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I.   **Introduction**
   a. Thank you; it's an honor to be here and contribute towards this important debate.
   b. The objective of the paper is to provide policy recommendations on how the UNDS should adapt to the changing needs of Middle Income Countries (MICs) within the context of the 2030 Agenda.
   c. A quick note about the concept:
      i. There is no consensus within the UNDS on whether the income-based definition of MIC is useful, nor on how it should be used, but the category is recurrent both in individual entities' strategic plans, and in UNGA resolutions.
      ii. To organize the analysis in the paper, I resorted to four loose clusters (including that of conflict-affected countries), but there are many other routes taken by UNDS entities. For instance, the latest UNFPA Strategic Plan has color-coded clusters that combine income with variables based on needs (for capacity development, service provision etc).

II. **Under what circumstances has the UN Development System successfully supported development in MICs?**
   a. Successful service delivery has often has depended on strategic focus: initiatives that are not too widely dispersed across a vast number of projects and/or large geographic area, and that are accompanied by a "culture of evaluation" that is systematic rather than ad hoc.
   b. In conflict affected and lower MICs, the UN has been especially successful in building resilience when combining efforts geared to tackle immediate needs with efforts to ingrain long-term planning for emergencies.
   c. In higher MICs, UNDS is viewed as less successful when its entities are perceived as having "stepped into the shoes of the state" and taking on responsibilities that

would be best left to government. There are sometimes perverse incentives to "outsource" policy initiatives to international organizations, which is problematic when this curtails capacity-building and undermines the accountability of national governments.

d. On Policy support, the UNDS has been most effective in MIDs where it is able to identify policy innovations, including at a local level, and assist governments in devising ways to scale them up. The UN has increasingly moved towards upstream policy engagement—the delivery of thinking, not things.

e. The support offered by the UNDS is also viewed as useful when it provides some *policy framework continuity* in the face of national government changes and economic or political crises. For this, a careful balance between neutrality and engagement must be maintained, and the UN needs to have a certain anticipatory capacity, closely following local calendars and developments on the ground.

f. Across the board, the UN country teams have found success when they can capitalize on the UN's key comparative advantage: that of being able to draw on the experiences of other countries to contextualize local policies and suggest alternative solutions.

III. **ODA is still needed for MICs—even higher income ones**

a. MICs still need ODA. This is nothing new. The Addis Ababa Action Agenda recognized that MICs have diverse and specific development needs that require not only tailored approaches, but also ODA and other concessional forms of finance, and that graduation policies need to be sequenced, phased, and gradual.

b. This is the case for at least two reasons:

   i. First, ODA is still needed in order to expand on the gains in poverty eradication of the past fifteen years. This is more than a question of increasing flows; it should not be assumed that "more of the same" will work, because the remaining pools of poor may be harder to reach than the previous ones.

   ii. ODA is also necessary to prevent reversals, especially given that the economic outlook for

many of these countries is far less favorable than it was in the 2000s. The newly expanded middle classes are vulnerable to economic downturns; their financial footing, social wellbeing and political representation cannot be taken for granted. Unemployment increases and new budgetary constraints on social policies will hit hard not just the poor, but also the precarious middle classes.

iii. Structural challenges, including the middle income trap--through which many countries seem to lose competitiveness to LICs while still lacking the technological edge to catch up to HICs—are widespread among MICs.

iv. ODA is needed to consolidate poverty eradication and fight social inequality, to help huge swaths of the world's population to better prepare for the challenges of climate change and to promote long-term peace. In sum, to attain the overall goals of the SDGs, it is essential that ODA to these countries not be discontinued, and that it be paired with innovative approaches to development challenges, such as engaging with the new development banks to address infrastructure demands and gently steer these efforts in the direction of sustainable, inclusive development.

c. **The Need for Quick Adjustment**

i. The UN needs to adjust quickly if it wants to make a difference and move beyond the soft issues. If 70% of the world's poor are in the MICs, the operational side of the house must rethink (not reinvent, but creatively rethink) its country presences. Here are six recommendations:

1. **Discard the MIC category:** as this morning's discussion has shown, this is too broad a category and its rigid borders frequently lead to sudden shifts in the availability of resources.

2. **Strengthen and improve ODA to these countries:** Combine increases in flows with innovative approaches based on comparative

knowledge of policy design and implementation.

3. **Boost capacity-building**: MICs have growing demand for the UNDS to engage in capacity-building, not only within government institutions at central and local levels, but also on the part of civil society actors, private sector, and partnerships across these categories.

4. **Rethink country teams**: In high MICs, staff profiles should be based primarily on the skills and capacity to provide high quality, context specific policy advice, based on experience with and knowledge of policy innovations and effective practices in other countries. The composition, profile and size of country teams should be determined not only according to the availability of funds, but also in response to the particular capacities and needs of each country, as established in dialogue between the country and the UN.

5. **Reconsider the role of infrastructure**: given the demands and the new focus of South South cooperation in this topic, the UNDS must adapt and respond. For instance helping to steer countries away from the type of spatial trickle down economics through which megaprojects are assumed to automatically lift all boats. The UNDS should play a more central role in assisting MICs to implement infrastructure with inclusive development.

6. **The UNDS should do a better job of promoting and facilitating South-South and triangular cooperation**, including those variants that go beyond just state actors.

IV. Thinking on today's discussion, the widespread use of the "MIC" category among the entities of the UNDS suggests the lack of a well-refined theory of development. New

categories should be thought that avoid the rigidity of the label and the distortions this provokes.

V. In sum, it is essential that the UNDS not take for granted the gains of the past fifteen years in MICs, that it reconsider the uncritical use of the category, and that it develop more tailored approaches so as to help national and subnational governments to address poverty and other development challenges affecting 70% of the world's population.