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General Assembly**

**General Assembly High-level Meeting on the  
Middle-Income Countries**

**Informal Summary of the  
President of the General Assembly**

**Tuesday, 4 December 2018  
United Nations Headquarters, New York**

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**Informal Summary**

**I. Introduction**

The United Nations General Assembly convened a High-Level Meeting to discuss the gaps and challenges of middle-income countries (MICs) in the implementation of the 2030 Agenda for Sustainable Development on Tuesday 4 December 2018, at UN Headquarters in New York. This Meeting was called for in General Assembly resolution 72/230, entitled *“Development cooperation with middle-income countries”*.

The objectives of the meeting were to launch discussions on the gaps and challenges of middle-income countries in the implementation of the 2030 Agenda; facilitate an ongoing exchange of experiences among MICs and other actors; and highlight the support and coordination that the United Nations development system, the international financial institutions (IFIs), regional organizations and other stakeholders could extend to MICs, as well as to highlight their role in international cooperation initiatives, including South-South cooperation.

The high-level meeting consisted of an opening segment, two interactive panel discussions, plenary segments for general discussion, and a closing segment. The meeting produced action-oriented and solutions-based recommendations to support MICs in building their capacity and resilience towards the attainment of the 2030 Agenda, and in enhancing their support to other developing countries.

**II. Key messages**

*Middle-income countries as critical drivers of sustainable development*

- MICs are home to most of the world’s population and have become a growing economic force. They have made a significant contribution to poverty reduction over the past years due to rapid economic growth during the implementation of the Millennium Development Goals (MDGs).
- Despite these notable development achievements, MICs have structural gaps that are often complex to address. Innovative policies and strategies are needed to properly and adequately address the challenges and paradoxes that MICs face, which is crucial for the implementation of the 2030 Agenda for Sustainable Development and the achievement of the Sustainable Development Goals (SDGs).

*The diverse development conditions of MICs and their common challenges*

- The MICs are a diverse group, varying in terms of size, growth, and the development challenges they face. Such diversity must be acknowledged by the international community in their efforts to support sustainable development in these countries.

- Despite the diversity among MICs, they share some common concerns and challenges, including natural resources management, reliance on commodity exports, climate change, high level of external debt, and volatility of commodity prices, exchange rates and capital flows among other external shocks. Addressing these concerns become more complex as access to international cooperation and concessional finance opportunities decrease and per capita income grow.
- Many MICs are buffeted by external challenges that are largely beyond their control, which include climate change and the global economic and financial crisis.
- Many MICs are coping with climate change challenges they did not create and coping with the adverse effects of climate change is straining their financial resources.
- High and pervasive levels of poverty and inequality, vulnerability to shocks, and the prospect of a middle-income trap pose formidable development challenges to a large number of middle-income countries. Many MICs have increased levels of debt: a global partnership is needed for effective and sustainable debt relief.
- Gender-based inequality continues to be a significant concern, despite progress towards equality in educational attainment over the past two decades.
- New technologies are creating both challenges and opportunities for the MICs:
  - MICs may benefit from the innovation- and technology-driven economy, facilitated by a focus on education, connectivity with global knowledge networks and broader access to finance. Mobile phones, for example, have fostered financial inclusion in many MICs.
  - However, new technologies are increasing the technology gap for many MICs and potentially pose economic and social challenges. It is necessary for MICs to find the right balance between benefitting from new technologies while avoiding their adverse effects. Investment in human capital and R&D remains an important task.

### *The Middle-Income trap*

- In addition to building resilience, the MICs will also need to make concerted efforts to avoid the so-called middle-income trap, which is the inability of a MIC to graduate to the higher-income level after reaching and remaining at middle-income status for a prolonged period.
- Avoiding the trap will remain critical for the MICs as they strive to accelerate progress towards the SDGs implementation. The MICs will need to prioritize investments in human capital and development and diffusion of new technologies to foster sustainable development. The MICs can learn from each other on how to leverage investments, both domestic and foreign, to boost productivity and inclusive growth. South-South Cooperation can be a catalyst for mutual learning among the MICs.

### *The inadequacy of per-capita income as the sole indicator of development progress*

- Development should not be measured by per-capita income alone. Accordingly, classification of countries and eligibility for concessional financing should not be determined on this basis.
- The heavy reliance on per-capita income as the criterion for concessional financing has put MICs in a paradoxical situation in which they see shrinking development assistance, even though they still face significant development challenges. The SDGs offer a path to address sustainable development in a multidimensional manner.
- There is a clear call to work on different criteria to classify countries with regards to their development progress in the social, economic and environmental dimensions, in order to better reflect a country-specific approach to development.
- All developing countries would benefit if there were decisive steps and actions taken on the commitments of the Addis Ababa Action Agenda, which calls for the UN to work with IFIs in the development of transparent measures to assess sustainable development beyond per capita income, recognizing poverty in all its forms and dimensions and structural gaps.

### *Policy actions for accelerating sustainable development in MICs*

- Achieving the integrated 2030 Agenda requires addressing systemic vulnerabilities in the MICs.
- Policies need to be integrated and coordinated and address structural changes. Macroeconomic policies need to be prudent.
- Concerted policy actions are needed to diversify economic structure, broaden the sharing of economic gains, enhance financial access, building economic and financial resilience, promote technology transfer and open up debates on development issues to the public, among others.
- Mitigating the impacts of the poverty-inequality nexus on the MICs will require a stronger focus in the MICs on delivering on the 2030 Agenda and leaving no one behind.
- The MICs will need to prioritize investments in human capital and development and the diffusion of new technologies to foster sustainable development.
- The MICs will need to mobilize domestic resources and pay particular attention to raising their tax-to-GDP ratios, which according to studies, need to be at least between 13-15 per cent. IMF studies show that the upper-MICs need their ratio to be 3 per cent more than current levels to be able to spend more to achieve the SDGs by 2030, while the lower-MICs need their ratio to increase by over 10 per cent.

- Many of the domestic policy actions need to be supported by international collaborative efforts.

#### *International cooperation and the role of the United Nations*

- The 2030 Agenda, the Paris Agreement on Climate Change, the Addis Ababa Action Agenda and the Sendai Framework for Disaster Risk Reduction provide a framework to respond better to the complex and diverse challenges faced by people and governments, including those in MICs. Resources can be reallocated from arms expenditures to development initiatives, such as combating climate change.
- The MICs can learn from each other on how to leverage investments – both domestic and foreign - to boost productivity and inclusive growth. South-South and triangular cooperation can be a catalyst for mutual learning among the MICs
- The Second High-level United Nations Conference on South-South Cooperation (BAPA+40) in Buenos Aires 2019 will be important for advancing South-South and triangular cooperation, especially in addressing organizational challenges of matching demand and supply of cooperation. The regional level can also provide a platform for South-South cooperation and showcasing its successes.
- 2019 will be an important year for sustainable development as well as for the MICs, as the High-level Political Forum on sustainable development (HLPF) will convene both under the auspices of ECOSOC in July and under the auspices of the General Assembly at the Summit level in September.
- Given the UN's diverse mandate on a wide range of development issues, the UN plays a unique role in supporting MICs in their quest to achieve the 2030 Agenda. In serving this supportive role, there needs to be improvement in the Organization's efficiency, transparency and accountability.

### **III. Summary by segments of the Programme**

#### **Opening Segment**

*H.E. Ms. Maria Fernanda Espinosa Garcés*, President of the General Assembly of the United Nations, noted the significance of middle-income countries (MICs) as a growing economic force in the global economy, accounting for a rising share of gross world product and global exports. The growing influence of MICs beyond economic growth is reflected by the fact that they are home to a majority of the world's population and are contributing considerably to addressing poverty and improving social inclusion. While MICs have made notable development achievements, they also face significant challenges in areas such as inequality and rising needs for financing for development. Addressing these challenges would require appropriate fiscal policies, redistributive policies, and broadening of the tax base, among others. The high debt situations that are emerging in different MICs highlight the need for countries to have access to

differential financing that takes into account each country's development circumstances. Responsible investments for environmental and social causes are needed. Pursuit of gender equality that empowers women – politically, economically, and socially – would also make a difference.

Ms. Espinosa Garcés pointed out that the MICs are in a paradoxical situation: as their per-capita income levels increase, they face shrinking development assistance, even though they are still facing significant development challenges. South-South and triangular cooperation could be explored to address the development assistance gap and should be a focus of the upcoming Second High-level United Nations Conference on South-South Cooperation to be convened in Argentina in March 2019.

*H.E. Mr. Gaston Browne*, Prime Minister of Antigua and Barbuda, noted that his country is one of the smallest countries in the world and one of the most vulnerable to climate change. However, despite the many development challenges that it continues to face, the country has been cut off from access to concessional loans due to its relatively high per capita income. Mr. Browne stated that such barring from preferential financing is a perverse punishment for the policy efforts that the country has carried out in improving living standards and opening its economy. He noted that many challenges to Small Island Developing States (SIDS) originated from external factors, such as climate change and the global financial crisis. He stated that SIDS are most vulnerable to climate change, despite not causing it. The global financial crisis, originating in developed countries, caused significant damage to small open economies. He emphasized that, at the same time, efforts of small open economies to diversify away from dependence on natural resources have been hampered by competition from major economies in the global market.

Mr. Browne called for the international community to support MICs in multiple ways, which include expanding the indicators used to assess development levels and determine availability of development financing beyond income per capita, considering vulnerabilities to economic risks, such as high debt, and to the effects of climate change; improving availability of concessional financing to countries that are in need, strengthening the global partnership on debt relief, reducing carbon footprints and improving climate resilience; and encouraging developed countries to divert resources from military spending to development spending. He also called for the international community to acknowledge that climate change is an existential threat.

*Mr. Elliott Harris*, Assistant Secretary-General for Economic Development and Chief Economist in the Department of Economic and Social Affairs, noted that the diverse group of MICs made great contributions to the achievements of MDGs and will remain crucial to the implementation of the 2030 Agenda. He highlighted three key issues to consider for MICs: the nexus between poverty and inequality, resilience to shocks, and the middle-income trap. He noted that interactions between poverty and inequality are prominent in MICs and require greater policy focus. Even in the cases where people escaped poverty, they could also easily fall back into poverty due to domestic or external economic and environmental shocks. It is therefore important to strengthen countries' resilience against unanticipated shocks, and international agreements – such as the Paris Agreement, the Addis Ababa Action Agenda and the Sendai Framework for Disaster Risk Reduction – have provided important frameworks to guide efforts

for building resilience. Concerning the middle-income trap (MIT), Mr. Harris noted that secular slowdown in productivity was a major obstacle to countries' paths out of the trap. Therefore, investments in human capital and technology should be prioritized. Countries must also learn from each other, and South-South cooperation is an important mechanism for facilitating such knowledge exchange. Given the UN's mandates on a wide range of development issues, it plays a unique role in supporting MICs in their quest to achieve the 2030 Agenda. In playing this supportive role, the organization needs to improve its efficiency, transparency and accountability.

*H.E. Mr. Valentin Rybakov*, Vice President of ECOSOC and Permanent Representative of Belarus to the UN, noted that the high-level meeting was a groundbreaking moment that brought focused attention on the challenges that MICs face. He stressed that the adoption of the 2030 Agenda is the ultimate recognition of the multidimensionality of development and pointed out that the MICs face a multitude of complex challenges, including climate change, urbanization, employment, environmental degradation, migration and high debt. Given these challenges, Amb. Rybakov called for international cooperation to support positive changes in social and economic structures, employment, financing, technology transfer, market access to global value chains, SDG-compatible investment promotion policies, institutions and governance, stabilization of conflicts, and building resilience to humanitarian and other crises. He also noted that the voluntary national reviews presented in the High-level Political Forums have revealed MICs' need for more resources to strengthen their statistical capacities in monitoring the SDGs.

#### **Interactive Panel 1: *"Successes and challenges in the implementation of the 2030 Agenda for middle-income countries"***

As the moderator of the panel, *Mr. Elliott Harris*, Assistant Secretary-General for Economic Development and Chief Economist in the Department of Economic and Social Affairs, emphasized that MICs had an important role to play in achieving the 2030 Agenda, but also faced considerable challenges. He noted that the group of MICs was very heterogeneous, but they shared common concerns in areas such as natural resource management, climate change, dependence on commodity exports, high external debt, and volatility in exchange rates and capital flows. Concerted policy efforts are needed for improving their access to technologies, ensuring macroeconomic stability and accelerating the implementation of SDGs.

*H.E. Mr. Mohamed Benchaaboun*, Minister of Economy and Finance of Morocco, noted that every country has its own specific conditions that needed to be considered while seeking to advance development. He observed that countries in general continued to suffer from weak investment and insufficient infrastructures. He discussed several of Morocco's ambitious initiatives for achieving the SDGs, which included increasing the share of renewables in energy structure, eradicating poverty, and improving social inclusivity with strong support to youth and the most disadvantaged population groups. He highlighted the adoption of a national development strategy in Morocco that aimed at improving the integration of policies in different areas. He also discussed Morocco's efforts to promote inclusive financing, such as micro finance, that supports many households and small- and medium-sized enterprises. In this connection, he noted that legal frameworks had been put in place to support start-ups, and public-private

partnership had helped to develop the agriculture and renewable energy sectors and to support skills development. Mr. Benchaaboun stressed the importance of international cooperation, with specific emphasis on technology transfer. He noted that working with international and regional financial institutions had helped Morocco to mobilize international resources and to better direct resources to productive projects such as infrastructure and human development.

*H.E. Ms. Ryna Garay*, Vice Minister of Development Cooperation of El Salvador, noted that her country needed to overcome a myriad of challenges to the achievement of 2030 Agenda. She highlighted the importance of mobilizing resources for sustaining development efforts, ensuring solvency of government, and increasing government spending efficiency. She noted that these efforts were particularly important, given that productivity growth was tepid and foreign direct investment (FDI) was low. She further noted that it was also crucial for El Salvador to take climate change mitigation and adaptation measures, given that the country was vulnerable to climate change and natural disasters continued to undermine the country's efforts to achieve the SDGs. Ms. Garay stressed the significance of concessional financing for El Salvador and the limitation of using income per capita as a single indicator for assessing a country's development level. In discussing areas where policy actions could make a difference. She also emphasized the need for a multi-stakeholder participatory approach in development, and greater international cooperation, including on establishing a fair, accurate and multidimensional system of measurement that help to guide provision of development financing for countries in need.

*Mr. Abdoulaye Mar Dieye*, Assistant Secretary General and Director of UNDP's Bureau for Policy Programme and Support, noted that the concept of MICs presented a definitional challenge in itself because of the significant variation in development stage among this group of countries. More comprehensive measures, such as the Human Development Index, are needed to assess countries' development levels more properly. He pointed out that it took an average of 55 years for countries to move from the lower-middle-income category to the upper-middle-income category, with another 15 years on average to move into the high-income category, illustrating the need to accelerate development progress. Mr. Dieye noted that growth stagnation often happened when countries were too rich to compete in low-value-added activities and too poor to succeed in high-value-added sectors. Dependence on comparative advantages that previously helped countries to reach the middle-income status often becomes an obstacle for these countries in transitioning into the high-income category. Countries therefore need to diversify into more productive, sustainable and technologically sophisticated activities. In general, he stressed that policies needed to be coordinated and cohesive, aiming at – among other things – diversifying economies, broadening distribution of economic gains, and opening up policy debates. Mr. Dieye also noted that domestic resources alone were not sufficient, and international financing was needed for countries to achieve the SDGs.

*Mr. Tao Zhang*, Deputy Managing Director of International Monetary Fund, noted that the MICs had come far in the past 25 to 30 years in terms of development. Nevertheless, they still face important challenges. He pointed out that global growth was slowing down, and the pace of deceleration was perhaps faster than expected, posing challenges to convergence in development levels. He highlighted some key challenges that MICs faced, which included carrying out structural transformation, raising productivity,



and addressing climate change. He observed that macroeconomic and trade policies would be important for MICs in addressing some of these challenges. Mr. Zhang stressed the need for the international community to work together, recalling IMF Managing Director Christine Lagarde's call for a new multilateralism that benefited all. He identified five areas of reforms needed in MICs: (1) fiscal policies, including progressive and non-distortionary tax measures; (2) targeted structural measures, including providing equal access to quality education and health services; (3) financial inclusion; (4) building economic and financial resilience, which include building up fiscal space and making effective use of financial resources; and (5) future of work, which includes adjusting social protection based on understanding of what labour markets would look like in the future.

*Ms. Carolina Sanchez*, Senior Director of the Poverty and Equity Global Practice at the World Bank, noted that MICs were diverse in terms of size, economic growth, and the risks that they faced. She observed that there have been successes such as the BRICs (a group of major emerging economies, i.e. Brazil, Russia, India and China), but that many people in MICs remain trapped in poverty. She noted that the context of poverty was changing quickly, and that the World Bank had introduced two new poverty lines, one at USD \$3.20 a day and another one at USD \$5.50 a day. She also noted that there were strong links between income mobility and education mobility, and that MICs had lagged behind high-income countries (HICs) in terms of mobility over the past decades. Ms. Sanchez stressed that the best investment a country could make is in its people, which would help to address poverty and inequality, as well as to promote the broader objective of achieving sustainable development. However, she noted that the many daunting challenges faced by MICs could not be addressed without international support. She concluded by highlighting some development projects of the World Bank in Mexico, Mongolia and Nigeria.

## ***Discussion***

The discussion highlighted the issue of varying estimates by different international organizations on the minimum tax revenue-to-GDP ratio needed for governments to maintain its basic functionalities, which can create dissonance among policy messages coming out from these institutions. A speaker said that minimum tax revenue-to-GDP estimates suggested by different organizations are actually very close to each other, and this convergence should be seen as a positive development. Another speaker noted that these estimates only reflect the average and should be considered within the specific context of each country.

The discussion also generated the following main points:

- Sustainable development is not a linear process with respect to growth, given that countries face complex needs and challenges; assessment of development levels and grouping of countries cannot rely solely on income per capita. Countries need to work with international organizations to change the country grouping methodology.
- International cooperation needs to be enhanced to mobilize innovative financing resources and to close the development financing gap.

- Key challenges for MICs, especially those in Africa, include job creation, reduction of extreme poverty, and closing infrastructure gaps.
- There has been a rise in external debt in many countries, and some might need debt restructuring, given their inability to repay the outstanding debt.
- Technology transfer is critical to the sustainable development of MICs.
- South-South and triangular cooperation need to be strengthened.
- Inequality is growing both within and among MICs, generating dissatisfaction across populations.

### **Morning Plenary Segment**

During the morning plenary segment, Member States discussed the following issues:

- The existing evidence does not provide a clear indication of whether MICs are on track to achieve the 2030 Agenda.
- There is a need to go beyond GDP per capita as a measurement of development. The international community should establish a timeline for reviewing alternatives to GDP as indicators of development levels. There should be broader acceptance of the vulnerability index and poverty statistics as indicators of development levels.
- Graduation from the low-income status can create a disadvantageous situation. As countries' economies grow, they are cut off from important ODA and concessional financing, without being compensated in other forms of financing. Decline in financing poses great challenges to MICs in advancing development.
- MICs are a diverse group of country in terms of growth, inequality, and natural resources endowment. However, many in the group face common challenges, such as insufficient access to concessional financing and ODA, employment creation, climate change, urbanization, inequality and heavy indebtedness.
- The High-Level Meeting on MICs should become a regular event.
- There needs to be a broad evaluation of development programmes throughout the UN development system.
- South-South and triangular cooperation will play an important role in identifying best practices yet cannot be a replacement for North-South cooperation.

- International development cooperation needs to be strengthened. Development cooperation is not a zero-sum game, and its value should not be measured by the size of ODA, but by the catalytic effect it has on invigorating development.
- Development frameworks, as provided by international agreements, need to be adapted to specific needs and contexts of countries.
- Global partnership frameworks need to be strengthened. Public-private partnership is vital in this context and can help to improve infrastructures and economic and social services delivery.
- The UN could and should play a key role in building a coherent framework for measuring and monitoring development levels of countries. The ongoing UN reforms need to put focus on the needs of MICs.

**Interactive Panel 2: *“The role of South-South cooperation and triangular cooperation in the implementation of the 2030 Agenda for Sustainable Development”***

The moderator of the panel *Ms. Ileana Nuñez Mordoche*, Vice Minister of Foreign Trade and Investment of Cuba and Chair of the ECLAC South-South Cooperation Committee, highlighted the importance of South-South and triangular cooperation for MICs to implement the 2030 Agenda. She anticipated that the discussion would identify opportunities to expand South-South and triangular cooperation for MICs, explore how to step up the commitment to eradicate poverty through South-South cooperation, how international cooperation can support successful experiences within MICs, and which role the UN—especially the HLPF and ECOSOC—can play in promoting South-South and triangular cooperation and supporting MICs. She emphasized that the fundamental aim for such cooperation is to find a way that MICs can achieve the SDGs and the 2030 Agenda.

*Mr. Mario Pezzini*, Director of OECD Development Centre, stated that the economic geography was transformed by above OECD average growth rates in more than 30 countries since the 2000s, which has led to an improvement in well-being in emerging economies, as well as an increase in South-South trade and development finance flows. However, extreme poverty has declined in relative, but not absolute, numbers and remains a challenge. Old challenges for MICs also remain, such as slowdown in GDP growth and trade, rise in inequality, loss of social cohesion, weakening of global governance, and armed conflict, while now being combined with new challenges such as disruptive technologies, high rates of urbanization, and the effects of climate change. He stated that the MIC trap could not be solved without help, and that traditional responses need to change. South-South and triangular cooperation can play a key role in a paradigm shift in international cooperation, which includes multidimensional development measures instead of GDP, tailor-made national strategies instead of one-size-fits-all, a focus on sustainable development and global public goods rather than only on poverty reduction and bilateral trade, governance by multilateralism rather than by national governments, and use of a wider toolbox

including financing instruments. He stated that generally, response strategies should be multilateral, participatory, multisectoral, and place-based.

*Mr. Luis Felipe Tavares*, Minister of Foreign Affairs and Communities and Minister of Defense of Cabo Verde, highlighted that South-South cooperation is an opportunity to find fitting solutions to common problems at a possibly lower cost. He gave some examples of South-South cooperation such as Portuguese-speaking African countries collaborating on gender equality and social cohesion, as well as Cameroon and Senegal collaborating with Cabo Verde on city-to-city programs for urban agriculture and other sustainable development activities. He mentioned that the International Conference on South-South cooperation and partnerships would be held the following week in Paris and emphasized that South-South cooperation should not rule out other forms of cooperation and is a complement, not a substitute, to North-South cooperation. He further highlighted the need for a clear definition of South-South cooperation and its role in the implementation of the 2030 Agenda, as well as the possibility that capacity building for MICs and SIDS alike can be done in both directions. He noted in this context that with UN support Cabo Verde is creating a platform for promoting South-South cooperation and undertaking triangular cooperation on youth and jobs in partnership with Luxembourg and Sao Tome and Principe.

*Mr. Antonio Pedro*, Regional Director of the Sub-regional office for Central Africa, Economic Commission of Africa (ECA), said countries that have economically diversified are still structurally weak, and stressed that strengthening them requires coordinated, patient, multifaceted, concerted investments. The South-South cooperation diversification strategies of African countries can be shared with other countries, such as Indonesia and Malaysia regarding palm oil, or Gabon and Ivory Coast regarding cocoa. He noted that Africa already has a plan for South-South cooperation in the region for sustainable economic development and emphasized that an important pillar for development in Africa is structural economic transformation through greater industrialization. He mentioned the potential for South-South cooperation between Africa and Latin America in this regard. He explained that closing the infrastructure gap, advancing regional integration and expanding trade internally are important factors for development, while mentioning that progress is being made towards an African intra-continental free trade area. He highlighted that the middle-income trap cannot be addressed without engaging the private sector and increasing the portfolio of bankable projects. Mr. Pedro gave the example of Gabon, Cameroon and Equatorial Guinea having structural adjustment programmes that must change to allow them to escape the middle-income trap and move away from “short-termism” to more long-term investments.

*Mr. Jorge Chediek*, United Nations Office for South-South Cooperation (UNOSSC), recapitulated the history of triangular and South-South cooperation. He highlighted that South-South cooperation expanded in this century, because countries that had experienced significant economic growth, such as Brazil and China, were found to offer more relevant responses to the challenges faced by developing countries than the traditional ones, which was widely acknowledged and led to increased funding for South-South cooperation. Further, he mentioned that the UN agencies became adapted to triangular cooperation with 31 of the UN agencies reporting that their central operations are conducted in the form of triangular cooperation. He stated that the conference in Buenos Aires 2019 is important to advance South-South

and triangular cooperation, especially in addressing organizational challenges of matching demand and supply of cooperation/assistance. He highlighted that regional architecture can provide a vehicle for South-South cooperation and called for a showcasing of successes of South-South cooperation such as the recent South-South Development Expo at UN Headquarters in New York, in order to mobilize funding and support.

*Ms. Alicia Bárcena*, Executive Secretary of Economic Commission for Latin America and the Caribbean (ECLAC), highlighted that the implementation of the Agenda 2030 is hindered by a lack of institutions, funding, transparency and accountability, and effective multilateral governance. She mentioned the structural challenges that Latin America and the Caribbean currently face, among those being a fall in FDI (due to more North-North FDI), uncertainty in the financial world, technological revolution, taxation and tax evasion, low export rates, limited fiscal space, and low level of regional integration. She further stated that regional cooperation has become more sophisticated and includes “cooperation ecosystems”. She advocated for continued respect for the rules of South-South and triangular cooperation such as solidarity-based cooperation, active cooperation, cooperation based on mutual respect and benefit, and protection of sovereignty. She highlighted that a barrier to cooperation in the region are low tax revenues, which limit the fiscal space. These barriers can be overcome also by redirecting illicit financial flows and tax evasion. She highlighted that although poverty has decreased in the region, inequality prevails. She called for a paradigm shift in international cooperation, including a change of measurements by moving from GDP to other criteria, bolstering less asymmetric forms of cooperation (South-South), greater ownership, double dividends, a focus on capacities, and inclusion of all stakeholders beyond the traditional groups.

### ***Discussion***

- Growth and development are not synonymous, and “one size does not fit all”.
- Although the number of MICs is increasing, inequality is also increasing in MICs and more people are living in poverty.
- South-South and triangular cooperation has been shown to increase and strengthen regional cooperation and can promote the role of regional economic communities and regional and sub-regional groupings.
- MICs have a central role to play in South-South cooperation and work horizontally to solve problems
- Innovative triangular cooperation can boost the impacts of cooperation and foster inclusive partnerships.
- Countries with similar levels of development are working together; many examples of bilateral and other forms of cooperation were discussed.

- Some called for more innovative formulas in different spheres of cooperation, moving beyond traditional socio-economic areas to address tax funding and debt, and to support a paradigm shift toward measuring more than per capita income.
- Proposals were made to address South-South cooperation through different clusters and dimensions, on the basis of countries, regions, and groups of countries such as SIDS and LDCs.
- Many expressed anticipation for the upcoming Second High-level United Nations Conference on South-South Cooperation (BAPA +40) to be held in Buenos Aires, Argentina, from 20 to 22 March 2019, and hoped it would focus on the role of MICs and their development.
- Some noted the need to renew cooperation agreements with developed countries and ODA agreements.
- The challenge of migration can be converted into opportunity, and more can be done to leverage the positive impact of remittances to improve the way forward.
- Policies should emphasize inclusion and employ available mechanisms to contribute to the long view of sustainable development.
- Many countries enjoy unprecedented levels of technological development; technology can play a positive role in ensuring sustainable development among all countries and frontier technologies should be included in the mix.

### **Afternoon Plenary Segment**

During the afternoon plenary segment, Member States discussed:

- The High-Level Meeting on MICS represents a land-mark opportunity to assess the progress so far achieved in effectively implementing sustainable development, including in the framework of the 2030 Agenda.
- Middle-income countries are complex groups of countries with myriad realities that require tailored engagement from the international community.
- The middle-income countries have faced developmental challenges that need to be addressed. Such countries, like any other developing countries, face many challenges, including food security, the changing climate and technological progress.

### *Multidimensional challenges*

- The international community was invited to act promptly to address sustainable development in a more comprehensive way for everyone, everywhere, leaving no one behind.

- Economic growth, in and of itself, is not equivalent to advancement towards sustainable development. At all levels of per capita income, developing countries continue to face serious challenges, including obstacles in relation to poverty eradication, inequality, external debt and environmental vulnerabilities, among others.
- There are also structural gaps that represent an obstacle to inclusive growth and which impede the developmental prospects of many MICs, such as levels of savings and investment and the quality of affordable public health care and education.
- Improvements in macroeconomic indicators do not necessarily reflect advancements in the eradication of poverty, given that high levels of inequality remain pervasive in MICs, even in those with high economic growth.
- Reconceptualizing the approach to the category of MICs is a significant urgent matter for accomplishing real and long-lasting results in sustainable development.

#### *Financing for sustainable development*

- Increased participation of MICs in international cooperation initiatives has a multiplying effect that can benefit all developing countries.
- Strong support from the international community is needed for MICs' development. There is a need to support multilateralism and defend the multilateral trading system as well as other efforts to safeguard the interests of all.
- It was noted with concern that graduation from LDC status may hinder a country's access to ODA and concessional finance. As per capita income increases above low-income thresholds, access to ODA and external public finance (concessional and non-concessional) often decreases faster than can be compensated for by increasing tax revenues.
- There is need to increase and facilitate the access of MICs to development financing and climate finance in support of national development plans and development objectives, as required, depending on the specific circumstance of each country.
- International public finance is still a powerful tool for complementing MICs' efforts to mobilize public resources domestically to achieve sustainable development.
- Commitments are needed to accelerate the ongoing efforts by the G20 and others to reduce the cost of remittances through policy, regulatory and technological action.
- In order to nurture a healthy macroeconomic climate and improve the resilience of MICs, there is a need to focus on infrastructure, requiring collaboration between the private and public sectors, and the wider investment community and international actors.
- Better-tailored partnerships with a broader range of stakeholders and partner countries was emphasized. This means combining a focus on the poorest and most fragile countries with

establishing stronger partnerships with middle-income countries that are based on trade, investment, innovation and knowledge exchanges.

- Implementation of the Addis Ababa Action Agenda was highlighted. One key action is support for domestic resource mobilization. According to the IMF, by widening their tax base and increasing tax revenues, many MICs will be able to close the financing gap for reaching the SDGs in areas such as education, health, electricity, roads and water.

#### *Role of the UN*

- The MICs remain vulnerable to external factors and need more support from the United Nations system. Yet the United Nations does not have a single approach. The interests of the middle-income countries are too frequently side-lined, and the organizational system of the United Nations acts in silos, without the cohesion necessary to meet their needs. There was a call for a coherent application of the Organization's efforts that do not leave anyone behind.
- The United Nations development system was urged, in the context of its reform process, to elaborate a comprehensive UN system-wide and long-term strategy aimed at facilitating sustainable development through the provision of coordinated support to MICs.
- A long-term and comprehensive strategy was advocated. It was welcomed that some organizations within the United Nations system, such as UNIDO, are addressing the needs of middle-income countries.
- There is a need to establish a road map, jointly with DESA and relevant organizations, to address the most imperative needs of MICs in their quest to achieve the sustainable development goals and other internationally agreed objectives.
- The designation of DESA ASG Mr. Elliott Harris as focal point for MICs was welcomed. The DESA ASG was encouraged to use his strategic position to foster stronger communication between the UN and the IFIs so that concrete policies reflect the three dimensions of sustainable development and the needs of MICs.

#### *South-South and Triangular Cooperation*

- The solidarity of MICs with other developing countries is reflected through the financial and technical support, as well as technology transfer and capacity-building being provided by MICs.
- The importance of knowledge-sharing platforms and the pivotal role of South-South and Triangular Cooperation for MICs was emphasized, as MICs play the double role of providers and recipients of these types of cooperation.
- Member States anticipate the second High-level United Nations Conference on South-South Cooperation in 2019 and regard it as an opportunity to continue advancing the agendas of MICs.
- As MICs begin an industrialization process, it is important to enhance cooperation on technology between the North and South and in South-South and triangular cooperation. Trade is also important for advancing social and economic development.



### *MICs and SIDS*

- MICs make up some of the largest economies in the world as well as some of the smallest and most vulnerable, whose vulnerabilities are manifested in economic, environmental and social dimensions.
- In the context of the persistent vulnerabilities and changing circumstances of SIDS who are MICs, there is the need for the broadening of the eligibility criteria for concessional finance. The criteria should expand beyond income per capita and reflect vulnerabilities more accurately. Existing financing facilities such as the IMF's Catastrophe Containment and Relief Trust should be expanded to serve all SIDS.
- SIDS who are MICs require more systematic approaches to debt management, such as an increased use of State-contingent debt instruments, which aim to ex-ante and automatically trigger downward adjustments in debt service during shocks. Instruments such as counter-cyclical lending contracts, which allow debt service to automatically fall or become zero when a major shock occurs, and GDP-linked bonds, which link debt service payments to countries' economic performance, have the potential to improve debt sustainability and help countries manage risk and cope with shocks more effectively.

## Annex 1: Programme



9:00 - 9:40	OPENING SEGMENT
9:00 - 9:10	H.E. Ms. Maria Fernanda Espinosa Garcés President of the General Assembly of the United Nations
9:10 - 9:20	H.E. Mr. Gaston Browne Prime Minister of <b>Antigua and Barbuda</b>
9:20 - 9:30	Mr. Elliot Harris Assistant Secretary-General for Economic Development
9:30 - 9:40	Ambassador Valentin Rybakov Vice President of <b>ECOSOC</b> Permanent Representative of Belarus to the United Nations
9:40 - 12:00	INTERACTIVE PANEL 1 Successes and challenges in the implementation of the 2030 Agenda for middle-income countries
09:40 - 09:50	<b>Moderator:</b> Mr. Elliot Harris Assistant Secretary-General for Economic Development
09:50 - 10:00	Mr. Mohamed Benchaaboun Minister of Economy and Finance of <b>Morocco</b>
10:00 - 10:10	Ms. Ryna Garay Vice Minister of Development Cooperation, <b>El Salvador</b>
10:10 - 10:20	Mr. Abdoulaye Mar Dieye Assistant Secretary General and Director of <b>UNDP</b> Bureau for Policy Programme and Support
10:20 - 10:30	Mr. Tao Zhang Deputy Managing Director of <b>International Monetary Fund</b>
10:30 - 10:40	Ms. Carolina Sanchez Senior Director of the Poverty and Equity Global Practice, <b>World Bank</b>
10:40 - 11:45	Q&A
11:45 - 13:00	PLENARY SEGMENT
13:00 - 15:00	LUNCH

15:00 - 16:45	<b>INTERACTIVE PANEL 2</b> <b>The role of South-South cooperation and Triangular cooperation in the implementation of the 2030 Agenda for Sustainable Development</b>
15:00 - 15:10	<b>Moderator:</b> Ms. Ileana Nuñez Vice Minister of Foreign Trade and Investment of <b>Cuba</b> Chair of the ECLAC South-South Cooperation Committee
15:10 - 15:20	Mr. Luis Filipe Tavares Minister of Foreign Affairs and Communities and Minister of Defense of <b>Cabo Verde</b>
15:30 - 15:40	Ms. Alicia Bárcena Executive Secretary of the Economic Commission for Latin America and the Caribbean ( <b>ECLAC</b> )
15:40 - 15:50	Mr. Antonio Pedro Regional Director Economic Commission of Africa ( <b>ECA</b> ) Sub-regional Office for Central Africa
15:20 - 15:30	Mr. Jorge Chediek United Nations Office for South-South Cooperation ( <b>UNOSSC</b> )
15:50 - 16:00	Mr. Mario Pezzini Director, <b>OECD</b> Development Centre
16:00 - 16:45	Q&A
16:45 - 17:50	<b>PLENARY SEGMENT</b>
17:50 - 18:00	<b>CLOSING REMARKS</b> H.E. Ms. María Fernanda Espinosa Garcés President of the General Assembly of the United Nations