

# RESEARCH REPORT

## General Assembly 2: Economic and Financial Council (ECOFIN)

Main Chair: Evan Corser-Tiernan

Co-Chair: William Oestli Thoegersen

### Topics:

- The question of reducing financial inequality in LEDC's and other countries that experience problems related to this matter.
- Measures to prevent and reduce tax evasion.
- The question of providing aid to the still worsening economy of Venezuela.

### Topic Three:

“The question of providing aid to the still worsening economy of Venezuela.”

As once the wealthiest country in South America, Venezuela has usually been a prosperous state and was more often a donor than a donee. Since its prosperity hit a halt in the 1980's its economy has since suffered and Venezuela is now in need of foreign aid in order to rebuild its economy. Venezuela, the seventh largest country in Latin America, has a population of 30 million inhabitants. With both a Caribbean and an Atlantic coastline, it is considered one of the world's most ecologically diverse countries, with four distinct geographical regions. The country has great

potential for sustainable economic and social development. In the current economic situation however the uneven income distribution is widening.

The country's economy is heavily dependent on the energy sector. Energy accounts for some 30% of GDP and more than 90% of export revenues, making the economy vulnerable to oil price fluctuations. Diversifying the economy and the country's export base is therefore a major challenge, but also paramount to the stability of the Venezuelan economy.

Deteriorating economic and political conditions in Venezuela since 2014 have contributed to increasing humanitarian needs and triggered an influx of Venezuelans into neighboring countries, including Brazil, Colombia, Ecuador, Peru, and Trinidad and Tobago, in recent months. Economic conditions inside Venezuela are projected to worsen in 2019, and international media recently reported an unofficial inflation rate of approximately 27,000 percent. State/PRM estimates that more than 2 million Venezuelans have left the country since 2014, with displacement projected to continue during 2019. According to a local survey cited by the Economist, the poverty rate is 76 percent, compared with 55 percent when Hugo Chávez, the late founder of the regime, took power in 1999. Worst of all, the country is running desperately short of food and medicine.

Many Venezuelans and external analysts alike blame the Socialist regime for the decline in the economy.

The population influx is straining the capacity of services, particularly in border areas of Brazil and Colombia. Recent assessments indicate food, health care services, nutrition assistance, and WASH support are among the most urgent humanitarian needs of Venezuelans and host communities in border regions.

## **Past Action**

Europe: The European Commission's humanitarian aid department has been providing emergency support to Venezuela since 2016 focussed on providing medicines, food and protection. Additionally, the Commission aims at building up the ability of vulnerable communities and disaster responders to prepare for, and address the natural hazards plaguing Venezuela and the region.

The European Commission's international cooperation and development department is implementing projects in Venezuela through its thematic and regional programmes to support civil society, local authorities and human and social rights. Recently measures to address food and nutrition security as well as water, hygiene and sanitation have been set up. Additionally the Commission is mobilising its 'migration and asylum programme' to support the region in coping with displaced persons.

On September 25, U.S. Vice President Pence announced more than \$48 million in additional USG humanitarian assistance in response to the Venezuela regional crisis, including approximately \$21.6 million in U.S. Department of State Bureau of Population, Refugees, and Migration (State/PRM) funds, \$18.8 million in USAID/FFP funds, and \$7.8 million in USAID/OFDA funds. The USAID funding includes approximately \$18.6 million for food, health, nutrition, and livelihoods assistance for more than 144,000 vulnerable individuals in Colombia affected by the Venezuelan regional crisis; \$6 million in food assistance for nearly 25,000 food-insecure people in Ecuador; and \$2 million in food assistance for approximately 6,600 vulnerable Venezuelans and host community members in Brazil. The announced funds bring the USG humanitarian assistance total to nearly \$97 million since FY 2017.

## **Wider Issue**

Providing enough aid to Venezuela is not the only issue the international community faces on this topic. From medicine shortages to an extreme lack of food, Venezuelans have been experiencing a profound humanitarian crisis. While the United Nations, the United States and other countries have called on President Nicolas Maduro to accept international humanitarian aid to Venezuela, Maduro has refused any kind of aid that could potentially open doors to a foreign military intervention. This makes the act of even providing aid a challenge, and one that the United Nations will likely be the key to solving. The UN and the rest of the international community interesting in aiding Venezuela must now not just provide aid and resources, but must also negotiate a way to get the aid into the country with President Maduro.

The UN GA2 is tasked with finding a way of both acquiring international aid for Venezuela, as well as convincing the government to accept said aid.