



# MICs High-Level Conference Bulletin

**A Briefing Note of the High-Level Conference of Middle-Income Countries (MICs)**

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## SUMMARY OF THE HIGH-LEVEL CONFERENCE OF MIDDLE INCOME COUNTRIES: 12-14 JUNE 2013

The High-Level Conference of Middle Income Countries (MICs) was held from Wednesday, 12 June to Friday, 14 June 2013, in San José, Costa Rica. The conference brought together high-level representatives from over 70 countries, including ministers, policy makers, experts, and private sector and civil society representatives. Hosted by the Government of Costa Rica and co-organized by the UN Industrial Development Organization (UNIDO), the meeting was convened under the theme “Challenges for Sustainable Development and International Cooperation in Middle Income Countries: The Role of Networks for Prosperity.”

Over the course of three days, meeting attendees addressed, *inter alia*, the role of MICs in the post-2015 development agenda, inclusive growth and prosperity, knowledge networks, sustainability and industrial development, and financing for development following the fourth High-Level Forum on Aid Effectiveness, which was held in Busan, Republic of Korea, in November, 2011. The meeting concluded with the adoption of the San José Declaration.

### A BRIEF HISTORY

The High-Level Conference of Middle Income Countries (MICs) is being organized at a critical point in time, just before the MDGs expire and as discussions to shape the post-2015 development agenda gather speed. Two-thirds of the world’s poor reside in MICs and through strengthening cooperation, particularly South-South and triangular cooperation, the associated difficulties of poverty and inequality can be effectively addressed.

Due to current global challenges, including food security and the ongoing financial and economic crises, there is an increasing call for developing networks for cooperation and prosperity. As MICs are defined by the World Bank according to their per capita income and are not defined in the UN system, there is a concern that many of the complexities and challenges for MICs may be overlooked. These include the multidimensional nature of development, volatile market conditions and inclusive growth and economic diversification. Many MICs are hoping that these complexities and realities will be articulated in the post-2015 development agenda.

Prior to the High-Level Conference, a number of preparatory took place. Three regional preparatory meetings took place in May 2013, in Belarus, Jordan and Mexico. Three open dialogues on the conference took place in Vienna, Austria, in February 2013; New York, US, in March, April and June 2013; and Washington D.C., US in May 2013. A thematic dialogue on environmental sustainability and green industry, inclusive growth and prosperity, and financing for sustainable economic development took place in 8 May 2013 in Vienna, Austria.



The dais during the opening ceremony

Informal consultations also took place in Vienna, Austria, in April and May 2013. More information can be found at: <http://micconference.org/preparatory-events/>.

### REPORT OF THE MEETING

On Wednesday morning, Master of Ceremonies Qazi Shaukat Fareed, Former Director of the UN Chief Executives Board, introduced the opening session, noting the timely opportunity the conference provides to discuss and shape

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development policy. Mauricio Barrantes, Presidential House, Costa Rica, underscored the significant contribution of MICs to global development, saying this has led to MICs becoming key stakeholders in international affairs.

Taizo Nishikawa, Deputy to the Director General of UNIDO, representing UN Secretary-General Ban Ki-moon and UNIDO Director General Kandeh Yumkella, noted that the theme of the conference speaks to the profound changes occurring in the global landscape. He highlighted the findings of the UNIDO Networks for Prosperity Initiative, underscoring the role of knowledge creation and sharing in meeting the development needs of MICs. He urged that the outcomes of this conference include a call for more inclusive partnerships.

Amb. Néstor Osorio Londoño, President, Economic and Social Council of the UN and Permanent Representative of Colombia to the UN, called for the post-2015 development agenda to clearly reflect the role of MICs in sustainable development. He also suggested that the post-2015 development agenda be globally inclusive and ensure that the results achieved are irreversible.

Roberto Gallardo, Minister of Planning, Costa Rica, said that current definitions of MICs has meant that many MICs may not be able to access official development assistance (ODA), hindering and possibly reversing development. Mayi Antillón Guerrero, Minister of Economy, Industry and Commerce, Costa Rica, urged participants to use the meeting to investigate global development trends and the role of knowledge for promoting development.

Enrique Castillo Barrantes, Minister of Foreign Affairs, Costa Rica, highlighted the importance of MICs in the global architecture and suggested that the post-2015 development agenda define a “new order” for future development cooperation. He stressed recognizing and strengthening South-South cooperation as a mechanism to provide mutual benefits.

President Laura Chinchilla, Costa Rica, urged that access to ODA for MICs not be based solely on nominal income definitions. She noted substantial progress made by MICs in development but cautioned that “pathways to development are

still paved with fossil fuels,” saying that this may have other negative externalities. Stating that MICs represent the “hope of the planet” for reaching more prosperous economies, she emphasized the role of knowledge and cooperation networks for future growth.

Vuk Jeremić, President of the UN General Assembly, in a statement read by Fareed, said that this is a pivotal moment for the international system to work towards a more democratized system of international cooperation and development. In a video message, Enrique Iglesias, Secretary General, Ibero-American Summit Secretariat, said that many MICs fall into the “middle income trap,” whereby national growth and development slows down or stalls. To avoid this, he suggested, *inter alia*, promoting growth through national policies and promoting a knowledge economy.

In the keynote address on the changing concept of international development, Kevin Casas-Zamora, Organization of American States and former Costa Rican Vice President, highlighted the creation of alliances such as that of Brazil, Russia, India, China and South Africa (BRICs), which have increasing influence on international policies. He noted that future labor forces in MICs will be based on immigration societies, decent work and mutual dependence between countries, citing climate change as one instance where such collaboration will be necessary. He emphasized the diversity of MICs and urged that these countries be capable of innovating and increasing production to avoid falling into the “middle income trap” and be able to fully participate in the knowledge economy.

#### **HIGH-LEVEL DIALOGUES**

**INCLUSIVE GROWTH AND PROSPERITY:** This session took place on Wednesday afternoon. The dialogue addressed inclusive solutions for economic growth and sustained prosperity for all in the post-2015 development agenda. Moderator Tom Alweendo, Director-General, National



L-R: Enrique Castillo Barrantes, Minister of Foreign Affairs, Costa Rica, and Laura Chinchilla, President of Costa Rica, leaving the venue

Planning Commission, Namibia, highlighted challenges to growth, including, the widening gap between the rich and poor and rising youth unemployment.

Laura Thompson, Deputy Director General, International Organization for Migration, noted an increase in migration from the North to the South and said that the South-South migration is now as relevant as the North-South migration has been previously. She urged integrating migration and remittance policies into those of poverty reduction and development.

Mayi Antillón Guerrero provided insight into the Costa Rican experience to effectively support development in coastal areas. She highlighted the importance of open and inclusive engagement to identify local capacity “according to what they have, not according to what they do not have.”

Arsenio Balisacan, Socioeconomic Planning Secretary, the Philippines, acknowledged the role of MICs in the global shift to reduce poverty through economic growth, underscoring the importance of addressing inequality. He deemed “cooperation and collaboration the name of the game,” pointing to the importance of improving market access for exports, access to technology and South-South cooperation.

As an example of positive growth, Pongsvas Svasti, Thammasat Business School, Thailand, shared his country’s experience in developing an automotive industry, drawing attention to the role of government in developing policies to fit into the world economy and encouraging the private sector to adopt new technologies.

Ludovico Alcorta, Director, Development Policy, Statistics and Research, UNIDO, commented on the economic and social challenges in MICs for continued development, advising: job generation through diversification and new technologies; and state intervention to implement taxation to distribute and share resources. Regarding the challenges in technology, he suggested a shift to balance investments in private research and development.

Moderator Alweendo opened the floor for discussion. On a question related to identifying industries that will be key growth areas, Svasti noted that the decision was based on which industry would benefit rural enterprises the most. On the lack of equitable growth, Alcorta said that the quality of growth needs to be ensured, including through encompassing broad structural changes so that the economy is deepened. Antillón said that public structures have not been able to

adapt to rapid change in the global environment, calling for productive sectors to foster innovation and avoid reliance on state expenditure.

The second half of the dialogue addressed the important role that private business, international trade and the development of entrepreneurship play in creating sustained economic growth in MICs. Sarwar Hobohm, Director, Strategic Planning, Donor Partnerships and Quality Assurance, UNIDO, moderating the panel, outlined that the session aimed to address: developing the private sector and entrepreneurship as a driving force for growth and development; avoiding and overcoming the “middle income trap”; and increasing productivity through increasing innovation.

Sham L. Bathija, Minister Senior Economic Adviser to the President, Afghanistan, noted that it is important for Least Developed Countries (LDCs) to share knowledge and learn from the experiences of MICs. He underscored the potential for partnership between LDCs with MICs and urged cross-regional knowledge sharing. Roberto Gallardo said that development is a long-term process, but policies need to be consistent and allow enough time to foster the necessary conditions for improving quality of life.

Fabrizio Zarcone, World Bank Resident Representative in El Salvador, underscored the importance placed by the World Bank on achieving shared prosperity. He highlighted the World Bank goals of poverty reduction and improving the conditions and income for the bottom 40% of the global population as part of their efforts to address inclusive growth.

Moderator Hobohm opened the floor for discussion. Egypt proposed that the private sector in MICs adopt an integrated reporting system on environmental, social and financial performance. Sudan stated the benefit of sharing experiences among MICs. Zarcone, responding to a question posed by Cameroon, explained that although the classification of poverty has not changed, the World Bank has shifted its focus to the lower 40% of extreme poverty.

In conclusion, panelists agreed on the importance of South-South cooperation and the need to analyze MIC classifications. Bathija added that South-South cooperation should use the model of North-South cooperation, and Zarcone highlighted the potential to create partnerships among countries and the private sector to leverage capital.

**SUSTAINABILITY AND INDUSTRIAL DEVELOPMENT:** On Thursday afternoon, Moderator Lisa Friedman, Deputy Editor, ClimateWire, invited discussion



L-R: Sareer Ahmed, Maldivian Permanent Representative to the UN; Lorena Guevara, Vice Minister of Environment and Energy, Costa Rica; Moderator Lisa Friedman, Deputy Editor, ClimateWire, Environment and Energy Publishing LLC., US; Marcin Korolec, Minister of Environment, Poland; Juan Ramón Rivera, President of the Chamber of Industries, Costa Rica; and Alejandro del Mazo, Federal Deputy Attorney, Ministry of Environment and Natural Resources, Mexico



Marcin Korolec, Minister of Environment, Poland

on how to decouple economic growth from natural resource use and the role of MICs in international agreements.

Lorena Guevara, Vice Minister of Environment and Energy, Costa Rica, shared the Costa Rican approach to “eco-competitiveness” and becoming carbon neutral through the implementation of programmes to recover forest coverage and

collect payments for environmental services (PES). She added that these models have been shared with other countries in the region.

Marcin Korolec, Minister of Environment, Poland, described how Poland has had economic growth while concurrently lowering CO<sub>2</sub> emissions through environmentally friendly investments and a national fund for environmental protection. He said there is need to develop local technologies and industries to truly achieve sustainable development.

Saheer Ahmed, Permanent Representative of the Maldives to the UN, shared the Maldives’ target to become carbon neutral as a message to the rest of the world by: utilizing solar and wind energy; maintaining sustainable tourism and fisheries; and developing incentives for SMEs and women to diversify the Maldives’ economic base.

Alejandro del Mazo, Ministry of Environment and Natural Resources, Mexico, shared that in Mexico the constitutional right to have a healthy environment serves as a foundation for commitments to reduce emissions and transition to clean and renewable energies.

Juan Ramón Rivera, President, Chamber of Industries, Costa Rica, said that producing environmentally friendly products has given a number of Costa Rican companies a competitive advantage internationally. On a question regarding Costa Rican investment in oil refining, Guevara noted that there is no domestic refining capacity, and even though they are moving towards being carbon neutral, resources and expenditure can be saved through domestic refining.

In closing, responding to a question on the role of MICs in international agreements, Ahmed noted an agreement amongst the Small Island Developing States to implement all international agreements since the Rio Earth Summit, and with Guevara, emphasized that international agreements should be respected by countries due to their binding nature. Rivera said MICs should participate more actively in discussions at

the international level. Mazo said that economic growth and environmental protection can be concomitant, citing the use of PES.

**POST-BUSAN FINANCING FOR ACHIEVING SUSTAINED PROSPERITY:** On Friday morning, Jon Lomøy, Director, Development Co-operation Directorate, Organisation for Economic Co-operation and Development (OECD), provided a keynote address, saying that the development narrative is moving from a “narrative of miseries to a narrative of opportunities” and noting that it should move from addressing national concerns to addressing global challenges. He highlighted tools for ODA, including: domestic resource mobilization; mobilizing commercial investments; and South-South flows.

Moderating the session, Daniel Runde, Center for Strategic and International Studies, US, noted key aspects for development financing, underscoring the role of the state as a facilitator of enabling conditions and transparent governance.

On the future of ODA in a new development paradigm, Li Yong, Vice Minister of Finance, China, said that the ambitious tasks set by the World Bank and the UN Secretary-General to address global poverty cannot be achieved without sufficient ODA, noting that complementary resources should also be available.

Jordi Prat, Vice Minister of Investment and Public Credit, Ministry of Finance, Costa Rica, responded that a new paradigm is needed, reflecting the opportunity for Costa Rica to help form creative financing models and to bring its experience as a recipient country of ODA to the OECD. Juan Manuel Valle Pereña, Executive Director, Mexican Agency for International Development Cooperation, opined that the future will rely on new models and mechanisms to incorporate partnerships such as South-South and triangular cooperation.

Oh Hyun-joo, Ministry of Foreign Affairs, Republic of Korea, said in the changing landscape of development, it is necessary to embrace diverse approaches where ODA remains a relevant part of the overall solution. Edgard Bermúdez, Fundación Avina, Nicaragua, explained that in shifting away from a traditional model of development to one that considers social and environmental issues more implicitly, the public, private and social sectors must work together to achieve sustainable development.

In the ensuing discussion, Lomøy stated that knowledge sharing is going to become “the most important thing” and that the OECD’s role will be as a knowledge bank, underscoring the role of IGOs as knowledge brokers. Valle said that while partnerships with traditional donors is possible, they may not have the relevant experience for addressing MIC issues. Li urged collaboration between UN agencies, and called for exploring the possibility of enhancing cooperation with other multilateral institutions to enhance efficiencies. Prat underscored the importance of knowledge sharing for development. Oh said that the UN could play a role to assist governments in measurement and tracking, as well as accessing relevant knowledge.

#### **SPECIAL REPORTS:**

##### **FINDINGS OF THE PREVIOUS HIGH-LEVEL CONFERENCES OF MIDDLE-INCOME COUNTRIES:**

On Wednesday afternoon, Tom Alweendo presented a report on the outcomes of the third high-level conference that took place in Windhoek, Namibia, in August 2008. He said the outcomes included: reiterating the willingness to work together on



Juan Ramón Rivera, President of the Chamber of Industries, Costa Rica

pivotal issues, including energy, food security, education and health care; calling for good governance at all levels; calling on the international community to assist MICs in strengthening their financial systems to reduce vulnerability; and working on an alternate definition and criteria of MICs. He said that the conference further decided that the actual needs of MICs should be paramount in defining ODA allocation.

**FINDINGS OF THE REGIONAL PREPARATORY MEETINGS:** On Wednesday afternoon, José Guadalupe Saenz Solis, Chief of Staff of the Minister of Economy, Mexico, highlighted results from a report on the gaps in the MICs, underscoring the challenge in MIC classification among different countries and the need to show this variability. He provided an overview of the regional preparatory meeting held in Mexico in May 2013, including the call to incorporate available tools to balance growth and income domestically.

Alexander Gurianov, Deputy Minister for Foreign Affairs, Belarus, reported on the regional preparatory meeting held in Belarus in May 2013, highlighting the support for building on the UN Conference on Sustainable Development (UNCSD, or Rio+20) outcomes and integrating sustainable development into national policies to overcome the “middle income trap.” He reported on national consultations that have engaged vulnerable and minority groups in the region to develop sets of priorities at a grassroots level.

Luis Alvarez, Deputy Minister of Economy and Industry, Costa Rica, outlined the open dialogue process that took place in preparation for the High-Level Conference on MICs, noting that the outcomes have fed into the foundation of the San José Declaration. He underscored the main conclusions to, *inter alia*: strengthen knowledge networks; ensure inclusive and sustained growth to alleviate poverty in MICs; acknowledge inequalities to avoid gaps; and incorporate the needs of MICs into the post-2015 development agenda.

Cormac O'Reilly, UNIDO, shared the outcomes from the regional preparatory meeting held in Jordan in May 2013, identifying the key role of knowledge networks within regions. He noted the emphasis on transparency and accountability to share the benefits of growth and improve access to energy, food and water.

#### **SPECIAL EVENT ON MEETING STANDARDS – WINNING MARKETS: CONSUMER SAFETY AS A DRIVER FOR TRADE & ECONOMIC GROWTH**

On Wednesday afternoon, moderator Bernardo Calzadilla-Sarmiento, Director, Trade Capacity-Building Branch, UNIDO, introduced the discussion on the challenge of consumer safety and food security within the changing landscape of bio-requirements. Carmen Booker, US Food and Drug Administration (FDA), shared efforts to develop standards to prevent food contamination by engaging the entire supply chain and ensuring that food is safe from the time it leaves its origin through to the point of entry. She explained that although the FDA does not recognize private food standards, they are considered when drafting regulations.

Juliana Salles Almeida, Inter-American Development Bank (IDB), explained that in addition to official standards, emerging

private standards concerning the environment and social indicators require increased access to information and sharing of knowledge. Tarek Abou Bakr, Chair, Agriculture Export Council, Egypt, shared the Egyptian experience of controlling bacteria and health hazards in food products by improving water quality. Alejandra Díaz, Instituto Interamericano de Cooperación para la Agricultura, reflected on the growing demand to access markets due to the recent sanitation crisis and the challenge in harmonizing voluntary schemes and international frameworks.

On the topic of challenges for exporters, Monica Elizondo Andrade, Costa Rican Food Industry Association, spoke on the need to clarify various quality and safety regulations and define the role of the stakeholder. She noted the role of the government in strengthening traceability systems, undertake control inspection, and improve accreditation in laboratories.

On public-private partnerships (PPPs), Salles introduced a recent publication by the IDB to enhance capacity and share case studies, best practices and challenges of sustainable PPPs. She explained that PPPs are useful for leveraging resources and stimulating innovation.

In conclusion, panelists highlighted the significance of networks for prosperity. Elizondo proposed developing a standardized approach to improve training and share technology through regional workshops. Salles reflected that the IDB supports capacity building by collecting best practices and developing recommendations as well as facilitating PPPs. Bakr reflected on the need for the FDA to further communicate and build awareness of regulations to food exporters. Díaz noted that all stakeholders in the supply chain should be involved and respond to regulations in order to promote permanence and sustainability.

Moderator Calzadilla-Sarmiento opened the floor for discussions. Argentina expressed concerns regarding technical standards and private standards, saying that some technical standards have no scientific basis. Salles responded that there is a limit to government's involvement in private standards as these are set by private concerns.

#### **MINISTERIAL BREAKFAST ROUND TABLE ON A DEVELOPMENT STRATEGY IN UPPER MIDDLE INCOME COUNTRY: THE CASE OF COSTA RICA**

This session took place on Thursday. It addressed the role of social investment, economic inclusion strategies and opportunities for renewable energy in development policy in Costa Rica and assessed the implications of implementing these policies.

**POLICYMAKERS' DIALOGUE:** Mayi Antillón Guerrero introduced the panel of industry leaders as “true protagonists of development,” relaying the passion in Costa Rica for solidarity and inclusive development. She discussed the process of overcoming gaps in local production and international markets through PPPs and government support for innovation in small and medium enterprises (SMEs).

Edgar Ayales, Minister of Finance, Costa Rica, outlined the need to establish enabling conditions that drive



**Bernardo Calzadilla Sarmiento Sarmiento,** Director, Trade Capacity-Building Branch, UNIDO



**Mayi Antillón Guerrero,** Minister of Economy, Industry and Commerce, Costa Rica

social inclusion and mobilization, particularly through public institutions and said that the Costa Rican model is based on ensuring sound public institutions. He noted a social pact between Costa Rica's government and society to provide stability in legislation, but cautioned that legislation still needs to be monitored to ensure that negative externalities do not occur.

**EXPERIENCE SHARING FORUM:** Christian Rivera, CEO, Costa Rica Azul, presented the solidarity-based strategy Costa Rica Azul has used to broaden the traditional branding of Costa Rica from a green focus on the environment, to becoming blue and include aspects of health and well-being. He mapped the public and private alliances that have successfully created the networks to enable this transition.

Adrián Lachner, CEO, Instituto Invenio, provided an overview of his company noting its goal is to have an impact "that we can see." He highlighted their model, which sees "education as a solution," and described Instituto Invenio as a marriage between academia and business, noting that through training provided by the Institute, the increased capacity can drive innovation, grow talent and encourage entrepreneurship.

Ernesto Moreno, CEO, TotalPET, outlined his company's move towards sustainable production of plastic bottles saying that they now produce 100% recycled PET bottles. Moreno highlighted TotalPET's business model, which encourages entrepreneurship focusing on rural areas. He said the conversion to this model has been supported by legislation in Costa Rica to ensure ethical business practices and provide support to small companies.

#### ***SPECIAL DIALOGUE ON THE CHALLENGES OF MIDDLE-INCOME COUNTRIES IN SUSTAINABLE DEVELOPMENT AND THE ROLE OF INDUSTRY***

The special dialogue to discuss the role of MICs in the post-2015 development agenda took place on Thursday throughout the morning and afternoon.

In his keynote address, Ludovico Alcorta provided an overview of the importance of manufacturing for economic growth, citing evidence of a clear empirical relationship

between the degree of industrialization and per capita income. He said the challenges facing MICs in manufacturing are: developed countries relocating their manufacturing operations back home; competition from BRICS; large investments needed for capital and skill to maintain the intensity of production; and limited access to technology. Opportunities to be exploited, Alcorta noted, include growing markets in the developing South and the increasing potential for resource and energy efficiency to lower manufacturing costs.

**MICS INDUSTRY LEADERS' ROUND TABLE: MIC NETWORKS FOR PROSPERITY:** Barbara Kreissler, UNIDO, discussed the shift in power given the rise of multinational companies that, in some cases, have a higher economic output than some countries. She pointed out that partnerships between business and development policies increase the potential to incorporate environmental and social dimensions into business practices. She invited the panels to further explore the importance of value chains and green industrial growth.

Mayi Antillón Guerrero posed questions to frame the dialogue, encouraging discussion on a new paradigm to link foreign trade and development through innovation and inclusion. She reiterated the responsibility of all public institutions and private enterprises to create networks that favor global development and encouraged governments to find the enterprises that are positive and support them.

**INDUSTRY LEADER'S PANEL 1 ON FOSTERING SUSTAINABLE ECONOMIC GROWTH IN MIDDLE-INCOME COUNTRIES THROUGH VALUE CHAINS:** Marian Jones, University of Glasgow, provided an academic perspective on the opportunities and challenges for SMEs to benefit from global value chains. She illustrated the interface of internationalization, innovation and entrepreneurship that can lead to increased value and growth for SMEs.

Rita Roy Choudhury, Federation of Indian Chambers of Commerce and Industry, drawing on the Indian experience, identified opportunities to enhance SMEs' competitiveness globally, including: a conducive policy framework; a network



Christian Rivera, CEO, Costa Rica Azul, Edgar Ayales, Minister of Finance, Costa Rica, Mayi Antillón Guerrero, Minister of Economy, Industry and Commerce, Costa Rica, Adrián Lachner, CEO, Instituto Invenio, and Ernesto Moreno, CEO, Totalpet



L-R: Manuel Grynspan, Etiquetas Impresas ETIPRESS S.A., and Rita Roy Choudhury, Federation of Indian Chambers of Commerce and Industry

for knowledge sharing; linkages between large enterprises and SMEs; and cluster development. Choudhury, on promoting SME compliance, said India is moving towards a cooperative and collaborative approach to enforce compliance and called for enhancing the capacity of SMEs as well as regulatory institutions to ensure compliance.

Mónica Watson Aramburú, General Manager, Perú Cámaras, outlined her organization's work, noting that they provide support to SMEs for promoting exports, accessing markets and increasing productivity. She reported that they have been able to reach rural areas where the government does not currently operate.

Allaudin Bin Anuar, Director, Macroeconomic Section, Economic Planning Unit, Prime Minister's Department, Malaysia, noted that factors for successfully growing and internationalizing SMEs in Malaysia include, providing technical assistance, access to markets and capacity building for SMEs. He highlighted the importance of supporting the private sector and gender balance in transforming a resource industry to become more productive.

On attracting foreign direct investment (FDI), Annalee Babb, CEO, Knowledge Consultants Inc., Barbados, said that there are three distinct phases in the evolution of attracting investment: the first driven by a need to increase jobs; the second driven by increasing competitiveness; and the third driven by a desire for transformation, with the organization being the catalyst. Babb provided a visual definition to understand the concentric circles of manufacturing as systems, not silos. She explained that the creative, experience and service industries can serve as a source of innovation for traditional industrial activities.

On SMEs transforming towards international best practices, Manuel Grynspan, Etipres S.A., outlined his company's transformation towards a zero waste company, highlighting efforts to overcome cultural barriers.

In the ensuing discussion, Grynspan and Aramburú concurred that support from multinational organizations could further marry universities in research and development, encouraging, as Grynspan said, "exporting brain cells, not bananas." On the role of trade agreements as an enabler for value chains, Babb explained how Barbados has promoted investment by offering opportunities to engage with the world through standing networks of agreements. Choudhury spoke on the opportunity to share goods and services as well as enhance the flow of expertise, knowledge and information through trade agreements.

Kreissler concluded the dialogue by summarizing that PPPs are efficient and effective vehicles for MICs, underscoring the importance of policy frameworks to support businesses.

## INDUSTRY LEADER'S PANEL 2 ON GREENING INDUSTRY IN THE POST-2015 DEVELOPMENT

**CONTEXT:** Moderator Paul Hohnen, Sustainability Strategies, the Netherlands, noted that the panel will address green industry and the extent to which it can contribute to MICs creating enabling environments for sustainable economic growth.

Jaime Molina, President of the Costa Rican Union of Chambers and Associations of Private Enterprises, underscored the need to balance environmental protection with job creation and increased production to pursue a green economy, stressing the need for clear and transparent policies and a legal framework to encourage the transformation. Jorge Soto, Braskem, Brazil, emphasized the need for assistance from and cooperation with private companies to drive change towards green industry.

Nihat Dinçmen, Member of the Board of the Association for Green Growth, Turkey, urged building a strong infrastructure to ensure green industry by using a participative process. Hanan El Hadary, Chairman, Industrial Council for Technology and Innovation, Ministry of Industry and Foreign Trade, Egypt, discussed Egypt's focus on thematic areas, including energy and waste management as well as the engineering and chemicals sectors. Jorge Alé Yarad, Director, Council for Cleaner Production, Chile, provided insight to the promotion of voluntary agreements in Chile.

Heinz Leuenberger, Director, Environmental Management Branch, introduced UNIDO's voluntary initiative, the Green Industry Platform, designed to: raise awareness; provide an opportunity to exchange views and experiences; scale up and mainstream green industry approaches; and increase social and environmental benefits in manufacturing. Soto responded to the open invitation by Leuenberger to join the Platform, announcing Braskem's membership. Molina added that governments could support business participation by developing enticing public policy.

Moderator Hohnen opened the floor for discussion. On a question about the extent of green industry in Sub-Saharan Africa, Leuenberger noted a number of clean production centers operating in the region. Dinçmen called for educating SMEs in aligning their operations to become green industry "players." El Hadary underscored the need for enhancing innovation, bridging the gap on industry needs, greening supply chains and fostering PPPs and civil society involvement. Leuenberger said transforming to a green industry is "a journey of ongoing optimization."



L-R: Jorge Alé Yarad, Director, Council for Cleaner Production, Chile; Heinz Leuenberger, Director, Environmental Management Branch, UNIDO; Hanan El Hadari, Chairman, Industrial Council for Technology and Innovation, Ministry of Industry and Foreign Trade, Egypt

### **HIGH-LEVEL PANEL: INTEGRATING MICS INTO THE POST-2015 DEVELOPMENT AGENDA**

On Thursday afternoon, Moderator Santiago Martínez-Caro, Director, Casa África, Spain, introduced the high-level panel on integrating MICs into the post-2015 development agenda, which addressed the key concerns of MICs in this context.

Diana Alarcón, DESA, said there is general agreement for a post-2015 global development agenda, noting that discussions thus far have suggested it: be a point of reference for national policy making; retain some characteristics of the MDGs; have a well-defined monitoring framework; and be universal.

Ahmed Fikry Abdel Wahab, Chairman, Chamber of Engineering Industries, Egypt, identified challenges including: governance and government capacity to induce the level of development required; and accuracy and transparency of data. Brendan Ward, Director, Irish Aid, described sustainable development goals as a global agenda to represent interests of all levels of development and impose responsibilities on all.

Alejandro Martín Rivero Illa, Executive Director, International Cooperation Agency, Uruguay, recounted challenges in meeting the MDGs, including requiring technical assistance and international cooperation. He stated support for South-South cooperation as well as triangular cooperation. Amb. Palitha T. B. Kohona, Permanent Representative of Sri Lanka to the UN, described Sri Lankan efforts to meet the MDG targets through creating flexible, employable and healthy populations, such as: state-funded education and healthcare; policies to encourage business development in rural areas; emphasis on infrastructure; and government focus on the employment of youth and women.

Wahab, on strengthening productive capacity, suggested exploring the linkages between large companies and small companies, which could include measures of development of large multinationals and MICs, suggesting that these could be included in the future development agenda.

Silvia Hernández, Vice Minister of Planning, Costa Rica, noted clear messages from the panel for consideration for the post-2015 development agenda, including: considering the lessons of the MDGs; and addressing global challenges and concerns, such as wealth distribution, green industry, food and nutrition insecurity and government deficits at all levels. She lamented that inequality inhibits true social cohesion.

On the universality of the post-2015 development agenda, Ward said that the HLP report suggests the creation of universal goals, but with targets that are country specific, saying this is a good basis to address inequalities. Alarcón emphasized that national development policies must be globally anchored, noting that many development challenges

require collective action to overcome them. Kohona opined that a good global agenda is one where “most of stakeholders agree with most of the agenda.”

Moderator Martínez-Caro opened the floor for discussion. Argentina cautioned that the future agenda should not be vague in order to achieve tangible results. Spain said the global agenda should include the notion of global public goods and include the needs of MICs.

### **BREAKFAST DIALOGUE: DEVELOPMENT CLASSIFICATIONS OF MICS**

On Friday morning, Silvia Hernández opened the dialogue by reviewing the paradigm shift ushered in by the 2013 UN Human Development Report, noting that it calls for measuring the quality of life beyond production.

Roberto Artavia, INCAE Business School, introduced the Social Progress Index, launched in April 2012, as an alternative tool to measure well being and social progress. He outlined the Index principles, noting that the beta model only measures performance indicators to be able to produce a picture of well-being over time, accounting for fulfillment of basic human needs, foundations for well-being and ability to achieve full potential. Artavia reviewed case studies, focusing on Costa Rica, concluding that the Index is an offering to policy makers to support enhancement and advancement of human development and indicate other policies that could be used as benchmarks. He added that it is a tool to move the mindset of authorities, investors, and philanthropists to focus on social progress that is necessarily income related.

### **THE INDUSTRIAL KNOWLEDGE BANK**

On Friday morning, the session on the Industrial Knowledge Bank took place. The International Knowledge Bank is a mechanism to promote the exchange of knowledge and expertise for advancing industrial and productive capacities in Latin America and the Caribbean. Moderator Antonio Leone Duarte, Latin American Economic System, introduced the session, highlighting the value of knowledge in sustainable growth.

Carlos Chanduvi, UNIDO, outlined the instrument developed by UNIDO to exchange knowledge in “neuros, the currency of development.” He considered human capital as the most important factor in economic life, outlining the role UNIDO has taken to match knowledge donors and recipient with financial partners in order to support strategic knowledge transfer and ultimately reduce the cost of development through the Industrial Knowledge Bank.

### **CLOSING SESSION AND ADOPTION OF DECLARATION**



L-R: Diana Alarcón, UN Department for Economic and Social Affairs (UNDESA); Ahmed Fikry Abdel Wahab Fahmy, Chairman, Chamber of Engineering Industries, Egypt; Ambassador Palitha T.B. Kohona (Sri Lanka); Moderator Santiago Martínez-Caro, Director, Casa Africa, Spain; Alejandro Martín Rivero Illa, Executive Director, International Cooperation Agency, Uruguay; and Brendan Ward, Director, UN Multilateral Affairs and Public Information, Irish Aid, Ireland



Carlos Chanduvi, UNIDO

The closing session, which concluded with the adoption of the San José Declaration took place on Friday morning.

Luis Liberman, Vice President, Costa Rica, lauded participants for strengthening the dialogue on MICs and finding common ground on many issues. He said that going forward, there was a need to: support entrepreneurs and SMEs so that they can profit from opportunities; accelerate the process of integrating national

entrepreneurs into value chains; facilitate cooperation and trade mechanisms between countries, sectors and businesses; address education as a social mobilizer; and encourage innovation to drive economic growth.

Yoriko Yasukawa, UN Resident Coordinator in Costa Rica, acknowledged the conference outcomes in the San José Declaration that highlight and implement cooperation to overcome gaps as well as share innovation among MICs. She noted the call to develop criteria to better reflect the diversity within MICs.

Sarwar Hobohm, Director for Strategic Planning, Donor Partnerships and Quality Assurance, UNIDO, expressed gratitude for the wealth of knowledge that has informed the rich debate, resulting in a shared understanding of the importance of industrial growth, accompanied by social inclusion, equity and environmental sustainability, as a basis for sustainable development. He concluded by announcing the signing of a cooperation agreement between UNIDO and Costa Rica to continue promoting competitiveness of SMEs and positively impact on the region's business development.



Yoriko Yasukawa, UN Resident Coordinator in Costa Rica

Enrique Castillo Barrantes, Minister of Foreign Affairs, Costa Rica, acknowledged the contribution of the week's dialogue to address the challenges and needs of MICs. He highlighted the conference debates on the importance of knowledge and networks and invited participants to adopt the San José Declaration by acclaim. The Declaration was adopted with a standing ovation.

The Maldives said that although it is an MIC, the Maldives continues to suffer from problems that are generally faced by SIDS, lamenting its overreliance on tourism and imports of primary products. He urged for support to diversify the Maldives' economic base, ensure inclusive growth and increase resilience.

Sri Lanka shared the Sri Lanka development experience in the journey to becoming a MIC and achieving the MDGs. He highlighted the positive progress in engaging grassroots

organizations, nurturing social capital such as youth, strategic investments in infrastructure and encouraging SMEs, and supporting South-South cooperation.

The Philippines called on MICs to continue engaging among themselves and make efforts to influence the UN development discourse.

Cuba called on the international community to persist in increasing available resources for development. He noted that MICs still require assistance for technology transfer and capacity building.

Peru urged the international community and the UN system to continue supporting MIC efforts for achieving sustainable development. He underscored UNIDO's role in fostering technical capacity of MICs.

Argentina highlighted the role of the state in providing consistent public policy to drive sustainable development that encompasses all three pillars of sustainable development. She emphasized that countries in the South have taken a central role in driving their development.

Ecuador noted support for the promotion of cooperative systems, reiterating importance of regional processes and relevance of South-South cooperation to support innovation in MICs.

Brazil, expressing gratitude for the incorporation of many of the suggestions in the San José Declaration, noted dissatisfaction with reference to the 2013 UN Human Development Report in the outcome and considered the reference to the post-2015 development agenda format premature.

Castillo closed the conference at 12:33 pm.

**SAN JOSÉ DECLARATION:** The Ministers and Heads of Delegations participating in the High-level Conference of Middle-Income Countries, *inter alia*:

- agree to promote measures and cooperation that advance inclusive and equitable economic growth and prosperity, industrial advancement in the framework of sustainable development and finance and investment in MICs;
- highlight the commitment to free humanity from poverty and hunger as a matter of urgency;
- request the UN to develop a comprehensive framework to regard the diversity among developing countries;
- emphasize MICs progress in education, health and social programmes, which require support from the international community to sustain;
- reaffirm international trade as an engine for development and sustained economic growth and the role that a universal rules-based, open, non-discriminatory and equitable multi-lateral trading system can play to stimulate economic growth and development worldwide;
- call for a development-oriented outcome of the World Trade Organization Doha Development Round;
- call on all countries to prevent, mitigate and adapt to the adverse effects of climate change under the principles of common but differentiated responsibilities;
- emphasize the role of PPPs and knowledge networking as instruments to meet sustainability challenges, which should be taken into account in the elaboration of the post-2015 development agenda;
- recognize the role of the UN and the contribution of UNIDO to South-South cooperation;

- recognize knowledge networks in sustainability need to be action-oriented and responsive to emerging development challenges;
- recall that most MICs are vulnerable to external shocks and underscore regional integration processes among MICs to protect from these shocks;
- recognize that industrial transformation of economies of MICs as an important tool to achieve internationally agreed development goals;
- recognize that MICs need models of cooperation that suit their development priorities and enhance productive capacities, including through support to SMEs, better access to financing, environmentally-friendly technology and capacity building;
- request the UN and UNIDO to promote implementation of commitments of ODA, emphasize access to finance for SMEs, and request the UNIDO to bring these issues to current international discussion on access to finance;
- reiterate the importance of linking finance, technology, capacity-building and national needs for sustainable development;
- stress that in this context grant –funded support plays a critical role to improve access to financing;
- request the UN system, in particular UNIDO, to address access to finance issues to encourage financial institutions to expand their businesses for non-traditional clients;
- request the UN development system, in particular funds and programmes, to consider the San José Declaration in future programme decisions, including in the context of the post-2015 development agenda;
- request the UN system, in particular UNIDO, to follow the implementation of the San José Declaration and report on its progress on a regular basis;
- request the UN system, in particular UNIDO, to explore ways to implement financial mechanisms than can lever-up policies and instruments of cooperation for MICs;
- call for a comprehensive resource-oriented UN Action Plan on cooperation of MICs;
- recognize that establishing UN system coordination mechanisms on cooperation of MICs will streamline and improve UN system-wide activities;
- decide to review the implementation of this Declaration, and other documents adopted in the ministerial conferences of MICs during a further conference in 2016 and welcome offers to host the conference;
- reiterate support to UNIDO as a vehicle for industrial development and a key partner for developing MICs; and
- underscore the timely follow-up and implementation of this Declaration as crucial to effective, requesting the government of Costa Rica to coordinate the follow-up with UNIDO.

## GLOSSARY

ASGs	Assistant Secretary-Generals
BRICs	Brazil, Russia, India, China and South Africa
DESA	UN Department of Economic and Social Affairs
FDA	US Food and Drug Administration
FDI	Foreign direct investment
HLP	High-Level Panel of Eminent Persons
IDB	Inter-American Development Bank
IGOs	Intergovernmental organizations
LDCs	Least developed countries
MDGs	Millennium Development Goals
MICs	Middle Income Countries
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
PES	Payment for ecosystem services
PPPs	Public-private partnerships
Rio+20	UN Conference on Sustainable Development
SMEs	Small and medium enterprises
UN	United Nations
UNCSD	UN Conference on Sustainable Development
UNGA	UN General Assembly
UNIDO	UN Industrial Development Organization



Group photo at the closing of the Conference