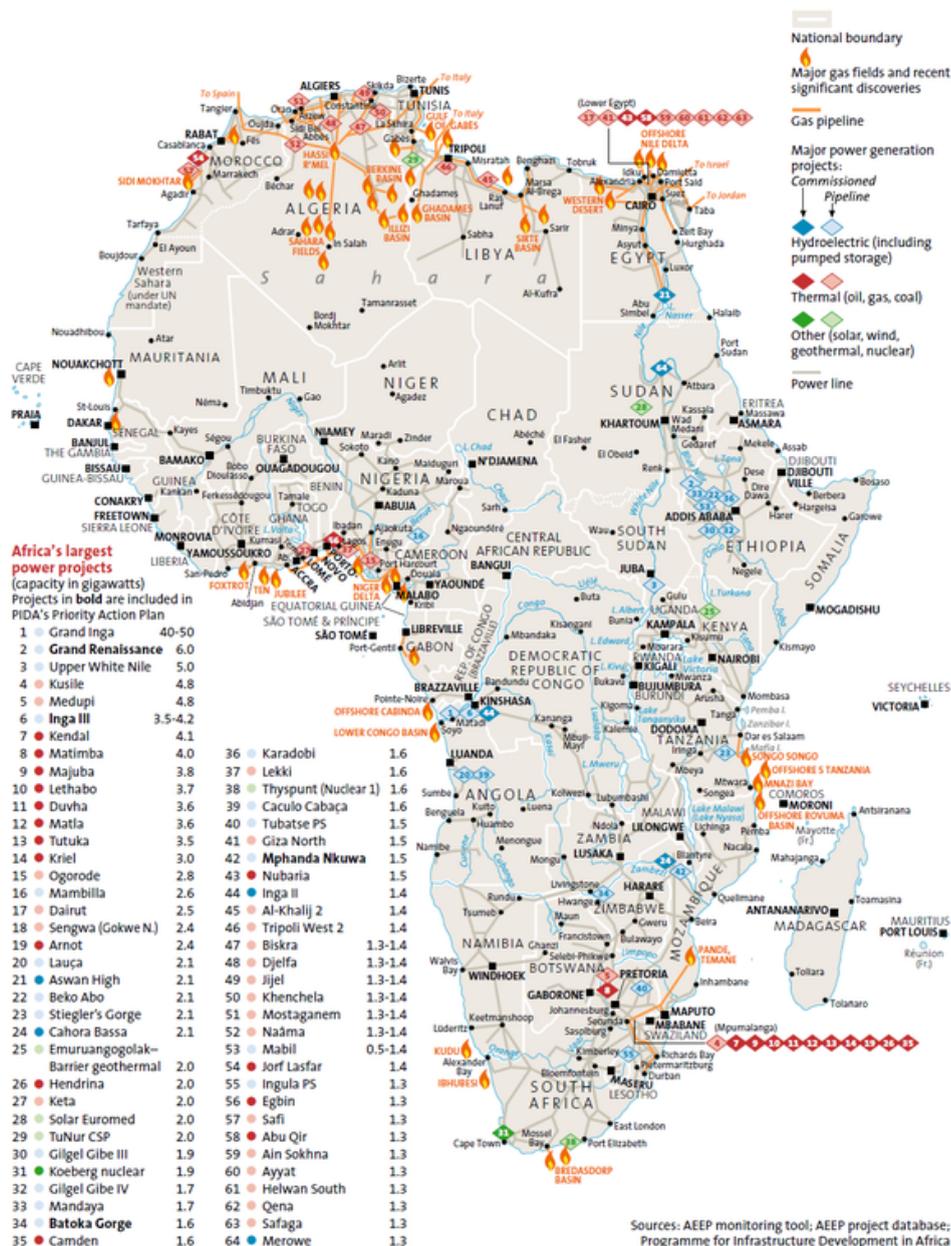
Prior Aid Efforts:

Infrastructure investments used to be financed by the governments themselves (e.g., with public funds). They were largely driven by the benefits these investments produced.

However, public deficits, increased public debt to GDP ratios and sometimes even the inability of the public sector to deliver efficient investment spending. This has in many economies led to a reduction in the level of public funds allocated to infrastructure.

Foreign direct investment in infrastructure from have been increasing rapidly to 31% (1990-2006). The amount directed to developing countries increased 29%, to an estimated \$199 billion. Transnational Corporations involvement has also increased (e.g., "build-own-operate" activities, management contracts etc.).

Africa's energy infrastructure





Historical Background:

As Western economies developed and industrialized (now MEDCs) the labor forces within the country reached their limits for the rapidly growing population. As a way of cheap, or free (in the case of slavery), labor force as well as a new source of resources and raw materials the age of modern colonialism began about 1500.

The colonial power built lines to connect agriculturally rich areas. With limited budgets, colonisers expected the railroads to pay for themselves, hence they connected areas of high economic potential. (Basis for the cash crop industry nowadays). The line was built into the interior to further European mining interests as well as to exercise 'effective control' in the Scramble for Africa, or to dispatch troops for better control of the native population.

So, the first industrialized infrastructure that was ever built in the LEDCs was built around the idea of "resource extraction" and not build for the people.

IV. Major Countries and Organizations Involved

Germany: Federal Ministry for Economic Cooperation and Development (BMZ):

The Marshall Plan with Africa, which takes its lead from the African Union's Agenda 2063, was announced in January 2017. It was the starting point for a new model of partnership between Germany's Federal Ministry for Economic Cooperation and Development (BMZ) and its partner countries in Africa. Since 2017, the BMZ has pledged a total of approximately eight billion euros in bilateral funds to African partner countries also aimed to improve infrastructure.

China: Belt and Road Initiative (BRI)

A vast intercontinental network of transportation, energy, telecom infrastructure, accompanied by P2P exchanges and financial cooperation. As an outgrowth of its economic prowess, China has been able to finance and construct a number of large infrastructure projects across various African countries.

USA: Lagos-Calabar Railway

The 1,400-kilometre Lagos-Calabar railway, which will be built at a cost of \$10 billion, is without doubt one of the biggest infrastructure projects in Africa. The project, which was initially contracted to a Chinese company, is being eyed by Ameri Metro Inc., based in the U.S., after the Chinese failed to raise the funds. On completion, the Lagos-Calabar railway



will connect the cities of Port Harcourt, Uyo and Aba – thereby enhancing movement of goods and services in the region.

Organization for Economic Cooperation and Development (OECD):

The mission of the Organization for Economic Co-operation and Development (OECD) is to promote policies that will improve the economic and social well-being of people around the world.

NGO: African Center for Economic Transformation:

An Accra-based economy policy institute supporting long-term growth with transformation of Africa's economies.

V. How to prepare as a delegate

As for research, we would recommend looking up passed resolutions on the topic of Infrastructure Aid Efforts debated/ passed by the UN.

For your position paper, you should firstly mention to what extent your country is, directly or indirectly, affected by the topic. Has it taken any measures?

Furthermore, consider other international incidents/programs your country might have been a part of. Try to get a good overview on the topic and find out what the national bias/issue is about.

As a conclusion, try to come up with possible future measures to combat the issue at hand. How could your country contribute to plans on an international level? What is the current situation and what is your country willing to change internationally?

For the resolution, try to further outline any ideas your country has for dealing with the issue. Do not worry if you do not have a complete, perfect resolution - you will be lobbying with others before coming to a final version of the resolution.



All delegates are required to write a position paper spanning all topics, and are heavily encouraged to write a draft resolution they can bring to lobbying. These documents must be sent to the Student Officers through the email in the “Contact” field of the front page before the start of the conference.

VI. Further reading / useful links/ sources

Further Reading:

<https://www.urban.org/sites/default/files/publication/30176/411848-Aid-Effectiveness-in-the-Infrastructure-Sector-Final-Report.PDF>

Report: Africa’s Pulse: Economic Growth in Sub-Saharan Africa Rebounds to a Projected 2.6% in 2017

World Investment Report: Transnational Corporations and the Infrastructure Challenge:
https://unctad.org/system/files/official-document/wir2008p2_en.pdf#page=11

Report: <https://www.oecd.org/dev/Africa-Quality-infrastructure-21st-century.pdf>

Useful links/ sources:

<https://www.un.org/press/en/2021/ga12366.doc.htm>

<https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Energy-and-Resources/dt-tl-er-power-addressing-africas-infrastructure-challenges.pdf>

<https://www.brookings.edu/blog/africa-in-focus/2021/02/24/figures-of-the-week-africas-infrastructure-paradox/>

<https://www.mckinsey.com/business-functions/operations/our-insights/solving-africas-infrastructure-paradox>

<https://www.bbc.co.uk/bitesize/guides/zcg7dxs/revision/5>

<https://wrm.org.uy/articles-from-the-wrm-bulletin/section1/development-or-destruction-what-do-infrastructure-projects-in-africa-mean-for-its-forests-and-people/>



<https://www.brookings.edu/blog/africa-in-focus/2019/01/31/overcoming-the-colonial-development-model-of-resource-extraction-for-sustainable-development-in-africa/>