Transformation towards sustainable and resilient societies: Perspectives of MICs

Felipe Castro
Director of Monitoring and Evaluation of Public Policies
National Planning Department

July 2018
Middle Income Countries

109 countries in all continents


Global success on the 2030 Agenda, will depend on the capacity of MICs to advance the agenda.

Particularly on key issues such as eradication of poverty, tackling climate change, protecting key terrestrial and maritime ecosystems, SCP.

WBG: 75% of the population and 74% of the poor live in Middle Income Countries
Structural challenges faced by MICS for sustainable and resilient societies

Most MICS lack economic diversification, which renders them particularly vulnerable to external shocks.

In most MICS, rising labor costs and “graduation” status affect competitiveness, while insufficient technical and technological competitiveness hinders capacities to produce higher-value goods and services, keeping them in a “middle-income trap”

MICs face challenges stemming from inequalities. 10 of the 20 most unequal countries in the world are MICS.

Conflict and postconflict situations generate particular security, economic and environmental challenges for some MICs facing these situations.
MICs require an international enabling environment to thrive economically and socially, advance sustainable development and support other countries

• MICs are critical drivers of the world economy

• MICs have the potential to make powerful contributions to global sustainable development, including the provision of global public goods (stability and security, STI, mitigation and adaptation of climate change, among others).

• MICs require specific and tailored cooperation to address structural challenges and bottlenecks in their development processes.

• MICs can support other developing countries in achieving SDGs through South-South cooperation, mutually beneficial trade, sharing knowledge and technologies, fiscal and macroeconomic cooperation and coordination, sound management of transboundary ecosystems and resources, among others.
Enabling environment for MICS

**International Level**

- Access to financing from all sources in favorable conditions
- Science, technology and innovation, including technology transfer in favorable terms
- Market access and insertion in global value chains

**Domestic Level**

- Investment promotion policies
- Incentives for sustainable development (fiscal, regulatory, multi-stakeholder partnerships)
- Good governance and transparent policymaking
Fiscal challenges: Investment budget to achieve SDGs

- International Cooperation
- Royalties
- Transfers to subnational governments
- General Budget

Source: DNP
Closing gaps: Strategy to consolidate postconflict in Colombia

Tax Reductions
- For companies operating in ZOMAC Territories
- Excludes extractive industries

Public Works for Taxes
- Income taxes paid through infrastructure projects in ZOMAC territories
- Accelerating closing infrastructure gap in water, sanitation, energy, health, education and transport

ZOMAC Territories
Non-renewable resources to support funding long term development and economic diversification

10% of Royalties
Aprox USD 313 Million/ Year

STI FUND
Easy wins on sustainable development: taxing plastic bags and changing mentalities

A small, symbolic tax on every plastic bag

COP 30 (one cent of a USD)

Consumption
- 71% of households reported reducing usage of plastic bags

Production
- 30% reduction in production and distribution

Revenue
- Approximately USD 3.7 million, between July and December 2017