

**The Middle-Income Countries Perspective
on Sustainable Development
in CIS, Eastern and Southern Europe**
(16-17 May 2013, Minsk)

THE CHAIR'S SUMMARY

The regional conference entitled “The Middle-Income Countries (MICs) Perspective on Sustainable Development in CIS, Eastern and Southern Europe” was held on 16-17 May in Minsk (Belarus). The conference was attended by the representatives of:

- 26 countries;
- UN agencies – UNDP, UNFPA, UNICEF, UNECE, UNIDO, UNCTAD, UN DESA;
- agencies from the UN Country Team in Belarus;
- the Commonwealth of Independent States’ Executive Committee;
- the Eurasian Economic Commission’s secretariat;
- the Green Global Growth Institute (based in the Republic of Korea);
- national state and non-state organizations.

Mr. Yuri Ambrazevich, Director-General for Multilateral Diplomacy in the Ministry of Foreign Affairs of Belarus was elected by acclamation to serve as Chair of the conference. The conference featured an opening session, three round tables, and a closing session.

Opening Session

The Chair opened the conference by reading the welcoming remarks on behalf of H.E. Valentin Rybakov, Deputy Minister of Foreign Affairs of Belarus.

The keynote address was delivered by H.E. Cihan Sultanoğlu, UN Assistant Secretary-General, Assistant UNDP Administrator, Director of the UNDP Regional Bureau for Europe and the CIS. The speaker referred to one of the central messages from the international conference on sustainable development Rio+20 (June 2012, Brazil) about the need to address the issues of inequality and exploitation of resources. The predicament enabled by the two factors, according to the keynote speaker, prompted the need to strike a balance between economic growth and resource use. Cihan Sultanoğlu pointed out that the region in general experienced a rise in inequality, while its energy use remained rather ineffective. The speaker further referred to the ongoing efforts at the United Nations to draft a post-2015 UN development agenda stressing the importance of national consultations on the issue that had been organized in many UN Member States. In particular, the keynote speaker singled out environment, health and employment as the areas that raised most concerns among ordinary people as was found out by the national consultations in a number of countries. Cihan Sultanoğlu further touched upon the issue of financing for sustainable development noting that all relevant previous commitments must be fully realized. She concluded with the observation that middle-income countries needed to play a more active role in the world by providing more leadership and ownership in development.

The conference was further addressed by Mr. Sergei Kamenetskiy from the CIS Executive Committee. The speaker noted the high importance attached to the topic of sustainable development in the CIS, especially under the current 2013 presidency of Belarus. He further dwelt on some specific sustainable development policies realized by the CIS in the context of its Strategy for up to 2020.

The opening session also featured H.E. Ana Teresa Dengo Benavides, Permanent Representative of Costa Rica to the UN in Vienna. The Permanent Representative provided a general outline for the international conference on MICs – a joint effort of the Government of Costa Rica and UNIDO – that would take place in San Jose in June 2013. The speaker pointed out that the Costa Rica’s conference would conclude with a

Declaration and a Plan of Action. A point was made that the regional conferences on MICs, held this month in Belarus and Jordan, would provide an important input to the international conference in Costa Rica.

The last speaker in this segment was Ms. Nuzhat Ehsan, UNFPA Representative for Ukraine, who currently also serves as UNFPA Country Director for Belarus. The speaker focused on social issues as an integral part of sustainable development agenda articulating the need for middle-income countries to address such issues as poverty, inequality, demographics, reproductive health, despite those countries' notable achievements in these areas in recent years.

Round Table 1

The round table 1 on the topic *“Challenges, capacities and opportunities of CIS, Eastern and Southern European MICs in the context of sustainable development”* featured five panelists representing UN DESA (Mr. Pingfan Hong), UNDP (Mr. Ben Slay), Global Green Growth Institute (Mr. Lee Myung-Kyoon), UN Economic Commission for Europe (Dr. Robert Shelburne), and UNCTAD (Mr. Michael Lim). The conference's chair presided over and moderated the round table.

Mr. Hong argued that MICs have significantly reshaped the global political and economic landscape over the past years. In particular, the middle-income countries recently contributed to more than 50 percent of global economic growth. At the same time, these countries continued to face a multitude of challenges. Commenting on some specific problems, Mr. Hong pointed to the slow global demand for the MICs' goods and services caused by the global economic crisis and its aftereffects. The speaker drew attention to the so-called “middle-income trap”. This phenomenon, according to him, was generally characterized by significantly reduced growth rates triggered by a number of factors, first and foremost, by countries' failures to address their overwhelming reliance on cheap labor and natural resources. Mr. Hong outlined some measures that the UN system pursued in its cooperation with MICs.

Mr. Slay posed a number of questions, which he did his best to subsequently answer through his own presentation. The speaker provided a broad comment on World Bank's qualifications of MICs and adduced several specific examples that would help the audience distinguish between upper and lower middle-income countries and other groups of states. Mr. Slay substantially dwelt on the issue of “middle-income trap”, arguing that the concept was not especially in “vogue” in Europe prior to the recent global economic and financial crisis, given many European MICs' association with or reliance on the European Union. Yet, as the speaker demonstrated, the global crisis exposed a number of vulnerabilities of some European MICs, while their close ties to the EU did not help them (“the EU was not a silver bullet”), which, in his opinion, made now much sense to speak about the relevance of “middle-income trap” phenomenon for the region.

Mr. Lee Myung-Kyoon elaborated on the concept of “green growth”, specifically on its principles and objectives. The speaker said that the Republic of Korea embraced the “green growth” model, because of its high reliance on imported energy sources. Mr. Lee Myung-Kyoon further provided more detailed information on how the concept of “green growth” had been implemented in the Republic of Korea and Kazakhstan. The author stressed the point that the firm commitment of governments in implementing “green growth” was indispensable if they were keen to succeed. The representative of the Global Green Growth Institute also spoke about the need to embrace a new “green paradigm” worldwide.

Dr. Robert Shelburne emphasized that in applying the concept of “middle-income trap” different analysts focus on different aspects of this problem, because, as the group of MICs constituted a heterogeneous group, so did the notion of “middle-income trap” have no clear definition. The representative of UNECE further explained what he understood by the concepts of “growth collapse” and “growth explosion” and how both could be helpful in analyzing and understanding the phenomenon of “middle-income trap”. The speaker said

that the “middle-income trap” essentially stood as a macroeconomic problem and adduced some examples from the European region. Dr. Shelburne further made some comparisons between the global development agenda centered around the MDGs and the one that was being elaborated for the period beyond 2015. His basic point was that while the MDGs was primarily about poverty and economics, the current effort was seeking to arrive at a comprehensive agenda that would tackle in a coherent and balanced way economic, social and environmental issues.

Mr. Michael Lim throughout his presentation essentially advanced the point that the income status of countries was highly contingent upon either success or failure of their policies to utilize science, technology and innovation capabilities. Like his fellow panelists, Mr. Lim extensively focused on the issue of “middle-income trap” sharing and corroborating many of the arguments expressed earlier. Having elaborated on some specific examples related to the application of science, technology and innovation, the speaker underlined the point that these three factors needed to be fully integrated in the post-2015 United Nations development agenda.

The discussion that followed focused on many of the issues raised by the panelists. An opinion was floated that the World Bank’s qualification of MICs did not fully account for all factors that made many states middle-income countries. Therefore, there was a need to come up with a more precise methodology for MICs at the United Nations. Several speakers touched upon the differences between the MDGs’ and the future development agendas supporting the drive towards a comprehensive coverage in the latter. Others commented on the “middle-income trap” sharing the point that membership in and close association with the European Union did not help a number of European MICs to withstand the rigors of the recent global economic crisis. Some participants drew in this regard attention to the patterns of cooperation among MICs in the Customs Union comprising Belarus, Kazakhstan and Russia, arguing that those patterns helped its members address their external vulnerabilities. A point was also articulated that people in many European MICs faced not poverty but security threats resulting from those countries’ exposure to the global economic crisis and the European sovereign debt crisis.

Round Table 2

The round table 2 on the subject *“Cooperation of region’s MICs with UN system’s organizations, programmes and funds on sustainable development”* included the following five panelists: Ms. Marion Barthelemy (UN DESA), Ms. Olga Memedovic (UNIDO), Mr. Dmitry Mariyasin (UNDP), Mr. Yuri Oksamitniy (UNICEF), Ms. Marta Diavolova (UNFPA). The segment was chaired and moderated by Mr. Evgeniy Lazarev, Head of the Department for Global Policies and Humanitarian Cooperation in the MFA of Belarus.

Ms. Marion Barthelemy underscored the point that the international conference on sustainable development Rio+20 had recognized some specific challenges faced by middle-income countries, not least the rising inequality, that should be effectively addressed. According to the speaker, the post-2015 UN development agenda needed to have sustainability at its core and must duly reflect the interests of this region’s MICs. In practical terms, as the speaker saw it, it should later be reflected in respective UNDAFs (United Nations Development Assistance Framework) implemented in the region. Ms. Barthelemy also drew attention to the idea of a facilitation mechanism for technology transfer that was mandated by the Rio+20 conference, but was still unrealized.

Ms. Olga Memedovic started with a comment on World Bank’s qualifications of MICs. She further shared the point expressed earlier that MICs constituted a heterogeneous group of countries that confronted a number of serious challenges. In the speaker’s view, this situation required more specific guidance for UN agencies in their engagement with middle-income countries. Having further pointed out that the countries in the region were all generally energy-intensive, Ms. Memedovic informed on how UNIDO tried to help address this challenge, especially in its cooperation with the Global Environmental Facility. The

speaker also noted that UNIDO experienced problems with fund mobilization for its programme activities, including in MICs.

Mr.Dmitry Mariyasin said that addressing MICs problems should be a collective effort. According to the speaker, UNDP proceeded from the assumption that MICs were both recipients and providers of assistance. Hence, UNDP was keen to promote horizontal cooperation with MICs that included various forms of interaction. The speaker stressed that the cooperation with middle-income countries must build upon an “asset-based approach”, under which MICs should be encouraged to contribute to cooperation with their own “assets”, be they financial or other, like, for instance, knowledge sharing. Mr.Mariyasin further articulated his 5-point vision that must constitute post-2015 alliances. In particular, he mentioned, among other factors, the importance of partnerships’ coherence and the need to address global public goods, while actively engaging in those undertakings private sector and non-state actors.

Mr.Yuri Oksamitniy stressed that his presentation was made on behalf of the UNICEF’s regional office. The speaker extensively focused on some factors affecting development opportunities of children and women in the region and provided numerous figures to substantiate his arguments. In terms of UNICEF priorities on cooperation with middle-income countries, Mr.Oksamitniy put a high premium on such issues as family, justice to children and women, expansion of pre-school education.

The primary focus of Ms.Marta Diavolova’s presentation related to the issue of population’s dynamics in the region’s middle-income countries. The speaker posed the two questions: 1) whether population’s ageing constituted a threat to the countries in the region; 2) whether migration constituted to those countries just another threat. The UNFPA representative herself answered both questions in the negative saying that such would indeed be the case if the respective governments treated those two issues thoroughly and comprehensively. Ms.Diavolova also dwelt on the issue of fertility rates in the region. The speaker noted that UNFPA had already put in place its own MICs strategy.

The following discussion extensively featured the issue of interagency coordination and cooperation with middle-income countries. Several participants spoke in favor of a United Nations inter-agency plan of action on cooperation with middle-income countries and opined that a proper interagency body for this plan’s implementation could be a UN Task Team or a similar mechanism. With that a comparison was drawn with the area of human trafficking, where the Inter-agency Coordination Group against Trafficking in Persons, which brings together 17 UN agencies, successfully coordinates UN system’s work related to the implementation of the UN Global Plan of Action against Trafficking in Persons. It was stressed that such coordination mechanisms did not entail any financial implications. Some speakers from UN agencies supported the idea of strengthening interagency cooperation with MICs through the tools proposed above and stressed that it was up to UN Member States to decide on such important issues. A point was voiced that such tools would serve to bolster MICs’ national development efforts. Some participants exchanged views on the issue of a facilitation mechanism for the transfer of technologies in the context of sustainable development, arguing that the main difficulty with its realization lay with the existing international property rights regime. A way forward here would be to seek for ways to incentivize the holders of technology patents (who primarily came from public and private entities in industrially advanced countries) to share the fruits of their ownership with developing countries and MICs. It was underscored that the transfer of energy and environmentally sound technologies was absolutely vital in the context of sustainable development policies’ implementation.

Some participants noted that the UN agencies’ representatives provided in their presentations a sufficiently comprehensive coverage of their respective agencies’ approaches and perspectives on cooperation with middle-income countries.

Round Table 3

The round table 3 addressed the topic of “*National consultations on the post-2015 UN development agenda*”. It featured the presentations by Mr.Vadim Pisarevich (MFA of Belarus), Dr.Zahidul Huque (UNFPA in Turkey), Mr.Jürg Staudenmann (UNDP in Serbia), Ms.Mira Nikolic (MFA of Serbia), Ms.Victoria Lozuyk (UNICEF in Belarus), Ms.Nicola Harrington-Buhay (UNDP in Moldova). The segment was moderated by Mr.Sanaka Samarasinha (UN RC/UNDP RR in Belarus).

Mr.Vadim Pisarevich spoke about the role of national consultations among other tracks on the post-2015 UN development agenda. The speaker argued that there had emerged several tracks on the future development agenda in order to provide a comprehensive overview of current development challenges. In Mr.Pisarevich’s view, the track associated with the UN System Task Team on the post-2015 UN development agenda constituted an institutional vision. The track geared to the High-Level Panel of Eminent Persons was expected to produce with its upcoming report a leaders’ vision, whereas the track of national consultations represented a grassroots vision. The speaker stressed that the decision on the future development agenda would be made by Member States, which, in turn, would be informed by the deliberations of the Open Working Group on sustainable development goals. Therefore, according to the panelist, the OWG needed to integrate all the three visions represented by the different post-2015 tracks – the institutional, the leaders, and the grassroots’ – in order to make the future development agenda a truly comprehensive tool.

Dr.Zahidul Huque’s presentation covered the topic of national post-2015 consultations in Turkey. In particular, as Dr.Huque underscored, Turkey’s national consultations allowed to engage a large number of national development stakeholders. The process was carried out through the nine thematic consultations. Additionally, it included four sub-regional meetings and a few youth events. The consultations pursued the purpose of engaging particularly vulnerable groups like disabled and poor people. Likewise, the process allowed to conduct a lot of interviews on development needs with ordinary people. Speaking about the lessons learned, Dr.Huque emphasized that the diversity of participation was vital to having successful consultations. When it came to future challenges, the speaker voiced concern over social and gender inequalities, and poverty among most vulnerable groups.

Mr.Jürg Staudenmann and Ms.Mira Nikolic delivered a joint presentation on Serbia’s experience in staging the post-2015 national consultations. The panelists informed that the process started in January 2013 and marked two months of especially intense consultations involving dozens of thematic discussions, surveys and interviews. The cross-agency working group was in charge of the consultations. The consultations’ final report was being reviewed by relevant national partners. In terms of challenges that the consultations helped find out in Serbia, Mr.Staudenmann and Ms.Nikolic referred to unemployment, poverty, government’s responsiveness, education and the environment. The major message of the process, according to the panelists, was that people wanted more ownership of development.

Ms.Victoria Lozuyk presented the findings of Belarus’ post-2015 national consultations. She noted with appreciation close cooperation in the process between the UN Country Team and the MFA and other relevant line ministries of Belarus. The process was highly inclusive and was organized in the form of 13 thematic groups and workshops that held their meetings throughout the country. The speaker said that the questions raised in the thematic groups helped identify the following priorities as seen at the grassroots level in Belarus: education, healthcare, government’s responsive social policies, societal stability, tolerance, private entrepreneurship and the environment. Ms.Lozuyk further noted that men and women voiced some slight differences in development priorities. Moreover, youth took a very active part in the consultations.

Ms. Nicola Harrington-Buhay shared with the participants the outcome of Moldova's post-2015 national consultations. She praised all 16 UN resident agencies in Moldova for actively participating in the process. The focus, according to Ms. Harrington-Buhay, was to listen to the voices of people who were not previously heard. As a result, around 7000 people were given the opportunity to express their views on development. In terms of priorities, the panelist voiced the following as having been identified in the course of the national consultations: sustained income, jobs, reliable judiciary, healthcare, reliable infrastructure, access to information, concern over corruption.

During the ensuing discussion the general comment was about the importance of national consultations in the global post-2015 process. Some pointed out that the consultations indeed complemented some other post-2015 tracks. The panelists were encouraged to make opinions on how the priorities resultant from their respective national consultations would be reflected in respective governments' policies. Responding to this question some panelists stressed that it would be the issue of negotiations between UN country teams and governments when they would be jointly drafting next UNDAFs. Some participants representing the regions' countries stated that they would do their best to incorporate the results of the national consultations into their national positions. One participant advised those engaged in the national post-2015 consultations to closely follow reports produced on the matter by international organizations, which could enrich their own findings.

Closing Session

The session featured the two statements: by H.E. Vladimir Makei, Minister of Foreign Affairs of Belarus, and H.E. Cihan Sultanoğlu, UN Assistant Secretary-General, Assistant UNDP Administrator, Director of the UNDP Regional Bureau for Europe and the CIS.

In his final remarks the Minister first dwelt on the significance of the Minsk conference. He said that conference helped revive the topic of MICs internationally, as it had effectively been put into the background by the recent global economic crisis. Furthermore, the conference, according to the speaker, essentially demonstrated a successful attempt to integrate the topic of MICs with that of sustainable development. When it came to the follow-up action, Vladimir Makei informed that Belarus intended to sponsor at the substantive 2013 session of ECOSOC a draft resolution on the theme, which would reflect the topic of the conference. The Minister further elaborated on some ideas that Belarus wanted to be reflected in the resolution, like a United Nations Inter-agency plan of action on cooperation with MICs and a United Nations Task Team that would coordinate the plan's implementation. The Minister concluded with a message of high appreciation to all the participants and a wish of further success in their work.

Ms. Cihan Sultanoğlu, on her part, expressed appreciation to the MFA of Belarus for holding an important event on MICs. She further stated that the conference was characterized by a stimulating and inspiring discussion. In particular, according to the Assistant UNDP Administrator, the discussion on the "middle-income trap" phenomenon clearly demonstrated the need to focus not just on economics, but on people with their comprehensive development needs. This situation, in her view, called for a "sustainability paradigm". Mr. Sultanoğlu noted that all the national post-2015 consultations essentially demonstrated the convergence of development priorities as seen from the local level. She concluded with an observation that the Minsk regional conference needed to be viewed as part of the global post-2015 UN development agenda process.