BACKGROUND *Guide*

UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL

Table of Contents

Letter from the Dais.....3

Introduction to the Committee.....4

Introduction to the Agenda.....6

Key Terms.....8

Major Stakeholders.....10

Past Solutions.....13

Bibliography.....15

Letter from the Dais

Economic and Social Council
Agenda: Assessing the economic and humanitarian consequences of unilateral sanctions on developing and vulnerable economies

Dear Delegates,

Welcome to the Economic and Social Council. We're glad to have you here, and we're looking forward to a committee that will push you to think hard. Over the next few days, you will speak for your Member States on a question that has no easy answer: what do unilateral sanctions actually do to developing and vulnerable economies?

Sanctions are usually described as the peaceful option, the step countries take instead of going to war. The idea is to pressure governments into changing course, to discourage violations of international norms, and to protect peace and security. But anyone who has looked closely at how sanctions play out knows that the damage doesn't stay with political leaders. Trade restrictions, frozen assets, financial barriers, and secondary sanctions can make it harder to import food and medicine. They can cut off access to foreign currency. They can make banks too nervous to process even legitimate payments. And the countries that feel this most are the ones with thin reserves, fragile infrastructure, and a heavy reliance on imports.

So we want you to look past what sanctions are meant to do and focus on what they really do. Sanctioning states will tell you that these measures protect their security and defend international law, and that case deserves a fair hearing. Targeted states will argue that unilateral measures hold back their development, undermine their sovereignty, and hurt ordinary people, and that case deserves one too. Between the two sit humanitarian agencies, businesses, banks, and millions of people whose access to healthcare, schooling, housing, and work is on the line.

Your job isn't to simply attack or defend sanctions. It is to weigh their consequences using evidence, to tell comprehensive measures apart from targeted ones, to look carefully at humanitarian exemptions, and to build

workable frameworks that protect civilians without ignoring the reasons sanctions are imposed in the first place. The strongest resolutions will deal with accountability, monitoring, humanitarian carve-outs, the problem of over-compliance by banks and companies, and the specific needs of least developed and vulnerable economies.

Please keep your conduct diplomatic, use the UN Charter accurately, and aim for solutions that fit ECOSOC's mandate. This Council exists to coordinate action across the economic, social, and environmental sides of sustainable development, so tie your arguments back to poverty, food security, health, development finance, and the 2030 Agenda.

We can't wait to see the research you bring and the negotiations that follow. Good luck, and enjoy the debate.

Warm regards,

Arnav Ajaykumar
Head Chair

Aditya Patil
Co-Chair

Philip Chummar
Co-Chair

Introduction to the committee

The Economic and Social Council (ECOSOC) offers support to its member states in terms of developing their socio-economic status. According to the UN:

“The Economic and Social Council is at the heart of the United Nations system to advance the three dimensions of sustainable development – economic, social and environmental. It is the central platform for fostering debate and innovative thinking, forging consensus on ways forward, and coordinating efforts to achieve internationally agreed goals. It is also responsible for the follow-up to major UN conferences and summits.”

ECOSOC is one of the six main organs of the UN, as highlighted in the 1945 UN Charter, and is responsible for solving economic, social, and environmental problems around the world. It consists of 54 members, 18 of whom are elected by the General Assembly to serve on ECOSOC for a 3-year term.

ECOSOC has 3 motives in its overall goal to ensure sustainable development. These motives are:

- To identify emerging challenges in the economic, social, and environmental realms.
- Promote innovation.
- Achieve a balanced integration between the three pillars of sustainable development, namely, economic, social, and environmental.

ECOSOC has sought to accomplish these three by dividing its work into 4 segments:

1. The Coordination Segment: This promotes the work of subsidiary bodies of ECOSOC and the UN system to implement the 2030 Agenda for Sustainable Development
2. The Humanitarian Affairs Segment: This strengthens the coordination of UN humanitarian efforts
3. The Operational Activities for Development Segment: This provides overall guidance for UN funds and programmes

4. The Management Segment: This reviews reports of ECOSOC subsidiary and expert bodies; promotes UN system coordination on development issues; and considers special country or regional concerns

ECOSOC has formed even more sub-organs and forums that have sought to solve economic and social problems among the youth, and ensure coordination across ECOSOC.

Introduction to the Agenda

Agenda: Assessing the economic and humanitarian consequences of unilateral sanctions on developing and vulnerable economies

Economic sanctions have increasingly become a primary instrument of international diplomacy and statecraft. While multilateral sanctions, such as those mandated by the United Nations Security Council, are backed by international consensus and legal frameworks under Chapter VII of the UN Charter, **unilateral coercive measures (UCMs)** are imposed independently by individual states or regional blocs without broader international authorization.

While sanctioning nations often frame these measures as non-violent tools to enforce compliance with international law, protect human rights, or discourage conflict, their real-world application frequently causes widespread collateral damage. In developing and vulnerable economies, the unintended economic and humanitarian strain of UCMs often hits civilian populations the hardest rather than political elites.

Unilateral sanctions impact targeted states through multiple channels:

1. **Financial Isolation:** Direct sanctions and secondary sanctions restrict access to global financial messaging systems (such as SWIFT), freezing foreign reserves and severely limiting international trade.
2. **Over-Compliance:** Due to heavy fines and legal risks imposed by sanctioning authorities, international commercial banks, shipping firms, and suppliers often practice extreme caution—refusing to process legal transactions or facilitate essential trade even when humanitarian exemptions apply.
3. **Macroeconomic Instability:** Sanctioned developing nations frequently experience severe currency devaluation, hyperinflation, declining foreign direct investment (FDI), and constrained government budgets.

The humanitarian toll is directly linked to these economic breakdowns. Sanctioned states regularly face shortages of critical medicines, medical equipment, food imports, and agricultural inputs like fertilizers. This exacerbates food insecurity, undermines public healthcare systems, and stifles the achievement of the UN Sustainable Development Goals (SDGs), particularly SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 3 (Good Health and Well-being), and SDG 8 (Decent Work and Economic Growth). ECOSOC must balance sovereign diplomatic measures with international humanitarian obligations to protect vulnerable populations.

Key Terms

1. **Unilateral sanctions:** Economic, financial, trade, or other restrictive measures imposed by one state, or a group of states, without authorisation from the United Nations Security Council. They may include embargoes, asset freezes, investment restrictions, and travel bans.
2. **Unilateral coercive measures:** A broader term used by the United Nations for measures applied by a state to compel another state to change its policy or behaviour. These measures can affect trade, finance, investment, and access to essential goods.
3. **Multilateral sanctions:** Sanctions adopted through an international institution, most commonly the United Nations Security Council, and binding on Member States under Chapter VII of the United Nations Charter.
4. **Targeted or smart sanctions:** Measures intended to focus on specific individuals, companies, or entities rather than an entire population. Examples include asset freezes, travel bans, and sectoral restrictions.
5. **Comprehensive sanctions:** Broad restrictions applied to an entire country, often affecting trade, finance, investment, and access to international markets.
6. **Secondary sanctions:** Measures that penalise third-country individuals, companies, or financial institutions for engaging in permitted business with a sanctioned state or entity. These can create a chilling effect because foreign firms may avoid legitimate transactions to reduce legal and financial risk.
7. **Overcompliance:** When banks, companies, insurers, or other private actors refuse lawful transactions because they fear sanctions-related penalties, even where the transaction is legally permitted. This can block humanitarian payments and trade in essential goods.
8. **Humanitarian exemption or humanitarian carve-out**: A legal exception allowing funds, goods, and services needed for humanitarian

assistance or basic human needs to be provided despite certain sanctions. Security Council Resolution 2664 created a standing humanitarian exemption for asset freeze measures imposed by United Nations sanctions regimes.

9. **De-risking:** The practice by financial institutions of ending or restricting relationships with clients, regions, or sectors perceived as high risk. It can exclude vulnerable populations from banking services and disrupt remittances.
10. **Developing and vulnerable economies:** States with limited fiscal capacity, dependence on imports, weak access to global finance, or high exposure to external shocks. Least developed countries, small island developing states, landlocked developing countries, and conflict-affected states often face disproportionate harm from external economic restrictions.
11. **Sustainable development**: Development that balances economic growth, social inclusion, and environmental protection. ECOSOC coordinates United Nations action across these three dimensions and supports implementation of the 2030 Agenda for Sustainable Development. ecosoc.
12. **Extraterritoriality**: The application of a state's laws or sanctions beyond its own borders, often affecting foreign companies and nationals. This raises questions about jurisdiction, sovereignty, and international trade.
13. **Chilling effect**: The discouragement of lawful humanitarian, commercial, or financial activity because actors fear possible sanctions exposure, investigation, or loss of access to international markets.

Major Stakeholders

When it comes to sanctions, we've got to first consider what both parties of stakeholders for the issue at hand are. These include countries that impose and enforce sanctions, and other countries that receive these sanctions.

Let's look at countries that sanction others first:

This group of countries gives us a really mixed bag of political standings. This is because they can dole out sanctions in various ways, on different things and for different intentions. Here are the main groups, according to studies and classifications by the Moody's Corporation:

1. **Countries That Are Autonomous/Unilateral Sanction Imposers:**

   These are countries that have the capacity to impose their own sanctions. They are going to do all the work relating to actually saying that they've implemented a sanction. The legality of these sanctions is quite questionable, and many uses of these unilateral sanctions are either unregulated or based on questionable legality. Remember that sanctions like these are also known as "Unilateral Coercive Sanctions." Examples of countries that use them are the USA, the United Kingdom, Canada, Australia, Japan, and other allied nations.

2. **Blocs That Are Autonomous/Unilateral Sanction Imposers:**

   These are groups of countries that collaborate to impose a sanction on another region or country. They work on enforcing their own sanctions as a unit of a bloc. Example countries for this would be the European Union or the Group of 7 (G7),

3. **Countries that don't impose sanctions:**

   This is just a handful since all countries are required by the United Nations to enforce UN sanctions. They are either too war-torn or

debated countries to actually enforce sanctions. This involves the Holy See, Western Sahara, the Palestinian States, and North Korea.

This group of countries has their own major players:

1. **The United States of America:**

The United States of America (USA) is the biggest imposer of unilateral sanctions and it accounts for 40% of all unilateral sanctions globally. They accomplish this volume by secondary sanctions, meaning that they penalize third-party countries or foreign financial institutions (such as banks in third-party countries) if they do business with any USA-sanctioned entities. It carries out its sanctions primarily through the Office of Foreign Assets Control. In recent years, the use of unilateral sanctions has been questioned in its legality, with them commonly referred to as President Trump's "weapon of choice".

2. **The European Union**:

The European Union features as the one bloc that doles the most sanctions as compared to any other bloc, and enforces it using the effort of their member states, placing regulatory bodies to oversee the proper implementation of these sanctions. Sanctions by the EU tend to be more structural and less frantic or reckless than countries' unilateral sanctions, given its multi-step decision and implementation process.

3. **The Group of 7**

The G7 consists of member states that acts as a group of nations that does not necessarily act as a legally binding sanction authority in comparison to

the EU. This is a hub for launching multilateral sanctions rather than bloc-made unilateral ones.

Now that we've looked at the sanction imposers, let's look at countries that are impacted by these sanctions:

To look at these stakeholders, we've got to know the categories of sanctions they fall under. Note that the following countries are mainly under USA- and UN-enforced sanctions:

- Countries under comprehensive embargoes: This is a type of sanction that prohibits nearly all economic activity, imports, exports, and financial transactions. The United States is the most common country to impose these, putting these kinds of sanctions on countries like Cuba, North Korea, Iran, Syria, and the Russian-controlled areas of Ukraine.

- Countries under targeted/list-based sanctions: These types of sanctions try to focus on asset freezes and total blocks in certain industries. This is not a blanket ban on all entities within that industry, but is rather a restriction or block on the workings of certain entities, individuals, or groups. Countries under these sanctions include Afghanistan, Libya and the Democratic Republic of Congo.

- Countries under sectoral sanctions: These sanctions are not blanket bans on transactions between two countries, but are rather a blockage or restriction on a specific sector or section of a country's economy, energy and defense sectors being justifiable examples. Some countries under these sanction regimes would include Russia, Belarus, Iran and Syria.

Note: Countries might overlap in some cases since different countries and blocs can give their own unilateral sanctions and multiple countries or blocs can target one country with their sanctions.

Past Solutions

UN General Assembly & Human Rights Council Resolutions:
The UN General Assembly regularly adopts resolutions condemning unilateral coercive measures as violations of international law, national sovereignty, and the principle of non-intervention. The UN Human Rights Council also established the mandate of the *Special Rapporteur on the negative impact of unilateral coercive measures on the enjoyment of human rights*. Reports from the Special Rapporteur consistently document how UCMs disproportionately impact vulnerable demographics and hamper socioeconomic development.

Humanitarian Exemptions and Carve-Outs:
Sanctioning jurisdictions (such as the US Treasury's OFAC or EU authorities) have integrated humanitarian exceptions, general licenses, and carve-outs meant to allow trade in medicine, medical devices, and basic foodstuffs. Additionally, UN Security Council Resolution 2664 (2022) established a standardized humanitarian carve-out across UN sanction regimes. However, the effectiveness of these exemptions in practice remains widely contested due to complex bureaucratic red tape and global banking risk aversion.

Alternative Financial Mechanisms:
To circumvent financial blockades, affected nations and trading partners have created independent payment pathways. Examples include the Instrument in Support of Trade Exchanges (INSTEX), developed by European nations to facilitate non-dollar trade with Iran—as well as national currency settlement agreements and alternative interbank messaging networks among emerging economies.

UN Agency Operational Guidelines:
UN agencies like the World Food Programme (WFP), WHO, and UNDP have developed internal guidelines and procurement mechanisms to operate in sanctioned environments. Despite these efforts, these bodies frequently run into logistical delays, elevated shipping costs, and banking hurdles when trying to deliver emergency relief.

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