



PHILIPPINES

REMARKS

by

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at the

ECOSOC Dialogue on Delivering the 2030 Agenda: The Role of the UN Development System in Middle-Income Countries

"Moving Towards a Tailored Approach for Increasingly diverse Capacities and ever-Changing Needs: Member States Priorities and Challenges in Difference Country Contexts"

At the outset, allow me to express my appreciation to the ECOSOC, in particular to Ambassador Alejandro Palma Cerna, Vice-President of ECOSOC, for convening this very important and timely dialogue on the middle-income countries and how the UN Development System can assist this group of countries and their populations achieve sustainable development.

MICs Defined

The World Bank classification of middle income countries on the basis of gross national income (GNI) per capita lumps together a group of 104 heterogenous countries that vary by size, population, income level, development potential and economic and social achievement. They are home to 5 billion of the world's 7 billion people and one-third of the global GDP.

During the negotiations of the 2030 Agenda for Sustainable Development, the Philippines, together with several like-minded middle income countries, strongly advocated for the recognition of the role that MICs play in global development and their need for sustained international support. This advocacy was imperative because there was an interesting debate on whether to institutionalize middle-income countries as a category in the UN development lexicon whose needs must be reflected in the Agenda and who must be empowered. Some developing countries feared that MICs would crowd out and present competing claims over the already limited resources in the UN development system. Among the MICs themselves, there were those who were apprehensive of the risks of losing their preferential status as aid beneficiaries and preferential market access for their exports.

In the face of this challenge, we refused to concede that MICs be consigned to an invisible class in the UN development agenda or a residual category as in others or other

developing countries. It was critical to raise awareness and articulate the needs and aspirations of the middle-income countries.

Today, the 2030 Agenda endorses an active policy of development cooperation and engagement with the middle-income countries, compatible with the preference that must continue to be given to the low-income countries.

First, a strong international support for middle-income countries must be sustained because the reality is that more than 70% of world's poor live in MICs. If we want to advance our 2030 Agenda for Sustainable Development, MICs need global support to lift millions out of poverty. We need to address poverty no matter where it occurs.

Second, even if MICs have achieved bursts of accelerated growth, formidable challenges remain, including the so-called "middle income trap" when growth stagnates or worse, their economies backslide. One of the characteristics of MICs is that their growth rates are highly volatile and vulnerable to external shocks. MICs need international support to consolidate progress and make it irreversible.

Third, enhanced cooperation with the MICs must be fostered because MICs do good, they are part of the solution. As they gradually assume higher responsibilities and cooperation tasks, many MICs also have their own aid programmes for the least developed countries even when they continue to be recipients of aid (so-called "duality" in development cooperation when countries both give and receive aid). MICs also create spill-over growth effects and serve as engines of growth not only in the region but in the world as well. If countries need to strengthen their middle class as a source of dynamism for its economy, the MICs could also lend stability and dynamism to the world.

Fourth, MICs must continue to build strong partnerships because MICs contribute to the aggregate well-being in the world. For example, MICs are increasingly making important contributions in achieving global public goods through peacekeeping and peacebuilding, fighting pandemics, financial stability, dissemination of knowledge, trade integration, and environment sustainability.

The middle-income countries are among the most dynamic economies in the world. Several MICs have the potential to catch up with the High Income Countries, but there are also MICs that risk losing ground on previous achievements due to vulnerability to economic crises and external shocks. Despite their diversity, the MICs face a common challenge: the need to sustain strong growth and growth that is inclusive. While poverty may have declined, poverty persists. Moreover the rapid rise of many MICs has often gone hand-in-hand with an increase in inequality, rather than a decrease in inequity. If not addressed, inequality constricts economic growth and dampens poverty reduction. There are political consequences as well. Inequality erodes people's faith and trust in government & democratic institutions when people feel left out and become deeply disaffected.

Solutions we Need

The development solution that we are looking for in middle-income countries is growth that is sustained and rapid enough and, at the same time, more inclusive. Sustained growth that creates jobs, draws the majority into the economic and social mainstream and makes a difference in people's lives.

Towards this end, actions in six broad areas are proving to be critical:

First, an orderly graduation from aid dependence. Aid flows must be managed in a healthy way i.e., donors should not stop giving aid to MICs abruptly. Through targeted interventions, donors could modify and adapt the contents of the aid to the specific needs of the MICs at each stage of the development path. Blended forms of financing through ODA and public-private partnerships are also important.

Second, investment in critical infrastructure is a major growth strategy for MICs, with particular attention to the provision of universal access to basic social infrastructure such as health and education.

Third, building the human capital base in middle income countries is imperative. Growth is inclusive when people have the skills to take advantage of income-earning opportunities.

Fourth, addressing the possible impact of climate change (especially natural disasters) and rapid urbanization on the growth dynamics of middle-income countries must be pursued.

Fifth, access to vital and environmentally sound technologies, knowledge, expertise and innovations that can be used to improve the delivery of services can be facilitated through North-South, South-South and triangular cooperation.

Sixth, good governance and the rule of law must be considered in all reforms.

Role of the UN

I would like to conclude by highlighting the need for a proactive role of the UN in fostering the role of middle-income countries in the system of international relations, especially with regard to nurturing and maximizing their contribution to global public goods.

At present the UN development system has no well-defined agenda that guides its substantive programme content towards the priorities of MICs. Several UN country teams have been redefining their agendas - however a clear approach that provides guidelines and sets priorities in MICs are needed rather than to proceed on an ad hoc basis.

A defined agenda would be useful in ensuring that the diverse and specific development needs of MICs are appropriately considered and addressed in the relevant strategies and policies of the UN development system. This agenda should be considered a complement to the existing action plans of other country groups such as the Vienna Action program for Land-locked developing countries, the SAMOA Pathway for

small island developing countries, and the Istanbul Program of Action for the least developed countries. Indeed one of the best ways to support poverty reduction in the world is to ensure the continued prosperity and stability of the middle-income countries.

Thank you for your attention.