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**MR. ELLIOTT HARRIS**

**ASSISTANT SECRETARY-GENERAL FOR ECONOMIC AND SOCIAL AFFAIRS  
AND CHIEF ECONOMIST**

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**Opening Remarks**

**High-level meeting on**  
**“Development cooperation in middle-income countries”**

**Tuesday, 4 December 2018**  
**Trusteeship Council Chamber, UN Headquarters, New York**

Your Excellency Ms. María Fernanda Espinosa Garcés, President of the General Assembly,  
Excellencies,  
Distinguished Delegates,  
Ladies and Gentlemen,

I am honoured to address this critical meeting on “Development cooperation in middle-income countries”.

The middle-income countries are a diverse group of 108 States, and home to five of the world’s seven billion people.

Collectively these countries played a leading role in the progress towards the Millennium Development Goals, particularly in halving global poverty. And they remain crucial in the global efforts to implement the 2030 Agenda for Sustainable Development and its interconnected Sustainable Development Goals.

Let me highlight three issues: poverty and inequality, resilience to shocks, and the middle-income trap, which I believe pose formidable development challenges to a large number of middle income countries.

Notwithstanding the progress during the past two decades, poverty remains pervasive in a number of MICs where it is concentrated in specific regions, sectors and social groups with implications for social cohesion, peace and stability. Robust economic growth has often failed to lift people out of poverty in a number of MICs in Asia, Africa and Latin America.

The damaging consequences of climate change, leading to loss of agricultural output and large movements of people, have further aggravated the poverty rates in many MICs. Moreover, urbanization in MICs needs to be managed so as not to create new pockets of poverty, increase environmental damage or exacerbate inequality.

Gender-based inequality continues to be a significant concern. This is despite progress towards equality in educational attainment over the past two decades.

The poverty-inequality nexus will require a stronger focus on the middle-income countries if we are to deliver on the 2030 Agenda for Sustainable Development and leave no one, or no country, behind.

Excellencies,

The integrated 2030 Agenda also requires us to address systemic vulnerabilities in the middle-income countries. Even when people move out of poverty, they can easily be pushed back by conflict, natural and man-made disasters, climate shocks, economic crises and health epidemics. Structural, environmental and demographic challenges make hard-won development gains susceptible to domestic and external shocks. Development cooperation with middle-income countries needs to focus on strengthening national capacities and building resilience against such unanticipated shocks.

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.

Excellencies,

In addition to building resilience, the MICs will also need to make concerted efforts to avoid the so-called middle-income trap. This is the inability of a MIC to graduate to the high-income level, after reaching and remaining at middle-income status for a prolonged period.

A secular slowdown in productivity growth is often a key determinant of the middle-income trap. Research shows that rising inequality impedes productivity growth, which in turn, can entrap a country in low growth equilibrium. Avoiding the trap will remain critical for the MICs as they strive to accelerate progress towards the SDGs. 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.

Distinguished Delegates,

The SDGs cannot be achieved without properly addressing the development needs and challenges of middle-income countries. 2019 will be an important year, as the High-level political forum on sustainable development (HLPF) will convene both under the auspices of the Economic and Social Council in July and under the auspices of the General Assembly at the Summit level in September. The HLPF has consistently been addressing the challenges facing MICs when addressing its themes.

So far, 102 countries – many of them MICs – have presented Voluntary National Reviews (VNRs) at the High Level Political Forum. These Reviews, offering opportunities for peer learning and exchange of experiences, have underscored the need for structural change and coordination and coherence in the work of governments and all relevant stakeholders.

The VNRs show a continued challenge in financing the 2030 Agenda, notably in mobilizing resources and attracting and directing public and private sustainable investments.

Indeed, for middle-income countries, the development challenge is not merely financial or about Official Development Assistance. It is also a far-reaching effort to build institutional, financial, social and technological capabilities required for advancing and diversifying their economies.

Ladies and Gentlemen,

The United Nations has, for decades, actively engaged with the middle-income countries.

The unique position of the United Nations, along with the diversity of mandates of its specialized agencies, provide the Organization with a comparative advantage in supporting all areas of sustainable development. The United Nations has also played a critical role in promoting South-South Cooperation among the MICs.

However, the ambitious and universal nature of the 2030 Agenda, and the challenging realities of today, require further improvements in the efficiency, effectiveness and accountability of the United Nations, both in overall strategies and in support to middle-income countries.

This requires responses tailored to each country's specific context. And repositioning the United Nations development system to better support implementation of the 2030 Agenda is one of the Secretary-General's top priorities.

Excellencies,

Working towards the realization of sustainable development in all countries – those at different stages of development and including periods of transition and resilience – is a continuous process. The United Nations will continue to strengthen its development cooperation with the middle-income countries, taking into account their specific context and priorities.

As we address development challenges and design future development cooperation, we need to take into account humanitarian needs, human rights, political risks and vulnerability within a country, while upholding the integrated nature of the 2030 Agenda.

To be sustainable and effective, development needs to be grounded in the needs and aspirations of beneficiary populations, who are the primary stakeholders in development. We cannot be satisfied until we have succeeded in meeting their needs. And we will not be satisfied until all people share in the benefits of sustainable development and all countries have firmly and irreversibly set themselves on a sustainable and inclusive path to peace and prosperity, while preserving the planet.

This includes the middle-income countries and all of their peoples. This underscores the imperatives of reducing poverty and inequality, building resilience and avoiding the costly middle-income trap in these countries.

In closing, I wish to commend the President of the General Assembly for organizing this critically important high-level event.

We are looking forward to a further partnership between the United Nations and middle-income countries as we work together to achieve the 2030 Agenda.

Thank you.