



Indore World Summit

Study Guide (UNODC)



AGENDA

**Authority of FIUs and broadening their scope of
investigating to prevent illicit drug trade**

Letter From The Executive Board

Greetings delegates,

It is an honor to preside over this committee at IWS Model United Nations Conference 2022. This letter shall serve as a concept note for the committee by outlining our expectations. MUN is a platform where you discover, deliberate and decide. Every MUN conference teaches you something new, something different, something better. Not only does it enhance your knowledge but it also teaches you the most important lessons of life: patience, diplomacy, professionalism, decisiveness and confidence. A MUN conference does not end when the committee session is over, every conference broadens your mind and urges you to think differently and analytically. This document should not by any means bind your research to its limits. This guide is just an introduction to the agenda and serves as the starting point for your research. Feel free to revert back to the executive board for any queries or for any form of assistance that you may require. It has been long overdue that all of us unite against the vices of our time to move ahead towards the utopian world we have promised to the future generations. It is with this hope that we wish you luck for the conference. The background guide is not made to spoon feed you so that we are able to test your analytical bent of mind and the committee can come to a common ground and not consider the background guide as the bible.

Regards,
Siddhant Magon
Chairperson
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1. Introduction

The Egmont Group

The Egmont Group is a united body of 166 Financial Intelligence Units (FIUs): FIUs are uniquely positioned to support national and international efforts to counter-terrorist financing. FIUs are also trusted gateways for sharing financial information domestically and internationally per global anti-money laundering and counter-financing of terrorism (AML/CFT) standards. The Egmont Group provides FIUs with a platform to securely exchange expertise and financial intelligence to combat money laundering, terrorist financing (ML/TF), and associated predicate offences.



What is an FIU—the Egmont Definition

“A financial intelligence unit” (FIU) is a central, national agency responsible for receiving, (and as permitted, requesting), analyzing and disseminating to the competent authorities, disclosures of financial information: (i) concerning suspected proceeds of crime and potential financing of terrorism, or (ii) required by national legislation or regulation, in order to combat money laundering and terrorism financing.”

Over the past decade and beyond, the need for a modern anti-money-laundering strategy has become widely accepted internationally. Depriving criminal elements of the proceeds of their crimes has increasingly been seen as an important tool to

combat drug trafficking and, more recently, as a critical element in fighting organized crime, corruption, and the financing of terrorism, and maintaining the integrity of financial markets. The first few financial intelligence units (FIUs) were established in the early 1990s in response to the need for countries to have a central agency to receive, analyze, and disseminate financial information to combat money laundering. Over the ensuing period, the number of FIUs has continued to increase, reaching 84 in 2003. This handbook responds to the need for information on FIUs. It provides references to the appropriate Financial Action Task Force (FATF) standards wherever appropriate.

Although the international community quickly developed standards on combating money laundering in general, mostly through the work started by the FATF in 1989, formal recognition of the FIU as a crucial element in anti money-laundering strategy is more recent. In the 1990 FATF Recommendations, mention was made of the need for financial institutions to report suspicious transactions to “the competent authorities,” but these “competent authorities” were not defined, and could be any government agency designated for the purpose. It is only with the issuance of the 2003 Recommendations that the FATF Recommendations recognized the need for an FIU in the sense defined by the Egmont Group.

FIUs, at a minimum, receive, analyze, and disclose information on suspicious or unusual financial transactions provided by financial institutions to competent authorities. Although every FIU operates under different guidelines, most FIUs, under certain provisions, can exchange information with foreign counterpart FIUs. In addition, many FIUs can provide other government administrative data and public record information to their counterparts, which can also be very helpful to investigators. One of the main goals of the Egmont Group is to create a global network by promoting international cooperation among FIUs.

The FATF Special Recommendations on Terrorist Financing, adopted in October 2001, broadened the scope of the reporting obligation to include transactions sus-

pected of being related to terrorist financing. The revised *40 FATF Recommendations* in June 2003 marks an important milestone in the evolution of the FATF's approach to FIUs. Largely on the basis of the work of the Egmont Group, the recommendations, for the first time, explicitly mention the FIU as the recipient of reports of suspicious transactions and specify that countries should establish FIUs.

The core functions of an FIU call for objectivity in decision making, the timely processing of incoming information, and strict protection of confidential data. As the exchange of information between FIUs is based in large part on trust, building an FIU that inspires trust from its counterparts is key to effective cooperation. To ensure that these requirements are met on an ongoing basis, FIUs need to be given enough operational autonomy to allow them to carry out their assigned tasks without undue interference. At the same time, as government agencies, FIUs are accountable for the way in which they carry out their mission. The means by which FIUs account for their actions and the person or body to which they are formally accountable will vary from country to country. Accountability mechanisms, however, need to ensure that the special powers entrusted to the FIU are not abused and that the public resources put at its disposal are used efficiently for the intended purposes.

Although they vary in many ways, FIUs share a common definition, which refers to their basic function: serving as a national center for the collection, analysis, and dissemination of information regarding money laundering and the financing of terrorism. These three functions are the core functions shared by all FIUs recognized by the Egmont Group. The definition of FIUs based on their core functions was first formalized by the Egmont Group in 1996.³⁹ Similar definitions, also based on the three core functions, have now been incorporated in the revised FATF Recommendations of June 2003⁴⁰ and in two global conventions.⁴¹ Given their different status and history, it is not surprising that in some countries the FIU is entrusted with additional functions. For example, some FIUs monitor the compliance of certain entities with AML/CFT rules and standards. Other FIUs have the power to block reported suspicious transactions for a limited time. The FATF recommen-

ditions set a standard that countries should establish an FIU with the three core functions and contains other provisions that relate to the exercise of these functions. In contrast, no international norm or standard deals with the noncore functions of FIUs.

About UNODC

For two decades, the United Nations Office on Drugs and Crime (UNODC) has been helping make the world safer from drugs, organized crime, corruption and terrorism. We are committed to achieving health, security and justice for all by tackling these threats and promoting peace and sustainable well-being as deterrents to them.

Because the scale of these problems is often too great for states to confront alone, UNODC offers practical assistance and encourages transnational approaches to action. We do this in all regions of the world through our global programmes and network of field offices.

The Office is committed to supporting Member States in implementing the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs) at its core. The 2030 Agenda clearly recognizes that the rule of law and fair, effective and humane justice systems, as well as health-oriented responses to drug use, are both enablers for and part of sustainable development.

The United Nations Office on Drugs and Crime (UNODC) is a global leader in the fight against illicit drugs, transnational organized crime, terrorism and corruption, and is the guardian of most of the related conventions, particularly:

- The United Nations Convention against Transnational Organized Crime and its three protocols (against trafficking in persons, smuggling of migrants and trafficking in firearms)
- The United Nations Convention against Corruption
- The international drug control conventions

UNODC was established in 1997 as a result of the merging of the United Nations Centre for International Crime Prevention and the United Nations International Drug Control Programme. It was established by the Secretary-General of the United Nations to enable the Organization to focus and enhance its capacity to address the interrelated issues of drug control, crime and international terrorism in all its forms.

At present, the Colombian Black Market Peso Exchange method “is the single most efficient and extensive money laundering ‘system’ in the Western Hemisphere,” according to FinCEN. The system involves Colombian traffickers who sell their dollar profits at a discount to agents in the U.S. who work for peso brokers in Colombia. Once the dollars are delivered to the U.S.-based agent, the Colombian broker deposits the agreed-upon funds in pesos in the traffickers’ account. The broker assumes the risk of introducing the laundered funds into the U.S. banking system and later sells the inventory of dollars to Colombian importers who bring in various legal goods, such as cigarettes or computers.

2. Statement of the Issue

Drug Trafficking

Drug trafficking is a global illicit trade involving the cultivation, manufacture, distribution and sale of substances which are subject to drug prohibition laws. UNODC is continuously monitoring and researching global illicit drug markets in order to gain a more comprehensive understanding of their dynamics. Drug trafficking is a key part of this research.

The trade in illicit drugs is estimated to be worth \$400 billion a year, and it accounts for 8% of all international trade, according to the United Nations. In order to invest the profits of their illicit activities and avoid having their assets seized by the government, drug traffickers must transform the monetary proceeds from their criminal ac-

tivity into revenue from apparently legal sources. This is known as money laundering. People who use drugs regularly are likely to experience negative health consequences such as drug use disorders. They are also more at risk of contracting infectious diseases such as HIV and hepatitis C, and to experience overdose and suffer from premature death. Furthermore, an association exists between drug use disorders and co-occurring or comorbid mental health disorders (for example, depression, anxiety or psychosis).^{38, 39, 40} There is also an association between drug use disorders and socioeconomic disadvantage, low educational attainment, increased difficulty in finding and remaining in employment, and financial instability and poverty.⁴¹ The extent to which harmful drug use can affect both the people who use drugs and the people around them is also mediated by the availability of, and access to, services that can help address the adverse health and social consequences of drug use. Moreover, a societal culture that protects and promotes the human rights of people who use drugs and encourages people to access health-care services voluntarily without stigma or fear of recrimination reduces barriers and facilitates access to a range of services and interventions that address drug use disorders and social integration, especially for individuals from population groups with specific needs who are suffering from drug use disorders

In 2019, an estimated 275 million people worldwide aged 15–64, or 1 in every 18 people in that age group, had used drugs at least once in the previous year (range: 175 million to 374 million). This corresponds to 5.5 per cent of the global population aged 15–64 (range: 3.5 to 7.4 per cent). Between 2010 and 2019, the estimated number of past-year users of any drug globally increased from 226 million to 274 million, or by 22 per cent, in part as a result of global population growth, which increased by 10 per cent among those aged 15–64. However, considering the wide uncertainty intervals of these estimates and the fact that the global estimates represent the best available data in any given year, any comparison of the estimates should be undertaken with great caution. Over the last decade, there has been a diversification in the substances available on the drug markets. In addition to

FIG. 11 Global prevalence of drug use and drug use disorders, 2006–2019

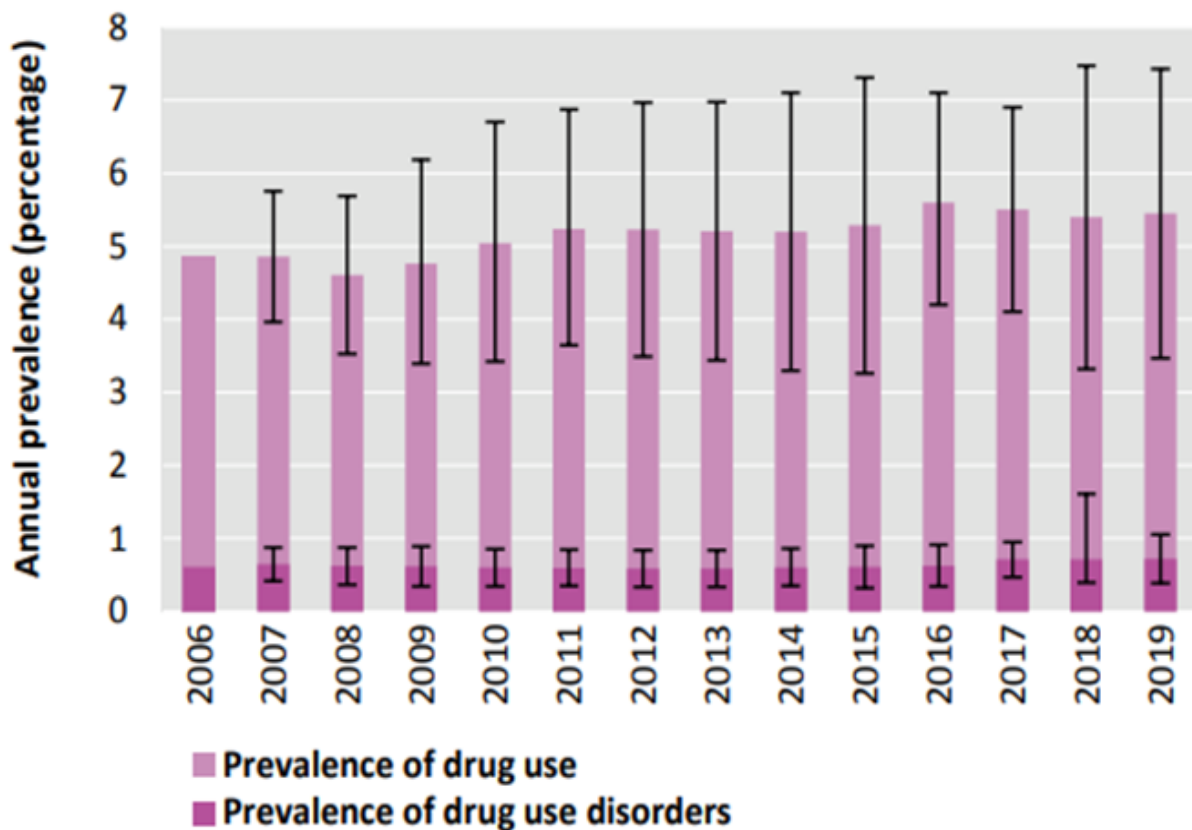
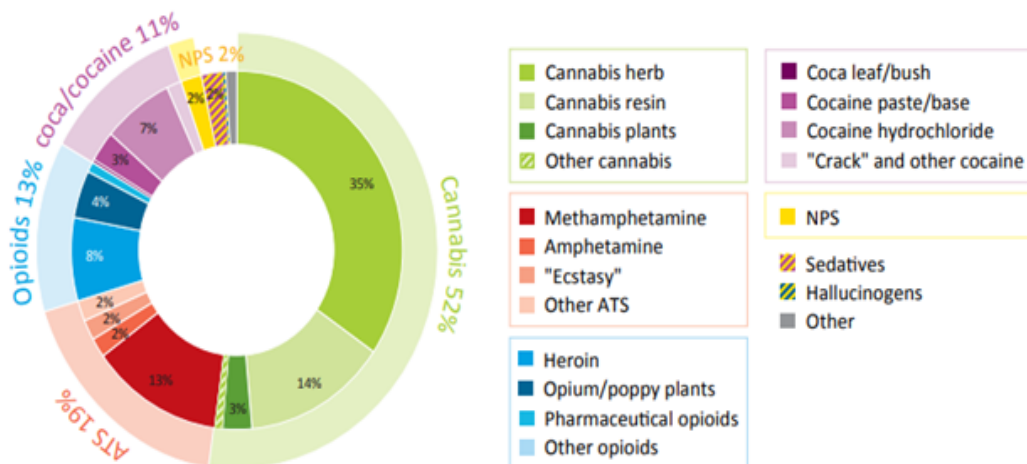


FIG. 32 Global distribution of drug seizure cases by drug types, 2017–2019



Source: UNODC, responses to the annual report questionnaire.

Note: Based on data from 92 Member States reporting, on average, 2.5 million seizure cases per year to UNODC over the period 2017–2019.

traditional plant-based substances (cannabis, cocaine and heroin), the last decade has witnessed the expansion of a dynamic market for synthetic drugs and of the nonmedical use of pharmaceutical drugs. Drugs are more potent nowadays and their increasing availability and consecutive or sequential use among occasional or regular users pose an even greater challenge than in the past to the prevention of drug use, treatment of drug use disorders and

Projected impact of population growth on drug use by 2030 In 2018, an estimated 269 million (range: 166–373 million) people had used a drug at least once in the previous year, equivalent to 5.4 per cent (range: 3.3–7.5 per cent) of the global population aged 15–64.² Assuming no change in the global prevalence of drug use, considering solely the projected increase in the global population would result in the global number of people who use drugs rising by an estimated 11 per cent, to 299 million people by 2030. This projection is purely a reflection of population growth.³ Such an increase at the global level would mask, however, important variations in growth rates across regions. The strongest growth in population, and thus in the projected number of people who use drugs, will take place in lower-income countries (such growth is forecast to exceed 40 per cent over the period 2018–2030), while countries in more developed regions, in particular Europe, will likely see a decline in the number of people who use drugs by 2030.

Population most at risk of using drugs, young people aged 15–34, is projected to grow in the next decade, in particular in low-income countries Most research suggests that adolescence and young adulthood is a critical risk period for initiating drug use.¹⁴ Compared with high-income countries, low-income countries have a younger population. Data show that people aged 15–34 account for about one quarter of the total population in high-income countries and more than one third in low-income countries.¹⁵ The number of young people in middle- and low-income countries

is expected to increase over the next decade. By contrast, population growth in high-income countries is projected to be primarily among those aged 65 and older; the population aged 15–34, the cohort most at risk of using drugs, is projected to decline. This suggests that low-income countries could see a stronger increase in the population using drugs than the increase calculated

purely on the basis of total population growth. That said, such country groupings may also mask large differences in both population age structure and how that structure is projected to change over the next decade between countries with the same level of income.

Macroeconomic Stabilization, Structural Adjustment and Criminal Finance Together, liquidity from the drug trade and reform-induced austerity go far in explaining the supply side and demand side of the transactions investigated in this paper. Anecdotal evidence indicates that illicit drug revenues represent a substantial portion of the financial reserves available to criminal organizations. A 1993 study by the Organization of American States concluded that about \$US250 billion laundered annually derives from the illicit drug trade.¹ The Financial Action Task Force, established by the G-7 Summit in Paris of 1989, estimates that the illicit sale of cocaine, heroin and cannabis amounts to about US\$120 billion annually in the USA and Europe, of which US\$85 billion could be available for laundering.² The United Nations, in a study highlighting the relationship between drugs and development, asserts that the annual turnover in the drug trade could be as high as US\$500 billion.³ Conservative estimates place the volume of the illicit drug trade at \$100 billion.⁴ It is necessary to clarify at the outset that the concepts described in this paper apply to countries with a narrowly defined profile. The entity in which the macroeconomic effects of criminal finance are most likely to be felt is a small, open economy in which there is a large volume of drug-related financial activity. Granted, the number of countries which fit this narrow profile is small indeed. At the same time, it should be pointed out that while the macroeconomic effects of criminal financing may be limited, the actual

practice of criminal financing will most likely become an increasingly prominent activity in countries with liberal, market economies. Studies have sought to document the level of drug-related earnings at the country level. For example, it is estimated that in 1993, expenditure on drugs amounted to 3.3 percent of Pakistan's gross domestic product.⁵ Illicit retail drug transactions amounted to about Rs 33 billion, or about US\$ 1.1 billion dollars. In terms of revenues generated by the export of heroin in Pakistan, it is estimated that between US\$800 million and US\$1.8 billion (see figure I)

In an unstable economy, local currency may be rapidly losing its value to hard currencies such as the US dollar. In many such economies, foreign monies may be the preferred means of transaction. Funds introduced by the drug trafficker will ultimately be exchanged for local currency, thus allowing central authorities to fix the parity between the two currencies. But that point in time may well come long after myriad transactions have been made possible because of, and with, the foreign monies. Indeed, when criminal money fills the void left by reduced money growth, high inflation may persist due to the carry-over of earlier spending behavior. In the short term, criminal money can act as a proxy for domestic currency.

Issues faced by FIUs

It has been mentioned that some FIUs are attached to existing police agencies, to a judicial authority or operate as a separate administrative entity. In practice, administrative or intermediary FIUs are not always completely independent as they are often attached to some supervisory authority, for example a government ministry, the treasury or central bank. The location of a FIU brings up the issue of its independence from political influence, abuse or undue influence in carrying out its work. Tied to this is the issue of its accountability. It is important that, inasmuch as a FIU will to some degree be accountable to the authority to which it is attached, it must retain independence in its functions in order to protect itself from abuse of information at its

disposal.

One of the ways of ensuring this independence is through the statutory imposition of confidentiality around the information submitted to a FIU. Confidentiality, however, has to be balanced with the duty of providing feedback to institutions which report to the FIU as well as ensuring that the FIU is able to exchange information with other FIUs.

There is no international standard for mutual exchange of information between FIUs. International co-operation in this regard is usually on the basis of a memorandum of understanding, which can also provide for limitations on the use to which the information exchanged can be put. The Egmont Group advocates the exchange of information between FIUs in a timely manner, while still guaranteeing confidentiality of the data to be exchanged.²² In principle, a FIU should be able to exchange information with another FIU on a reciprocal basis, irrespective of which model it is. However, information exchanged is generally subject to at least the same strict controls and protection of privacy as would apply to information submitted to a FIU at the domestic level.

3. Relevant International Action

1. Anti-Money Laundering

Financial Action Task Force (FATF) - The FATF is an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing.

- **Forty Recommendations on Money Laundering**
- **Interpretative Notes to the Forty Recommendations**
- **Methodology for Assessing Compliance with the FATF 40+9 Recommendations**

United Nations (UN) Instruments/Conventions

- **Vienna Convention: UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances**, December 19, 1988 and its **status**
- **Palermo Convention: UN Convention Against Transnational Organized Crime**, November 15, 2001 and its **status**
- **Merida Convention: UN Convention Against Corruption**, December 14, 2005 and its **status**

European Union (EU) Instruments/Conventions

- **Warsaw Convention: Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism**, May 16, 2005 and its **status**
- **Strasbourg Convention: Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime**, November 8, 1990
- **Strasbourg Convention - Explanatory Report**
- **Directive 2005/60/EC: European Parliament and Council Directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing**

International Association for Insurance Supervisors (IAIS) - Established in 1994, the IAIS represents insurance regulators and supervisors of some 180 jurisdictions in more than 130 countries, constituting 97% of the world's insurance premiums.

- **Guidance Paper on Anti Money Laundering and Combating the Financing of Terrorism, October 2004**

Basel Committee on Banking Supervision

- **Customer due diligence for banks**
- **Sharing of financial records between jurisdictions in connection with the fight against terrorist financing**

Wolfsberg Principles - The Wolfsberg Standards consist of the various sets of AML Principles, as well as related Statements, issued by the Group since its inception.

- **Wolfsberg Standards – AML Principles and Statements**

Anti-Money Laundering

- **IMF/UNODC Model Legislation on money laundering and financing of terrorism (2005) (also available in Russian)**
- **UN ODCCP Model Legislation on Laundering, Confiscation and International Cooperation with regard to Illicit Traffic in Narcotic Drugs, Psychotropic Substances and Precursors 2003 (French) (for civil law systems)**
- **Commonwealth Secretariat, IMF, and UNODC Model Provisions on Money Laundering, Terrorist Financing, Preventive Measures and Proceeds of Crime, 2009 (for common law legal systems)**
- **UNDCP Model Mutual Assistance in Criminal Matters Bill 2000 (for common law systems)**
- **UNDCP Model Foreign Evidence Bill 2000 (for common law systems)**
- **UNDCP Model Extradition (Amendment) Bill 2000 (for common law systems)**
- **UN Model Treaty on Mutual Assistance in Criminal Matters, 1990**
- **Commonwealth Model Law for the Prohibition of Money Laundering & Supporting Documentation, 1996**
- **OAS - CICAD Model Regulations Concerning Laundering Offenses Connected to Illicit Drug Trafficking and other Serious Offenses**

4. Analysis

Kindly go through the following links in detail it will give you a fair idea upon how we have taken out the analysis.

<https://www.sciencedirect.com/science/article/pii/S0267364921000856>

https://www.researchgate.net/publication/243462420_An_analytical_study_of_the_financial_intelligence_units_enforcement_mechanisms

[https://www.europarl.europa.eu/RegData/etudes/STUD/2022/733968/IPOL_STU\(2022\)733968_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2022/733968/IPOL_STU(2022)733968_EN.pdf)

5. Possible Solutions

These are the past solutions of the topic which would help you to find out various leads upon how to form up solutions

<http://www.assembly.coe.int/LifeRay/JUR/Pdf/TextesProvisoires/2020/20201110-FinancialIntelligenceUnits-EN.pdf>

<https://dor.gov.in/preventionofmoneylaundering/financial-intelligence-unit-india-fiu-ind>

<https://link.springer.com/article/10.1007/s12027-021-00697-z>

<https://www.imf.org/external/pubs/ft/FIU/fiu.pdf>

<https://www.coe.int/en/web/moneyval/implementation/fiu>

<https://eucrim.eu/articles/fight-against-money-laundering-eu/>

6. Case Study

Case Study: criminal exploitation of economic reform in the Russian Federation

In the Russian Federation, domestically-based criminal organizations have staked out particular niches - car thefts, prostitution, etc. - in the illegal market. Competition in the illegal market is most likely too extensive for expatriate organizations to start-up operations without at least establishing an alliance with a local counterpart. In terms of liquidity, given the rampant extortion throughout the urban centers of Russia, it is likely that these organizations already have access to sizable cash

reserves. It was recently reported that most retail trade booths, stores, cafés and restaurants in Moscow paid protection money to criminal groups.³⁶ Given the expanding drug-trafficking networks in the region, criminal reserves will continue to grow. In order to grasp the potential for criminal finance in Russia, it may be useful to recount some of the major events in the Russian economic reform process.

There are three distinct phases in the reform programme of the Russian Federation:

- (a) The pre-1992 phase, when macroeconomic trends reached the point of crisis.
- (b) The period from winter 1992 to fall 1993, when the government embarked on a pseudo-reform programme which tended to aggravate rather than soothe Russia's macroeconomic problems.
- (c) The period from fall 1993 to fall 1994, during which the government, began to tighten monetary and fiscal policy.

Phase 1: pre-1992 An important phenomenon in the late 1980s was the growth in nominal income which far outpaced productivity advances and price increases.³⁷ This trend resulted in shortages and the accumulation of undesired money holdings. By 1990, average real wages were 27 percent higher than 1987 levels. The year 1991 is therefore a good starting point, for that is the year when the then-Soviet leadership began to experiment with market-oriented concepts. By 1991, the divergence of nominal incomes from prices had become extreme. In January 1991, the government shifted many prices from the fixed to the “contractual” category, which were to some degree negotiable. In other words, the first stage in Russian price liberalization was launched. In addition to producer prices, some consumer prices were also quietly liberalized. Retail prices began to rise rapidly in April 1991.

Phase 2: January 1992 - October 1993 The government of the Russian Federation

that entered office in November 1991 prepared a major liberalization plan which was, after some modification and postponement, launched on January 2, 1992. About 90 percent of retail prices and 80 percent of producer prices were then freed. Producer prices rose on average by 500 percent in January 1992, after having more than tripled in 1991. The overall rise meant that the producer price index had risen by about 3.4 times the consumer price index. With higher input prices, firms were faced with mounting pressure to meet wage costs and interenterprise commitments. Inter-enterprise arrears began to rise in the first half of 1992 from less than 3 percent of broad money to more than 150 percent, or about 3 trillion roubles (R). By comparison, total outstanding credit to the banking system of the economy, except for credit to the government, was only about R2 trillion by the end of June 1992. *Lending rates rose from 63 percent in July 1992 to nearly 100 percent at the end of 1992 to 105 percent in February 1993. 15 This buildup of arrears took place in steps. From December 1991 to March 1992, the level rose to R 640 billion while bank debts rose as well as tax arrears. Then, on April 1, 1992 the Russian Central Bank (CBR) set a new requirement that thereafter, all payments would have to be processed through its cash settlement centers. The subsequent slowdown in clearing payments triggered a surge in inter-enterprise arrears to a total of R 1.8 trillion. Furthermore, throughout early 1992, in order to fight rising inflation, the monetary authorities tried to reduce credit expansion and restrict increases in commercial bank borrowing from the CBR. As a result, many banks faced severe liquidity constraints, reducing the level of credit available to firms. The expansion in cheap official credit had two significant consequences. (a) It fueled inflation and in this regard, even though the reform programme began in early 1992, Russian credit policies throughout 1992 actually worsened the macroeconomic problems at hand. (b) Enterprises failed to adjust to the intended adjustment effect of price liberalization; with the provision of extra government credit, necessary adjustments were merely postponed. An IMF report asserts that about one third of the overall rise in arrears was due to the continued rise in producer prices which confronted firms with an inability to finance production.³⁸ Inflation also provided a reason to delay payments. But an equally significant factor

was the widely-shared expectation that monetary authorities would step in and settle all arrears in order to prevent far-reaching default. The absence of bankruptcy laws made it unlikely that the government would threaten bankruptcy or foreclosure, further fueling expectations of a bailout. The rise in firms' foreign currency holdings in 1992 provides further reason to assume that suspension of payments was nothing less than deliberate. The expectation was that the government, as it had done in the past, would come to the rescue. In fact, in July 1992, the CBR instructed commercial banks to identify and meet unmet payment obligations of Russian state enterprises as well as other state enterprises within Russia. The level of arrears had reached R 3 billion by then. In turn, the Central Bank embarked on a massive four-month "bail-out" after which inter-enterprise arrears had been reduced to approximately R 450-480 billion. In the third quarter of 1992, bank credit rose by more than 100 percent and the final quarter, it rose further by 65 percent, due to an expansion of CBR lending to commercial banks. In 1992, the CBR provided a total of R 2.8 trillion worth of credit. With cheap credit, firms were able to pay employees and meet many of their payment obligations - restructuring was in effect, made unnecessary. There was no sufficient incentive to adjust production and employment levels to new market conditions.

Phase 3: October 1993-October 1994 In late 1993, the CBR tightened credit by raising the discount rate charged to banks at a rate above inflation. In mid-1994, the rate was 13 percent a month for rouble borrowing from the Central Bank - double the rate of inflation.³⁹ Few commercial banks were borrowing at such high rates, translating into a liquidity vacuum for many firms. At August 1994, the Central Bank lending rate was 150 percent per year.⁴⁰ Commercial banks became highly selective in lending their own funds. They provided mainly short-term loans at high interest rates.* In the last quarter of 1993, the average monthly growth of money as measured by M2 was reduced 12 percent, the lowest level since the reform programme was launched in 1992.⁴¹ Money supply jumped in *Respectively, 27 per cent and 18 per cent (The Economist Intelligence Unit, Country Report: Russia, Third Quarter

1994 (London, 1994), p. 25). 16 0 5 10 15 20 25 30 June-93 July August September October November December Jan-94 February March April May June December 93, but fell sharply to 5 percent in January 1994.⁴² M2 rose by 15.9 percent in March, but on average for the first four months of 1994, money supply grew by 10 percent a month.⁴³ In the first quarter, subsidies to inefficient firms were slashed from 12.5 percent of GDP in 1992 to 7.4 percent.⁴⁴ Progress in fighting inflation was not cost free, as reflected in the precipitous decline in industrial output and GDP in the first half of 1994 (see figure IV)* . Official unemployment remained low - at 1.4 million or 2 percent of the active labor force⁴⁵ - but there was much speculation about a pending unemployment crisis

Three reasons suggest that criminal finance may grow as a source of informal credit in the economy of the Russian Federation.

First, as the inter-enterprise debt overhang is addressed by the government, there will be a demand for other sources of informal credit.

Second, the financial system is being overhauled, and domestic institutions will have problems meeting the need for finance capital.

Third, the presence of organized crime in the Russian market is well-established

7. Bibliography

<https://www.un.org/en/library>

<https://www.india.gov.in/>

UN Reports

UN Case Studies

National News Agencies of UK,USA,India,Japan,Mexico

- **Rules of procedure**

Roll Call

A committee meeting begins with a roll call, without which quorum cannot be established. A debate cannot begin without a quorum being established. A delegate may change his/her roll call in the next session. For example, if Delegate answers the Present in the First session, he can answer Present and vote in the next session when the roll call occurs.

During the roll call, the country names are recalled out of alphabetical order, and delegates can answer either by saying Present or Present and voting. Following are the ways a roll call can be responded in -

Present - Delegates can vote Yes, no, or abstain for a Draft Resolution when they answer the Roll Call with Present;

Present and voting - An delegate is required to vote decisively, i.e., Yes/No only if they have answered the Roll Call with a Present and voting. A Delegate cannot abstain in this case.

Abstention - The Delegate may abstain from voting if they are in doubt, or if their country supports some points but opposes others. Abstention can also be used if a delegate believes that the passage of the resolution will harm the world, even though it is unlikely to be highly specific. A delegate who responded with present and voting is not allowed to abstain during a substantive vote. An abstention counts as neither "yes" nor "no vote", and his or her vote is not included in the total vote tally.

Quorum

In order for the proceedings of a committee to proceed, quorum (also known as a minimum number of members) must be set which is one-third of the members of the committee must be present. Quorum will be assumed to be established unless a delegate's presence is specifically challenged and shown to be absent during the roll call. The Executive Board may suspend committee sessions if a quorum is not reached.

General Speakers List

After the agenda for the session has been established, a motion is raised to open the General Speaker's List or GSL. The GSL is where all types of debates take place throughout the conference, and the list remains open throughout the duration of the agenda's discussion. If a delegate wishes to speak in the GSL, he or she must notify the Executive Board by raising his or her placard when the Executive asks for Delegates desiring to speak in the GSL. Each country's name will be listed in the order in which it will deliver its speech. A GSL can have an individual speaker time of anywhere from 60-120 seconds. Following their GSL speech, a Delegate has the option of yielding his/her time to a specific Delegate, Information Points (questions) or to the Executive Board.

Speakers List will be followed for all debate on the Topic Area, except when superseded by procedural motions, amendments, or the introduction of a draft resolution. Speakers may speak generally on the Topic Area being considered and may address any draft resolution currently on the floor. Debate automatically closes when the Speakers List is exhausted.

Yield

A delegate granted the right to speak on a substantive issue may yield in one of three ways at the conclusion of his/her speech: to another delegate, to questions, or to the Director. Please note that only one yield is allowed. A delegate must declare any yield at the conclusion of his or her speech.

- Yield to another delegate. When a delegate has some time left to speak, and he/ she doesn't wish to utilize it, that delegate may elect to yield the remaining speaking time to another delegate. This can only be done with the prior consent of another delegate (taken either verbally or through chits). The delegate who has been granted the other's time may use it to make a substantive speech, but cannot further yield it.
- Yield to questions. Questioners will be selected by the Executive Board. Follow-up questions will be allowed only at the discretion of the Director. The Director will have the right to call to order any delegate whose question is, in the opinion of the Director, rhetorical and leading and not designed to elicit information. Only the speaker's answers to questions will be deducted from the speaker's remaining time.

- Yield to the EB. Such a yield should be made if the delegate does not wish his/her speech to be subject to questions. The moderator will then move to the next speaker.

Motions

Motions are the formal term used for when one initiates an action. Motions cover a wide variety of things.

Once the floor is open, the Chairs will ask for any points or motions. If you wish to bring one to the Floor, this is what you should do:

- Raise your placard in a way that the chair can read it
- Wait until the Chair recognizes you
- Stand up and after properly addressing the Chair("Thank you, honourable Chair" or something along these lines), state what motion you wish to propose
- Chairs will generally repeat the motions and may also ask for clarification. Chairs may do this if they do not understand and may also ask for or suggest modifications to the motion that they feel might benefit the debate.

Every motion is subject to seconds, if not otherwise stated. To pass a motion at least one other nation has to second the motion brought forward. A nation cannot second its own motion. If there are no seconds, the motion automatically fails.

If a motion has a second, the Chair will ask for objections. If no objections are raised, the motion will pass without discussion or a procedural vote. In case of objections, a procedural vote will be held. The vote on a motion requires a simple majority, if not otherwise stated.

While voting upon motions, there are no abstentions. If a vote is required, everyone must vote either "Yes" or "No". If there is a draw on any vote, the vote will be retaken once. In case there are multiple motions on the Floor, the vote will be casted by their Order of Precedence. If one motion passes, the others will not be voted upon anymore. However, they may be reintroduced once the Floor is open again.

During a moderated caucus, there will be no speakers' list. The moderator will call upon speakers in the order in which they signal their desire to speak. If you want to bring in a motion for a moderated caucus, you will have to specify the duration, a

speakers' time, a moderator, and the purpose of the caucus. This motion is subject to seconds and objections but is not debatable.

In an unmoderated caucus, proceedings are not bound by the Rules of Procedure. Delegates may move around the room freely and converse with other delegates. This is also the time to create blocks, develop ideas, and formulate working papers, draft resolutions, and amendments. Remember that you are required to stay in your room unless given permission to leave by a Chair.

During the course of debate, the following **points** are in order:

- **Point of Personal Privilege:** Whenever a delegate experiences personal discomfort which impairs his or her ability to participate in the proceedings, he or she may rise to a Point of Personal Privilege to request that the discomfort be corrected. While a Point of Personal Privilege in extreme case may interrupt a speaker, delegates should use this power with the utmost discretion.
- **Point of Order:** During the discussion of any matter, a delegate may rise to a Point of Order to indicate an instance of improper parliamentary procedure. The Point of Order will be immediately decided by the Director in accordance with these rules of procedure. The Director may rule out of order those points that are improper. A representative rising to a Point of Order may not speak on the substance of the matter under discussion. A Point of Order may only interrupt a speaker if the speech is not following proper parliamentary procedure.
- **Point of Parliamentary Enquiry:** When the floor is open, a delegate may rise to a Point of Parliamentary Inquiry to ask the EB a question regarding the rules of procedure. A Point of Parliamentary Inquiry may never interrupt a speaker. Delegates with substantive questions should not rise to this Point, but should rather approach the committee staff during caucus or send a note to the dais.
- **Point of information:** After a delegate gives a speech, and if the delegate yields their time to Points of Information, one Point of Information (a question) can be raised by delegates from the floor. The speaker will be allotted the remainder of his or her speaking time to address Points of Information. Points of Information are directed to the speaker and allow other delegations to ask questions in relation to speeches and resolutions.

- **Right to Reply:** A delegate whose personal or national integrity has been impugned by another delegate may submit a Right of Reply only in writing to the committee staff. The Director will grant the Right of Reply and his or her discretion and a delegate granted a Right of Reply will not address the committee except at the request of the Director.

Draft Resolution

Once a draft resolution has been approved as stipulated above and has been copied and distributed, a delegate(s) may motion to introduce the draft resolution. The Director, time permitting, shall read the operative clauses of the draft resolution. A procedural vote is then taken to determine whether the resolution shall be introduced. Should the motion received the simple majority required to pass, the draft resolution will be considered introduced and on the floor. The Director, at his or her discretion, may answer any clarificatory points on the draft resolution. Any substantive points will be ruled out of order during this period, and the Director may end this clarificatory question-answer period' for any reason, including time constraints. More than one draft resolution may be on the floor at any one time, but at most one draft resolution may be passed per Topic Area. A draft resolution will remain on the floor until debate on that specific draft resolution is postponed or closed or a draft resolution on that Topic Area has been passed. Debate on draft resolutions proceeds according to the general Speakers List for that topic area and delegates may then refer to the draft resolution by its designated number. No delegate may refer to a draft resolution until it is formally introduced.

Amendments

All amendments need to be written and submitted to the executive board. The format for this is authors, signatories and the clause with mentioning the add, delete and replace. There are two forms of amendment, which can be raised by raising a motion for amendment and approval of the chair=

Friendly Amendments: Amendment, which is agreed upon by all the author's does not require any kind of voting

Unfriendly Amendments: Amendments that are introduced by any other need not be voted upon by the council and are directly incorporated in the resolution. You need a simple majority in order to introduce a normal amendment.

BODY of Draft Resolution

The draft resolution is written in the format of a long sentence, with the following rules:

- Draft resolution consists of clauses with the first word of each clause underlined.
- The next section, consisting of Preambulatory Clauses, describes the problem being addressed, recalls past actions taken, explains the purpose of the draft resolution, and offers support for the operative clauses that follow. Each clause in the preamble begins with an underlined word and ends with a comma.
- Operative Clauses are numbered and state the action to be taken by the body. These clauses are all with the present tense active verbs and are generally stronger words than those used in the Preamble. Each operative clause is followed by a semi-colon except the last, which ends with a period.

SAMPLE POSITION PAPER

Committee : UNDP

Country : Chad

Topic : Women in Development

Chad is concerned about gender equality concerns and is pleased that people are paying attention to this subject. We promote human rights and believe that all humans, including men and women, are created equal. We see that violence and gender discrimination would be a violation of human rights. We also think that women, like men, should be allowed a larger role in practically every facet of life.

This crisis has been resolved in practically every country, and we now need to create a safer and more secure environment. Improved environment for women and their activities As many as 70% to 80% of women are responsible for their home. However, they are in an unpleasant condition due to a lack of education, financial management, and even awareness of their rights. Which led to bigger problems such as unpaid overtime work, low education owing to forced young marriage, and other culturally based constraints that make people unhappy.

Our country may have joined and ratified human rights accords that acknowledged the Gender equality is a concept. And our government enthusiastically passed the domestic violence statute, which is yet another step toward recognising this issue. Nonetheless, we think that there is a problem in law enforcement, which is why Chad will participate in UNDP programmes regarding gender equality, women empowerment, and advocating our position to our own people.

The government of Chad presented various remedies to this problem.

1. Creating an environment in which women are accepted and treated equally. in which case

As an example, UNDP should engage in social and cultural activities to create a “model community.” to different villages Education is one of the projects. The majority of the time, young girls are stolen away from school and compelled to work or marry owing to financial difficulties Developing an option may be night school or another flexible-in-time and free school.

2. A basic financial education. Women should seek out services or products that are effective. capable of handling them We would aid them in obtaining credit and a better and safer loan. And they should be functioning as entrepreneurs in their town or group. Which in this case In this situation, they create a new, independent employment.

