



HIGH-LEVEL POLITICAL FORUM ON SUSTAINABLE DEVELOPMENT

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Accelerating SDG Achievement in Middle-Income Countries

Tuesday 15 July, 16:30 - 18:00

Conference Room 4

Secretariat Background Note

Middle-income countries (MICs) are essential to achieving all 17 Sustainable Development Goals, given their demographic scale, economic significance, and environmental footprint. They account for 75 per cent of the global population and 62 per cent of people living in extreme poverty, placing them at the center of global development efforts. MICs generate nearly 40 per cent of global GDP, yet their collective economic recovery from recent crises remains uneven. UN DESA growth projections of 4.4 per cent in 2025 and 4.3 per cent in 2026 remain well below MICs' pre-pandemic average of 5.6 per cent. Income inequality remains a persistent challenge, with many MICs reporting inequality measures well above the global average. Environmentally, MICs are responsible for nearly 64 per cent of global carbon emissions.¹ At the same time, MICs produce almost half of global renewable electricity, making their energy transitions critical to global climate goals. Furthermore, MICs lead much of the world's infrastructure investment,² and are rapidly adopting emerging technologies, underscoring their pivotal role in driving innovation and industrial development. Their increasing engagement in South-South cooperation and global development finance also underscores their growing influence as partners for sustainable development. In short, progress on every

¹ World Bank, World Development Indicators database.

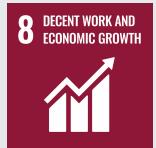
² World Bank. *Sustainable Infrastructure Finance Overview*. Last updated March 2025.

<https://www.worldbank.org/en/topic/sustainableinfrastructurefinance/overview>.



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single SDG—from poverty and inequality to climate and innovation—depends heavily on the achievements of MICs.

Yet despite their importance, many MICs face deep-rooted structural barriers that hinder their ability to grow further and fully deliver on the SDGs. These include fiscal constraints and limited access to concessional and blended finance, skill shortages, and weak innovation systems, which continue to constrain long-term, inclusive economic growth. High income inequality, inadequate resilience to external shocks, and growing exposure to environmental hazards further undermine progress across sectors. Addressing these constraints is essential to unlocking the full potential of MICs and ensuring that global sustainable development goals are met.

Sustainable development progress in MICs requires an acceleration of transformative growth that can have catalytic and multiplier effects across the SDGs, with digital transformation being a powerful enabler. By expanding connectivity, fostering innovation, improving service delivery, and reducing disparities, digital technologies can help MICs overcome structural challenges and leapfrog development bottlenecks.

Innovation, digital transformation and financing challenges

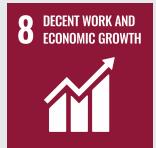
Science, technology, innovation and digital transformation are powerful enablers of transformative, sustainable and inclusive development. In the context of middle-income countries, they have been instrumental in boosting productivity, diversifying economies, and may serve as key tools for overcoming the “middle-income trap”. While MICs have made important progress in these areas, increasing internet usage from 65 per cent to 81 per cent in upper-middle-income-countries (UMICs) and from 34 per cent to 54 per cent in lower-middle-income countries (LMICs)³ between 2019 and 2024, digital divides remain significant. In LMICs, the gender gap in internet usage widened from 8 to 11 percentage points during this period, and rural internet usage remains only one-third that of urban areas. Additionally, very few MICs appear among the top performers in global artificial intelligence readiness, as

³ International Telecommunication Union, *Measuring Digital Development – Facts and Figures 2024* (Geneva: ITU, 2024).



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reflected in the Global AI Index ⁴ —highlighting the need for greater investments in digital infrastructure, skills and inclusive data governance.

Furthermore, MICs face growing fiscal and financial challenges, including high debt burdens, limited fiscal space, and shrinking access to concessional finance. Although official development assistance (ODA) remains important, especially for LMICs, its share in total flows to MICs has declined, with ODA to LMICs falling by 6.6 per cent in 2023. Increasingly, ODA is directed toward in-donor costs and humanitarian aid, reducing funds for long-term development. Multilateral development banks (MDB) remain key partners, but income-based eligibility criteria restrict MICs' access to concessional financing. Consequently, MICs rely heavily on non-concessional flows, which in 2023 were nearly three times larger than MDBs' ODA disbursements.

Unlocking potential through global support

To address these barriers and unlock new opportunities, middle-income countries require continued international support to scale up implementation efforts. This includes accelerating technology transfer, strengthening institutional and human capacities, expanding investment in research and development, and expanding access to affordable and innovative financing. There is an urgent need to enhance digital literacy, promote the responsible use of emerging technologies, and build inclusive digital public infrastructure and services. Greater South-South and triangular cooperation can also support the exchange of knowledge, skills, financial resources, and innovations across developing regions, drawing on good practices from more digitally advanced MICs. Mobilizing concessional and blended finance, along with increasing support from MDBs, will be essential to building inclusive digital ecosystems and drive innovation-led growth.

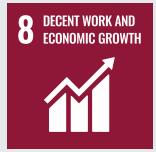
The importance of such efforts was highlighted during the *High-Level Meeting on Middle-Income Countries* convened by the President of the General Assembly during the 79th session and further underscored in the *Makati Declaration on Middle-Income Countries*, adopted at the high-level ministerial

⁴ United Nations Development Programme. *Human Development Report 2025: A Matter of Choice—People and Possibilities in the Age of AI*. New York: UNDP, 2025.



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conference held in Manila, Philippines in 2025. Both dialogues also emphasized the vital role of international cooperation in supporting MICs, particularly in the context of implementing the Pact for the Future, the Global Digital Compact, and the outcomes of the Fourth International Conference on Financing for Development.

Proposed questions for discussion

- Historically, MICs have faced difficulties in maintaining sufficient gross domestic product per capita growth to raise living standards to levels associated with developed countries. In today's global context, marked by recurrent crises, stronger protectionism, limited access to finance and weaker multilateralism, how can middle-income countries make faster and longer-lasting progress?
- How can middle-income countries break structural barriers and achieve sustained, sustainable and inclusive growth, including through digital transformation? What have we learned from successful cases?
- What are some of the greatest challenges that middle-income countries face in harnessing digital technologies and AI, and what strategies can be employed to mitigate these challenges?
- How can international cooperation and South-South digital cooperation support the digital transition in middle-income countries? What are some successful examples?