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| Forum: | Special Commission on the African Union |
| Question of: | Implementing debt management for postcolonial nations |
| Student Officer: | Imane Belarbi |
| Position: | Main Chair |

I. Description of the Issue

As a result of colonialism, many postcolonial nations are left struggling to navigate the debts that they inherited from the colonial era, which lasted from the late 15th century until the years after World War II. As a result, when these nations gained independence, they were left with weak economic foundations and significant developmental gaps in key areas such as education, healthcare, and infrastructure. After gaining independence from a colonial power, the former colony is mostly left in a very vulnerable state, since they are left with underdeveloped and dependent economies as well as the lack of development in education, healthcare and other infrastructural sectors, leading them to be forced to add more debts in order to finance the developments in these areas. The problem these countries are now facing is trying to try to achieve financial stability to work on further developing and on strengthening their economies, without the danger of falling into neocolonialism. Seeing as there is the risk for former colonies to become overly dependent on other, particularly western, nations once again which can lead to economic exploitation. In summary, the economic struggles of post-colonial nations are deeply rooted in the historical context of colonialism. These nations must navigate inherited debts and underdeveloped economies while avoiding the pitfalls of neocolonial dependency

II. Definition of Key Terms

Colonialism:

The action of (mostly European) powers expanding their empires across the world, in the time from the late 15th century until the years after World War II, by gaining control over territories through settlements and economic exploitation.



Exploitation:

The act of benefiting from someone else's resources or work by treating them unfairly, thus using someone for your own profit or gain

Neocolonialism:

Former colonies being economically or politically controlled by former colonial powers. Neocolonialism uses indirect means such as economic dependency, debt obligations. to ensure control over a country.

Odious Debt:

Also called illegitimate debts. This is a concept introduced by Alexander Sack, who was a jurisprudence expert that specialized in international financial legislation, in 1927. It references the debts that are mostly imposed upon one nation by another. These debts are made with the purposes that do not serve the nation and are rather used to exploit or oppress the nation that the debt is posed upon. This type of debt is considered illegitimate and is typically associated with oppressive, corrupt, or dictatorial governments.

Postcolonialism:

The time since 1945, when a number of nations gained independence from colonial powers, starting the process of decolonization. The time period that presented the aftermath of colonialism

III. Background information

A lot of postcolonial nations face debts for numerous reasons that have their origin in the colonial era, one of them being that these countries used to get exploited by the colonial powers who took their resources and caused them to now be dependent on export commodities as well as having a weak infrastructure, this dependency is the reason why many former colonies now struggle with unstable national incomes. Since colonies were developed to produce mainly one single resource for export, they now lack product diversity to



contribute enough to the global market. Nations are at their most vulnerable state when they have just gained independence. The new independence comes with high costs – repairing their land by building infrastructure, education and healthcare systems – and thus tends to create new debts that accumulate with the debts that they already inherit from colonial times and pulls them into a cycle of debts. Since the debts that are inherited from colonial countries force the former colonies to put their time and resources into rebuilding and establishing their economy, their focus gets taken away from developing further and makes the gap between them and the further developed countries even bigger. While the industrialization was at its peak in Europe, there was a lack of industrial investments during colonial times in the colonies, which lead to the lack of an industrial base for self sufficiency and economic growth.

In order to invest in those reparations and restorations former colonies often take loans from organizations such as the World Bank or the International Monetary Fund (IMF), however these often come with conditions like the structural adjustment program (SAPs). These are economic policies that function as a condition for receiving loans from international institutions such as the IMF or the World Bank. Their main goal is to stabilize countries' economies and to help them grow a sustainable economy. The problem with these programs however, that they often times interfere with the countries' economic and social policies and change them, which makes the country prone to being controlled by an outer force once again.

(Historical background)

Colonial powers often used debt as a tool to maintain control over their colonies, through making them financially dependent, through granting local rulers loans to use them for projects that actually mainly served the interest of the colonizers.

Seeing as one of the driving forces that led to colonialism was the economic interest and the European powers wanting to expand their wealth through gaining new resources, it is important to manage the debts that were caused by colonialism while ensuring that the economically vulnerable countries do not get controlled by or dependent on another nation to avoid any cases of neocolonialism.

As a result of colonialism many nations now face the issue of odious debts (see glossary), a debt that is imposed upon one nation by another force without their consent and without having any benefits for their population.



IV. Major Countries and Organizations Involved

- **United States of America**

The USA has significant influence on international financial institutions (such as the IMF), they play an important role in the decision making and policy implementation regarding debt management in developing countries.

- **United Kingdom**

The United Kingdom plays a significant role whenever there is talk of postcolonial issues, as they are one of the biggest former colonial powers and therefore have a deep history with many postcolonial nations. Through organizations like the Commonwealth Secretariat they contribute to debt relief for their former colonies.

- **Paris Club**

An informal group of official creditors from major industrialized countries. Its primary purpose is to provide coordinated and sustainable solutions to the payment difficulties experienced by debtor countries. The Paris Club facilitates debt restructuring, rescheduling, and, in some cases, debt forgiveness for nations facing financial crises. By offering these services, the Paris Club aims to help debtor countries achieve sustainable economic growth while maintaining financial stability. Its decisions are made by consensus, and it works closely with international financial institutions like the International Monetary Fund (IMF) and the World Bank.

- **France**

Similar to the UK, France presents a long historical connection with many postcolonial nations, especially in Africa. They take part in development aid projects through institutions like the Paris Club to participate in debt relief.

- **China**

China presents a major role in Loan giving to developing countries, for example through projects such as the Belt Road Initiative (BRI). China also offers an alternative loan source apart from the typical Western institutions.



- **International Monetary Fund (IMF)**

The International Monetary Fund offers financial assistance to countries with financial problems. They often times involve the introduction of the Structural Adjustment programs (SAPs) as a condition for their loans

- **World Bank**

The World Bank provides financial support to developing countries, with the goal to reduce poverty and to further support their economic development.

- **African development Bank (AfDB)**

The AfDB gives loans to African countries and therefore gives them the opportunity to develop in economic and social sectors. Furthermore, they also support and implement debt relief management.

- **United Nations Conference on Trade and Development (UNCTAD)**

The UNCTADs aid strives to integrate developing countries into the world economy and the global trade market. It provides the needed information and analysis to work debt relief assistance.

- **Ghana**

Ghana represents a country that inherited a large amount of debt from the time under British rule. After their newly gained independence they faced many economic issues and face a lot of debts.

- **Nigeria**

Just like Ghana, Nigeria also faces high debts originating from their time as a British colony. Despite having valuable resources like oil, they were forced to borrow high sums to finance rebuilding and restoring their nation, causing their debts to rise.



V. Previous attempts to solve the issue

There have been numerous efforts to find solutions to this issue, including the implementation of numerous international organizations as well as debt relief programs.

One of those being the Paris Club, an informal group of creditors from industrialized countries who try to find sustainable and realistic solutions to resolve the difficulties that the in-debt countries face. They often work together with the IMF or the World Bank to restructure debts or provide momentary relief as well as negotiating debt forgiveness agreements. Among many others, the African Union has also implemented many initiatives in order to attempt and resolve this issue. They support and promote regional cooperation and aim to negotiate better terms with the international loaners, to strengthen the voice of African nations in an international forum.

Another significant step towards solving this issues is the implementation of the Addis Agenda in July 2015. The Addis Agenda's aim is to finance sustainable development and achieve the United Nations Sustainable Development Goals (SDGs). It emphasizes the importance of a holistic approach, involving a wide range of stakeholders, including governments, international organizations, the private sector, and civil society, to address the multifaceted challenges of sustainable development

These and many more examples have already made significant efforts to relieve the debt burdens of postcolonial nations, however the issue still remains and demands more international cooperation and support.

VI. Possible solutions

Further enhancing already existing initiatives:

The organizations and initiatives that are already in action present a useful foundation for solving this issue therefore it is important to work on developing them even more to work on fixing the relatively small problems that they present.

Enhance international cooperation:

Through encouraging international cooperation it becomes possible for struggling countries to support each other in many ways, like sharing knowledge and tips. Furthermore, international



cooperations are also a way to avoid the dependence on one singular country and therefore limits the risk of neocolonialism.

Support economic development on struggling countries:

Through investing in infrastructure and developing the education and healthcare systems it becomes possible for the countries to experience long-term economic benefits, rather than temporary ones that are presented through loaning money.

VII. How to prepare as a delegate

To prepare for the MUNoH24 conference all delegates need to inform themselves about their country's position on this issue and also need to know their allies for the coming lobbying. In order for all issues to be discussed productively, each delegate has to write **two position papers and one resolution**. Each delegate has to know to what extent their country is affected by colonial debts and whether or not their country either had debts posed upon them, or has posed debts upon another nation. All delegates should be informed about their country's social, economic, and political aspects in order to get a basic overview of their country and their standings. Make sure to inform yourself sufficiently on the topic by reading the Research Reports and informing yourself through your own research about your specific country. You should always make sure that all your sources are valid and reliable, like governmental websites or official UN documents.

Other questions to keep in mind during your research are:

- Has my country signed any treaties?
- What role does my country play in the debt relief initiatives?
- Does my country have any colonial debts? Or has it imposed any?
- Does my country give out loans to lesser developed countries?

Please keep in mind that **the deadline to send in all the documents is 21.09.2024**. All documents sent in after this deadline will not be corrected by the Student Officers.



VIII. UN resolutions

A/78/L.38 *New Partnership for Africa's Development: Progress in implementation and international support* (31.1.2024)

<https://documents.un.org/doc/undoc/ltd/n24/027/57/pdf/n2402757.pdf?token=KaTSrU291TA2e7IKoG&fe=true>

A/C.2/78/L.4/Rev.1 *Promoting creative economy for sustainable development* (15.11.2023)

<https://documents.un.org/doc/undoc/ltd/n23/358/62/pdf/n2335862.pdf?token=PhhSvx9Cua2YNTHZgX&fe=true>

IX. Useful links

- <https://www.thoughtco.com/colonialism-definition-and-examples-5112779>

Longley, Robert. "What Is Colonialism? Definition and Examples." *ThoughtCo*, 16 Feb.2021.

- <https://fastercapital.com/content/Colonialism-and-Odious-Debt--A-Historical-Perspective-update.html>

faster capital . (2024). Colonialism and Odious Debt: A Historical Perspective update. [online].

- <https://afdb-org.cn/wp-content/uploads/2021/05/AfDB21-01-AEO-main-English-highlights-1.pdf>

African Economic Outlook 2021 From Debt Resolution to Growth: The Road Ahead for Africa HIGHLIGHTS.

X. Sources

- <https://www.worldbank.org/en/programs/debt-toolkit/dempa#:~:text=The%20Debt%20Management%20Performance%20Assessment,identifies%20core%20strengths%20and%20weaknesses>

World Bank. (n.d.). Debt Management Performance Assessment. [online]

- <https://www.atlanticcouncil.org/blogs/econographics/how-the-imf-can-make-sovereign-debt-restructuring-more-effective/#:~:text=Sovereign%20debt%20restructuring%20is%20essentially,favorable%20from%20its%20private%20creditors.>

mbhusari (2023). How the IMF can make sovereign debt restructuring more effective. [online] Atlantic Council.

- <https://plato.stanford.edu/entries/colonialism/>

Kohn, M. and Reddy, K. (2023). Colonialism. [online] Stanford Encyclopedia of Philosophy.



- <https://www.imf.org/external/pubs/ft/dsa/lic.htm>

www.imf.org. (n.d.). The Debt Sustainability Framework for Low-income Countries -- Introduction. [online

