

FOCUS SESSION 29:

Country classification systems and the “middle income country trap”: towards a more comprehensive approach

Wednesday 16 April 11:45-13:00, Room Diezmo 3

Objectives:

- Discuss the role of the current classification system and its effect on recipient countries, especially middle income countries;
- Consider alternatives to using per capita income as a criterion for the allocation of ODA and international cooperation in general;
- Review the allocation criteria for official development aid – towards poverty alleviation or towards broader objectives of sustainable and inclusive development.

Session Format:

The session is organized as a panel discussion where panelists present their viewpoints on the challenges and opportunities of a review of country classification systems for middle income countries, and taking into consideration the role that we want international cooperation to play in the future.

The duration of the session will be a total of 75 minutes. After a first round of statements of about 45 minutes, there will be room for questions and answers from the audience and commentators (approx. 20 minutes). A closing round will give panelists a chance to react (10 minutes).

Speakers/Panellists:

- Ms. Ana María Méndez, Undersecretary for International Cooperation, Secretariat for Planning and Programming (SEGEPLAN), Guatemala
- Mr. Sidi Ould Tah, Minister for Economic Affairs and Development, Mauritania
- Mr. Juan Manuel Gómez Robledo, Undersecretary for Multilateral Affairs and Human Rights, Ministry of Foreign Affairs, Mexico
- Mr. John Hammock, Co-Founder and Research Associate, Oxford Poverty & Human Development Initiative (OPHI), United Kingdom

- Mr. Daniel Titelman, Director, Financing for Development Division, Economic Commission for Latin America and the Caribbean (ECLAC)
- Mr. Jonathan Glennie, Research Associate, Centre for Aid and Public Expenditure, Overseas Development Institute (ODI), United Kingdom (from the floor)
- Mr. Milorad Kovacevic, Chief Statistician, Human Development Report Office, United Nations Development Programme (UNDP) (from the floor)
- Mr. Gonzalo Hernández Licona, Executive Secretary, National Council for the Evaluation of Social Development Policy (CONEVAL), Mexico (moderator)

Background/Narrative: *(maximum 10 lines)*

Country classifications that use GDP per capita thresholds as main criterion are based on two implicit assumptions: (i) that income per capita is a sufficient proxy for a country's overall development level; and (ii) that a higher income per capita implies better access to resources for development – both domestic and foreign – which in turn diminishes the need for official development aid.

Both of these assumptions are problematic: (i) GDP per capita as an indicator does not capture a given country's level of development in its multiple dimensions, as evidenced by the high heterogeneity of development outcomes in the group of middle income countries; and (ii) a higher GDP per capita does not necessarily imply better access to resources for development. Only a limited number of middle income countries have meaningful access to private financial flows, and domestic resource mobilization is frequently hampered by a weak institutional framework and a fragmented production structure.

The challenge of international cooperation involving middle income countries is therefore to define new categories which place the concept of “development” at the centre of the debate again. In order to properly assess development achievements and needs, the international community needs to take a closer look at the multiple dimensions of development and recognize the underlying structural impediments that stand in the way of achieving truly sustainable and inclusive development.

Related Links:

ECLAC homepage
<http://www.eclac.cl/>

Report: “Middle-income countries: a structural gap approach”
<http://www.eclac.cl/cgi-bin/getProd.asp?xml=/publicaciones/xml/6/48486/P48486.xml&xsl=/tpl-i/p9f.xsl&base=/tpl/top-bottom.xslt>

Organisers:

- Economic Commission for Latin America and the Caribbean (ECLAC)

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