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Globalization and interdependence: development cooperation with middle-income countries

Report of the Second Committee*

Rapporteur: Ms. Juliet **Hay** (New Zealand)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 21 (see [A/68/440](#), para. 2). Action on sub-item (c) was taken at the 35th and 40th meetings, on 14 November and 6 December 2013. An account of the Committee's consideration of the sub-item is contained in the relevant summary records ([A/C.2/68/SR.35](#) and 40).

II. Consideration of draft resolutions [A/C.2/68/L.35](#) and [A/C.2/68/L.65](#)

2. At the 35th meeting, on 14 November, the representative of Fiji, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Development cooperation with middle-income countries" ([A/C.2/68/L.35](#)), which read:

"The General Assembly,

"Recalling the outcomes of all the major United Nations conferences and summits in the economic, social and related fields,

"Reaffirming its resolution [67/226](#) of 21 December 2012, entitled 'Quadrennial comprehensive policy review of operational activities for development of the United Nations system', in which it recognized that middle-income countries still face specific development challenges,

* The report of the Committee on this item is being issued in five parts, under the symbol [A/68/440](#) and Add.1-4.



“Recalling its resolutions 63/223 of 19 December 2008, 64/208 of 21 December 2009 and 66/212 of 22 December 2011,

“Taking note of the outcomes of the international conferences on development cooperation with middle-income countries held in Madrid on 1 and 2 March 2007, in San Salvador on 3 and 4 October 2007, in Windhoek from 4 to 6 August 2008 and in San José from 12 to 14 June 2013,

“Taking note also of the regional conferences on development cooperation with middle-income countries held in Cairo on 11 and 12 March 2008, in Minsk on 16 and 17 May 2013 and in Amman on 23 May 2013,

“Emphasizing that middle-income countries must take primary responsibility for their own development and that their national efforts should be complemented by supportive global programmes, measures and policies aimed at expanding the development opportunities of middle-income countries, while taking into account their specific national conditions,

“Recalling all of the principles supported by the United Nations system, including those of predictability, universality and progressivity, and reaffirming the importance of providing strategic support to all programme countries, at the request of the national Government, in order to address their specific needs,

“Highlighting that development cooperation strategies for middle-income countries should be adapted to each particular context and help to preserve and sustain their economic, environmental and social achievements, and that such cooperation should not come at the expense of aid to least developed countries,

“Noting that national averages based on criteria such as per capita income do not always reflect the actual particularities and development needs of middle-income countries, and recognizing the significant diversity of middle-income countries,

“Recognizing the efforts made to review the classification criteria of the agencies, funds and programmes of the United Nations for middle-income countries and to adapt them to the particular development challenges of all developing countries,

“Recalling that, despite notable reductions in extreme poverty, middle-income countries as a group are still home to approximately two thirds of the world population that lives in poverty, and that efforts to address those challenges should be supported in order to ensure that achievements made to date are sustained, including through support to the effective development of comprehensive cooperation policies,

“Recognizing that high levels of income inequality constitute an underlying factor in the vulnerability of middle-income countries and constrain human development in most of those countries, and that economic growth in many middle-income countries needs to be translated into development,

“Recognizing also that, despite the achievements and efforts of middle-income countries, a significant number of people are still living in poverty and inequalities remain, and that further investment in social services and economic opportunities are needed in order to reduce those inequalities,

“Stressing that middle-income countries continue to face particular challenges, inter alia, related to job creation, the diversification and transformation of their economies, and access to technologies and international markets, and, in this regard, that national efforts should be complemented by supportive global programmes measures and policies aimed at creating an enabling environment at the international level for development,

“Stressing also the need to consider a gap-based approach in identifying priorities for cooperation with middle-income countries, in accordance with their national priorities, taking into account different structural gaps in poverty eradication, in terms of, inter alia, inequality, investment, savings, productivity, innovation, infrastructure, education, health, the environment and fiscal structures, that are holding back sustained, equitable and inclusive growth,

“Recognizing the challenges faced by middle-income countries in achieving sustainable development, understood as the balanced integration of its three dimensions, with poverty eradication at its core, in their national policies and programmes,

“Recognizing also the need to better understand the multidimensional nature of development and poverty and the significant supportive role that the United Nations system should play in this regard,

“Expressing deep concern over the effects of the economic and financial crisis on middle-income countries, particularly in the efforts to achieve the Millennium Development Goals, and the high indebtedness of some of them,

“1. *Takes note* of the report of the Secretary-General;

“2. *Recognizes* that middle-income countries still face significant challenges in their efforts to achieve the internationally agreed development goals, including the Millennium Development Goals, and in that regard underlines the importance of international support, in various forms, that is well aligned with national priorities to address the development needs of middle-income countries;

“3. *Acknowledges* the efforts made and successes achieved by many middle-income countries in eradicating poverty and achieving the internationally agreed development goals, including the Millennium Development Goals, as well as their significant contribution to global and regional development and economic stability;

“4. *Acknowledges* that statistical averages based only on criteria such as per capita income do not reflect the actual particularities and development needs of middle-income countries, and recognizes that this type of classification fails to recognize the diversity among and within middle-income countries and disregards the multidimensional nature of development and poverty, and that these criteria fail to measure factors such as unequal distribution of income, quality of life and meeting basic needs;

“5. *Requests* the United Nations, in that regard, to develop a more robust and comprehensive conceptual framework regarding the current diversity among developing countries that will preserve the continuity of the current modalities of multilateral development cooperation with those

countries, and which should include equity, human development, industrialization, economic development and environmental sustainability, to be considered and adopted by the General Assembly;

“6. *Underlines* that the cooperation of the United Nations system with programme countries should contribute, in the long term, to accelerating progress on the Millennium Development Goals and other internationally agreed development goals and targets, under the progressive and universal presence of the United Nations system;

“7. *Recognizes* that, with two thirds of the world’s poor population concentrated in middle-income countries, cooperation aimed at those countries can have a multiplying effect by contributing significantly to the achievement of internationally agreed development goals, including the Millennium Development Goals;

“8. *Reaffirms* the increased importance of South-South cooperation, and in this regard encourages Member States and the funds, programmes, specialized agencies and other entities of the United Nations system involved to mainstream support to South-South cooperation and triangular cooperation to help developing countries, at their request and with their ownership and leadership, to develop capacities to maximize the benefits and impact of South-South cooperation and triangular cooperation in order to achieve their national goals;

“9. *Welcomes* the solidarity of middle-income countries with other developing countries with a view to supporting their development efforts, including in the context of South-South and triangular cooperation, and takes note of the financial, technical, technology transfer and capacity-building support that is being provided by developing countries, particularly to least developed countries, through South-South cooperation;

“10. *Acknowledges with appreciation* that several countries and groups of countries are already implementing duty-free and quota-free market access to exports of least developed countries, and calls on developed country Member States that have not yet done so, and developing country Member States declaring themselves in a position to do so, to provide duty-free and quota-free market access;

“11. *Underlines* the need for sustained efforts towards achieving debt sustainability in middle-income countries in order to avoid a debt crisis, and to that end notes and encourages further efforts by international financial institutions to enhance facilities for them;

“12. *Recognizes* the role of public-private partnerships as an effective instrument for middle-income and other developing countries in meeting the challenges of sustainable development;

“13. *Calls upon* the international community, including international financial institutions, to continue to improve support for the development efforts of middle-income countries through targeted technical cooperation, the provision of resources, technology transfer and capacity-building, as appropriate, while taking into account their national priorities and development policies;

“14. *Acknowledges* that official development assistance is still essential for a number of middle-income countries and that it has a role to play in targeted areas, taking into account the needs and domestic resources of those countries;

“15. *Calls upon* the international community to continue to undertake timely, appropriate and targeted measures to address the ongoing adverse impact of the world financial and economic crisis;

“16. *Urges* the entities of the United Nations development system, in particular the funds and programmes, and the regional commissions, in accordance with their respective mandates, to improve support, as appropriate, for middle-income countries and to improve their coordination and exchange of experiences with other international organizations, international financial institutions and regional organizations in this field;

“17. *Urges* the United Nations system to provide enhanced support to middle-income countries, including through technical cooperation and other modalities of assistance, taking into account the development needs of and support for least developed countries, to strengthen their national capacities and reduce their external vulnerability;

“18. *Recognizes* the need for the United Nations system to continue providing development assistance to middle-income countries that is aligned with their national strategies and policies while targeting their existing and emerging needs, particularly with regard to sustainable development challenges and including policy advice and formulation, technical cooperation and other modalities of assistance, to strengthen their national capacities and reduce their external vulnerability;

“19. *Decides*, in this context, to create a specialized unit to address the particular development challenges of middle-income countries, including sustainable development and poverty eradication, and to follow up on the implementation of the present resolution within the Department of Economic and Social Affairs of the Secretariat;

“20. *Also decides* that the specialized unit should prepare a United Nations action plan to address the need for a strategic framework for development cooperation between the United Nations system and middle-income countries, which should be submitted to the General Assembly for its consideration by 2016 and should be elaborated in full consultation with Member States, including least developed countries, regional organizations and other relevant stakeholders;

“21. *Stresses* that the concerns and special challenges of middle-income countries deserve due consideration in the elaboration of the post-2015 development agenda;

“22. *Requests* the Secretary-General, in collaboration with all regional commissions, to submit to the General Assembly at its seventieth session a report on the implementation of the present resolution, including a comprehensive assessment of the support provided by the United Nations development system for development cooperation with middle-income countries, and decides to include in the provisional agenda of the session,

under the item entitled ‘Globalization and interdependence’, the sub-item entitled ‘Development cooperation with middle-income countries’.”

3. At its 40th meeting, on 6 December, the Committee had before it a draft resolution entitled “Development cooperation with middle-income countries” ([A/C.2/68/L.65](#)), submitted by the Vice-Chair of the Committee, Waruna Sri Dhanapala (Sri Lanka), on the basis of informal consultations on draft resolution [A/C.2/68/L.35](#).
4. At the same meeting, upon the proposal of the Chair, the Committee agreed to waive the relevant provision of rule 120 of the rules of procedure of the General Assembly and proceeded to take action on draft resolution [A/C.2/68/L.65](#).
5. Also at the same meeting, the Committee was informed that draft resolution [A/C.2/68/L.65](#) had no programme budget implications.
6. Also at the 40th meeting, the representative of Argentina, in his capacity as facilitator of the draft resolution, made a statement, in the course of which he orally corrected draft resolution [A/C.2/68/L.65](#) (see [A/C.2/68/SR.40](#)).
7. At the same meeting, the Committee adopted draft resolution [A/C.2/68/L.65](#), as orally corrected (see para. 10).
8. After the adoption of the draft resolution, statements were made by the representatives of Colombia, Costa Rica, Belarus and the European Union (see [A/C.2/68/SR.40](#)).
9. In the light of the adoption of draft resolution [A/C.2/68/L.65](#), draft resolution [A/C.2/68/L.35](#) was withdrawn by its sponsors.

III. Recommendation of the Second Committee

10. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Development cooperation with middle-income countries

The General Assembly,

Recalling the outcomes of the major United Nations conferences and summits in the economic, social, environmental and related fields,

Reaffirming its resolution [67/226](#) of 21 December 2012 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system,

Recalling its resolutions [63/223](#) of 19 December 2008, [64/208](#) of 21 December 2009 and [66/212](#) of 22 December 2011,

Taking note of the outcomes of the international conferences on development cooperation with middle-income countries held in Madrid on 1 and 2 March 2007,¹ San Salvador on 3 and 4 October 2007,² Windhoek from 4 to 6 August 2008³ and San José from 12 to 14 June 2013,⁴

Taking note also of the regional conferences on development cooperation with middle-income countries held in Cairo on 11 and 12 March 2008,⁵ Minsk on 16 and 17 May 2013⁶ and Amman on 23 May 2013,⁷

Emphasizing that middle-income countries must take primary responsibility for their own development, and that their national efforts should be complemented by supportive global programmes, measures and policies aimed at expanding the development opportunities of middle-income countries, while taking into account their specific national conditions,

Reaffirming that the fundamental characteristics of the operational activities for development of the United Nations system should be, inter alia, their universal, voluntary and grant nature, their neutrality and their multilateralism, as well as their ability to respond to the development needs of programme countries in a flexible manner, and that the operational activities are carried out for the benefit of programme countries, at the request of those countries and in accordance with their own policies and priorities for development,

¹ See A/62/71-E/2007/46, annex.

² See A/62/483-E/2007/90, annex.

³ See A/C.2/63/3, annexes I and II.

⁴ Declaration of the High-level Conference of Middle-Income Countries: Networks for Prosperity, San José, Costa Rica, 14 June 2013.

⁵ Regional conference on increasing the competitiveness of African middle-income countries, Cairo, 11-12 March 2008.

⁶ Regional conference on the middle-income countries' perspective on sustainable development in the Commonwealth of Independent States, Eastern and Southern Europe, Minsk, 16-17 May 2013.

⁷ Regional preparatory meeting for the High-level Conference of Middle-Income Countries, Amman, 23 May 2013.

Emphasizing that there is no “one-size-fits-all” approach to development and that development assistance by the United Nations development system should be able to respond to the varying development needs of programme countries, including the development needs of middle-income countries, and should be aligned with their national development plans and strategies in accordance with its mandates, keeping in mind the needs of least developed countries,

Noting that national averages based on criteria such as per capita income do not always reflect the actual particularities and development needs of middle-income countries and that, despite notable reductions in poverty, middle-income countries are still home to the majority of the world’s people living in poverty, and inequalities remain,

Recognizing that high degrees of inequality may contribute to vulnerability in middle-income countries and constrain sustainable development in many of those countries, and that economic growth needs to be sustained, inclusive and equitable,

Stressing that middle-income countries continue to face particular challenges related to, inter alia, job creation, the diversification and transformation of their economies, and access to international markets and, in this regard, that efforts to create a national enabling environment for development should be complemented by a global enabling environment,

Recognizing the need to better understand the multidimensional nature of development and poverty, and acknowledging the significant role that the United Nations system has played and should continue to play in this regard,

Expressing deep concern about the ongoing adverse impacts, particularly on development, of the world financial and economic crisis, recognizing evidence of an uneven and fragile recovery, cognizant that the global economy, notwithstanding significant efforts that helped to contain tail risks, improve financial market conditions and sustain recovery, still remains in a challenging phase with downside risks, including high volatility in global markets, high unemployment, particularly among young people, indebtedness in some countries and widespread fiscal strains, which pose challenges for global economic recovery and reflect the need for additional progress towards sustaining and rebalancing global demand, and stressing the need for continuing efforts to address systemic fragilities and imbalances and to reform and strengthen the international financial system while implementing the reforms agreed to date,

Recalling the resolve of Member States to enhance and strengthen domestic resource mobilization and fiscal space, including, where appropriate, through modernized tax systems, more efficient tax collection, the broadening of the tax base and the effective combating of tax evasion and capital flight, and reiterating that, while each country is responsible for its tax system, it is important to support national efforts in these areas by strengthening technical assistance and enhancing international cooperation and participation in addressing international tax matters,

1. *Takes note* of the report of the Secretary-General;⁸
2. *Acknowledges* the efforts made and successes achieved by many middle-income countries to eradicate poverty and achieve the internationally agreed

⁸ A/68/265.

development goals, including the Millennium Development Goals, as well as their significant contribution to global and regional development and economic stability;

3. *Expresses concern* that some middle-income countries are highly indebted and face increased challenges to their long-term debt sustainability;

4. *Acknowledges* that identifying structural gaps can improve the understanding of development needs of developing countries, including middle-income countries;

5. *Requests* the United Nations development system to ensure that it addresses the diverse development needs of middle-income countries in a coordinated manner through, inter alia, an accurate assessment of the national priorities and needs of these countries, taking into account the use of variables that go beyond per capita income criteria;

6. *Also requests* the United Nations development system, in particular the funds and programmes, in accordance with their respective mandates, and in the context of their respective strategic frameworks and within their existing budgets, to provide better focused support to middle-income countries and to improve coordination and exchange of experiences with other international organizations, international financial institutions and regional organizations in this field, as appropriate;

7. *Welcomes* the solidarity of middle-income countries with other developing countries, in particular the financial, technical, technology transfer and capacity-building support being provided by middle-income countries, particularly to least developed countries, through South-South cooperation and triangular cooperation, while stressing that South-South cooperation is a complement to, and not a substitute for, North-South cooperation, and in this regard calls upon the United Nations development system to continue its ongoing efforts to mainstream support to South-South cooperation and triangular cooperation;

8. *Encourages* developed countries, and developing countries declaring themselves in a position to do so, to take steps towards the goal of realizing the timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with the Hong Kong Ministerial Declaration adopted by the World Trade Organization in 2005;

9. *Recognizes* the importance of the private sector as well as the role of public-private partnerships in meeting the challenges of sustainable development for middle-income countries and other developing countries;

10. *Also recognizes* that middle-income countries still face significant challenges in their efforts to achieve the internationally agreed development goals, including the Millennium Development Goals, and in that regard underlines the importance of international support, through various forms, that is well aligned with national priorities to address the development needs of middle-income countries, including through capacity-building;

11. *Acknowledges* that official development assistance is still essential for a number of middle-income countries, and that it has a role to play in targeted areas, taking into account the needs and domestic resources of these countries;

12. *Also acknowledges* that good governance and the rule of law at the national and international levels are essential for sustained economic growth, sustainable development and the eradication of poverty and hunger;

13. *Encourages* giving appropriate consideration to the diverse development challenges of middle-income countries in the elaboration of the post-2015 development agenda;

14. *Requests* the Secretary-General to submit to the General Assembly at its seventieth session a report on the implementation of the present resolution that also looks further into the development challenges of middle-income countries, including through, inter alia, measurements that take into account the multidimensional nature of poverty and development, and that provides recommendations and proposals to ensure efficient, effective, better focused and better coordinated cooperation with middle-income countries, and decides to include in its provisional agenda, under the item entitled “Globalization and interdependence” the sub-item entitled “Development cooperation with middle-income countries”.
