

FOCUS SESSION 11:

Effective Development Cooperation in Middle-Income Countries

Tuesday, 15 April 2014, 15:00-16:15, Room 3

Moderator:

Ambassador Alfonso Quiñónez, Secretary for External Relations, Organization of American States (OAS)

Segment I: Opening Remarks

Mr. Seiji Kihara, Parliamentary Vice-Minister for Foreign Affairs, Japan

Ms. Sara Hradecky, Canadian Ambassador to Mexico

Mr. Nguyen Chi Dzung, Vice-Minister of Planning and Investment, Vietnam

Mr. Inocencio Garcia Javier, Vice-Minister for International Cooperation, Dominican Republic

Segment II: Roundtable Discussions

Mr. Hiroshi Kato, Vice-President, Japan International Cooperation Agency (JICA)

Mr. Diego Cánepa, Pro-Secretary of Presidency of the Uruguayan International Cooperation Agency (AUCI) Uruguay

Mr. Jorge Daccarett, Executive Director, Chilean International Cooperation Agency (AGCI)

Dr. Djordjija Petkoski, Program Director, Zicklin Center, Wharton School, University of Pennsylvania

Conclusions and Key messages:

The session focused on sharing insights on multi-stakeholder solutions and strategies that can lead to effective cooperation in Middle Income Countries (MICs) and enhance their role in the Global Partnership for Effective Development Co-operation. The following are the key messages delivered from the speakers and panelists:

- The effective mobilization and utilization of countries' own domestic resources was emphasized to overcome difficulties and challenges in the development process.
- The “giving – receiving” modality between the donor and the recipient country should continue moving toward the modality of more effective partnership.
- The principle of Human Security, aiming at realizing societies with no one left behind in terms of economic and social development, is appropriate in assisting MICs, as it not only sheds light on the vulnerable in the society but also contributes to the countries' own effort of forming a thick layer of middle classes.
- High economic growth without falling into the ‘middle income trap’ can be achieved through 1) industrial development with high productivity and successful transformation of the industrial structure, and 2) maintaining its high productivity through putting resources on technical innovation. Human resource development, institutional capability development, and facilitation of business environment including infrastructure development are clues for achieving sustainable high economic growth.

- The private sector plays a vital role in achieving sustainable and inclusive development within MICs that allows people to enjoy the benefits of development. Effective utilization of innovative corporate social responsibility (CSR) frameworks is an important tool in these efforts.
- The international community can support MICs in their efforts to avoid the "middle-income trap" through flexible and creative cooperation modalities adapted to the development status and unique needs of each country.
- The concept of sustainable development instead of purely income criteria should be used in development cooperation with MICs to measure a country's progress in narrowing the gap between the rich and the poor, avoiding the "MICs traps" and responding to climate change and natural disasters.
- MICs should tap private markets and domestic resources mobilization for development. Greater resource mobilization in this respect will enhance ownership.
- Multi-stakeholder partnerships involving international organizations, responsible private sector leaders, parliaments, and academia are an important strategy for MICs to pursue and can assist in developing evidence-based practices and policies, capacity-building and innovation to meet development challenges.
- "MICs traps" can be mitigated through effective development cooperation, especially through South-South and triangular cooperation that re-enforces effective, measurable public policies.
- In defining middle-income countries it is essential to have criteria that in addition to per-capita income classifies MICs according to their structural gaps (e.g., poverty, inequality, savings and investment, productivity and innovation, infrastructure, education and health, tax structure, gender, and environment), which hamper sustained, equitable, and inclusive growth.
- To address these structural gaps, it is important to focus on good governance (institutional strengthening), capacity building, sound public policies, infrastructure and innovation.
- Regional mechanisms and existing platforms, such as OAS CooperaNet, should be used to advance the global development agenda, and as a means to fully mobilize the capacity and political influence of countries in the region at the international level.
- Global development cooperation in favor of MICs needs to continue as they have the largest number of people in poverty in the world.
- Cooperation from the developed countries (ODA) can play an important role for MIC's sustainable and inclusive development. However, taking into consideration that more domestic resources mobilization and private investment are available for MICs, ODA will contribute as a catalyst to activating the private sector in MICs, which will work as the engine of growth.
- In today's development cooperation architecture, MICs are important providers and recipient of development cooperation, especially through south-south cooperation. To promote and strengthen south-south cooperation by MICs, triangular cooperation play an important role, in which the support from the North can also facilitates an effective knowledge exchange between MICs and other countries.