



## MIDDLE INCOME COUNTRIES: RECLASSIFIED SYMPOSIUM OUTCOME DOCUMENT

On 24 March 2016, STOPAIDS convened over 60 representatives from government, multilateral organizations, NGOs, academic institutions, private foundations and activists living in middle income countries from across the international development field to generate ideas and debate around how to engage with middle income countries. The symposium revealed the overall futility of the middle income country category, reminding participants that the issue at hand was not middle income countries (MICs) vs. lower income countries (LICs) vs. higher income countries (HICs), but rather how to reach the people most in need of development assistance, *wherever they are*. Four central themes were discussed throughout the day: indicators for assessing development, leaving no one behind, the role of civil society, and transitions away from aid. The main conclusions of each of the central themes discussed are presented below.

### ASSESSING DEVELOPMENT AND CONTINUED NEED FOR ASSISTANCE

**Development cannot be measured solely by what income based classification group a country is in.** As Stefan Dercon, Chief Economist of DFID reminded the audience, 'there is no magic in crossing the MIC threshold'. Middle income countries remain home to the majority of poor people in the world. Data published in 2012 by the Institute of Development Studies identified that 80% of the world's poorest people - those who live on less than US \$2 per day – are now living in MICs. This is in contrast to the early 1990s, when 90% of the poorest people lived in lower-income countries. At the threshold for becoming a middle income country, the average person is living on \$2.87 USD/day.

Ghana, for example, became a lower middle income country in 2011. Five years on from crossing the threshold, life expectancy is exactly the same as it was when the country was classified as lower income, at 61. Ghana's Gross Domestic Product (GDP) meanwhile continues to grow at 4% a year, demonstrating **that economic growth is a necessary but not sufficient component of development**. Economic growth is a necessary element of development, creating jobs and livelihoods to enable individuals to lift themselves out of poverty. However, unless it is inclusive and sustainable, it will not lead to better development outcomes for all parts of the population, and in particular for the most marginalised groups. For example, GNI is overall correlated with an increase in domestic spending on health. But there is no direct correlation between increasing GNI and increasing services for the poorest and most marginalized in society

**Fragility can threaten development.** DFID's aid strategy recognises the importance of stability and good governance to development and makes a commitment to focus 50% of resources on fragile states. DFID uses three indicators to define failed states: 1) The World Bank Country Policy and Institutional Assessment (which looks at economic management, structural policies, policies for social inclusion and equity and public sector management and institutions), 2) the Failed States Index of the Fund for Peace and 3) the Uppsala Conflict Database.<sup>1</sup> This demonstrates DFID's

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<sup>1</sup> <http://icai.independent.gov.uk/wp-content/uploads/ICAI-Report-Assessing-the-Impact-of-the-Scale-up-of-DFIDs-Support-to-Fragile-States.pdf>

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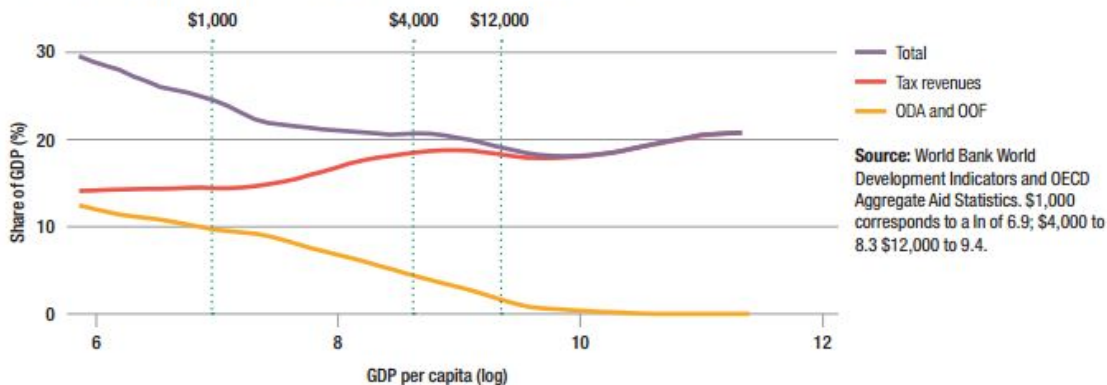
recognition that development cannot be measured by economic growth alone. Indeed, DFID's current list of failed states includes 24 LICs, 23 LMICs, 17 UMICs, and 1 HIC<sup>2</sup>.

Gross National Income (GNI) is the sum of all the incomes earned in a country, and represents what could be taxed by the government. GNI gives a sense of the value of the economy but not its distribution and will hide disparity and inequality within a country. **GNI can give a partial picture of a country's ability to pay for its own development- but a fuller analysis of the debt payments and tax revenue of a government is needed.**

The underlying assumption within the development community is that as GNI increases, the government's tax revenue increases and the government uses this larger budget to fund social services, compensating for a decrease in international grants. In reality, the picture is more complex and the evidence and data tell a confusing story.

Kharas, Prizzon and Rogerson have argued that as countries become richer, tax revenue is not enough to compensate for the loss of ODA and OOF<sup>3</sup> when a country's GDP per capita income is between \$1850 and \$13 000. A graph from Kharas, Prizzone and Rogerson's recent paper, Financing the post 2015 SDGs, below shows that ODA (yellow) declines more quickly than tax revenues increase (red), and as a result total resources available to the government temporarily declines (purple) while a country is in the middle income country category. It's only as a country's GDP per capita income rises above \$13 000 that tax revenue becomes sufficient to make up for the loss in ODA<sup>4</sup> and that overall resources begin to increase (purple).

Figure 4. ODA, OOF, tax revenues as a share of GDP by per capita income



Dercon et al, repeat this analysis with similar data and no restrictions on the countries included in the sample, but find no such fiscal cliff. Dercon also comments that Kharas, Prizzon and Rogerson's research ignores the possibility that low tax revenue is due to a suboptimal tax policy or weak implementation.

<sup>2</sup> <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/international-development-committee/dfids-allocation-of-resources/written/28276.pdf>

<sup>3</sup> Other Official Flows: The face value, under current ODA definitions, of official loans reported to the DAC that do not qualify for ODA, either because they fail the ODA concessionality test or because they assert other primary purposes than development.

<sup>4</sup> <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9374.pdf>

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What is clear from both pieces of analysis is that there is diversity within the middle income category even amongst countries of similar GDP, indicating that factors beyond GDP influence how much a country will contribute to development. As Dercon suggests, this is because spend on development is a policy choice made by domestic governments. Like any policy choice, there is an opportunity for domestic and international stakeholders to influence the outcome. For example, if low tax revenue is a result of weak tax enforcement, donor countries can play a role in improving the efficiency of a tax system.

**GNI cannot be used to measure need within a certain sector.** The Equitable Access Initiative (EAI), convened by the Global Fund, was set up in 2015 to better understand countries' health needs and capacities as they move along the development continuum. It acknowledged concerns that funding decisions based on country classification by income, overlooked the complexity of development and the dynamics of growth, inequality and health outcomes. The conclusion of the Equitable Access Initiative reinforced that GNI is a poor indicator of health need and recommended funding decisions should not rely on a sole indicator. Instead the EAI recommended that investments should be made 1) based on a multi criteria framework including health and income indicators 2) with consideration for a domestic government's capacity and willingness to invest in health. The EAI also recommended against using discrete thresholds in eligibility policies, to avoid overly rapid transitions.

Some donors have interpreted the EAI as confirmation of their existing approach to resource allocation. The Global Fund, for example, has claimed to be an example of best practice because its allocation methodology uses disease burden and GNI to make funding decisions. While disease burden is certainly a relevant indicator, it cannot capture the nuance of concentrated epidemics and the Global Fund's allocation methodology could be strengthened by additional subnational health indicators. The Global Fund allocation methodology also does not include an indicator to capture government capacity and willingness to invest in health. Other donors have ignored the findings of the EAI altogether, failing to take consider its well evidenced recommendations.

**Donors have a tendency to frame aid to middle income countries as a trade-off** that automatically means insufficient funding for lower income countries. The amount of overall aid available is not a pre- determined figure, it is a policy choice made by donors. Donors should continue to make ambitious aid contributions and commit to 0.7% of GDP for ODA as the UK does. The international development community should also further investigate the potential of innovative financing mechanisms.

Framing aid to middle income countries as incompatible with sufficient support to lower income countries is an unhelpful and inaccurate dichotomy. **Effective development interventions require having a nuanced and specific understanding of the needs of particular countries.** This will reveal the types and levels of support that will be most effective in specific country contexts, which will be different as a country moves along the development continuum. **Aid can have many different purposes:** it can fund basic goods like vaccines or textbooks but it can also be used to fund civil society to create policy change or build the capacity of governments to deliver specialised services for marginalised groups. It can also be structured to incentivise co- financing and domestic spend, which is a particularly important objective for aid to middle income countries. Effective interventions in middle income countries have the potential to be low cost and essential for creating the domestic environment for maintaining and building on the development gains made to date.

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A recent UNDP paper on development in middle income countries, found the donors can play a critical role in unlocking ‘enablers of change’ to allow domestic governments to continue driving development forward. Specifically, UNDP found that donors can play a role in ‘facilitating inclusive development by supporting national and sub national actors (including civil society) to hold governments to account’ and ‘targeted capacity building in governments’. The overall finding of the UNDP paper was that external development assistance plays an incentivising role in strengthening key enablers for positive development, rather than just filling a financial gap.<sup>5</sup>

One of the countries examined in the UNDP paper was Vietnam. Vietnam became a LMIC in 2010. Vietnamese stakeholders, including public officials, reported that the Vietnamese government’s planning and budgeting skills fall short of the standard required for continued development. Donor programmes that have aimed to strengthen the government’s capacity have proved successful. For example, Japan, the World Bank and AFD are currently funding a Support Programme to Respond to Climate Change, which aims to strengthen government capacity to respond to climate change. The Vietnamese government has publically stated that this project strengthened government capacity and encouraged national ownership over climate change issues through a structured co financing approach.<sup>6</sup>

## FULFILLING OUR COMMITMENT TO LEAVE NO ONE BEHIND IN MICs

When the International Development Community ratified the SDGs in September 2015, it committed the principle underlining the 17 goals: ‘leave no one behind’. The SDGs pledged to put those the furthest behind first and implement the SDGs in all nations and for all people.

**To make this a reality, we need to identify who the poorest and most marginalised people are, where they are, and what the barriers to their progress are.** Better quality, more timely disaggregated data will be essential to leaving no one behind. ODI has recently published a series of papers aimed at identifying who is being left behind in different regional contexts. Tanvi Bhatkal’s research has revealed the importance of looking beyond country level to identify the characteristics of marginalised groups and showed the long road ahead for middle income countries to build inclusive societies. Ethnicity, gender, disability and race among other characteristics continue to lead to marginalisation in middle income countries.<sup>7</sup>

**Inequality within middle income countries means that people are being left behind as economic growth progresses.** As Katy Wright (Oxfam) explained, economic growth is not a proxy for poverty reduction, as it doesn’t measure inequality. She cautioned that without looking at the shape of economic growth, we will leave people behind. While average annual GDP growth in middle income countries increases, going beyond global and national statistics reveals massive differences in income and wealth at the individual and household level. Between 1988 and 2011, 46% of overall

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<sup>5</sup> <http://www.undp.org/content/undp/en/home/librarypage/development-impact/effective-development-cooperation/the-role-of-development-cooperation-in-middle-income-countries-.html>

<sup>6</sup> <http://www.undp.org/content/undp/en/home/librarypage/development-impact/effective-development-cooperation/the-role-of-development-cooperation-in-middle-income-countries-.html>

<sup>7</sup> <https://www.odi.org/publications/10288-left-behind-africa-asia-latin-america-sdgs>

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global income growth accrued to the top 10% while the bottom 10% received only 0.6%.<sup>8</sup> ODI has found that over the past 3 decades, as countries have experienced prolonged periods of income growth and graduated to middle income country status, absolute inequality has always increased.<sup>9</sup> To address inequality within middle income countries, we need to look at the systems in place that lead to an unequal distribution of wealth. Oxfam believes that one of the underlying drivers of inequality in middle income countries is low wages, where even workers in full time employment are unable to provide for themselves and their families. Women are disproportionately affected by inequality as they make up the majority of low paid workers, often pushed to take on precarious forms of work because of the additional unpaid work they pick up in the household.<sup>10</sup>

**Economic inequality in middle income countries both causes and is caused by social inequality. Social inequality is compounded where restrictive legal and normative frameworks reinforce discrimination and social exclusion of particular groups and threaten development.**

## Case study: Disability in Middle Income Countries

Over a billion people around the world live with a disability, and 80% of those people are living in low and middle income countries. Poverty is both a cause and effect of disability. People in poverty have less access to health care, are more vulnerable to malnutrition and disease and are more likely to live in work in dangerous or polluted environments- all factors which can contribute to disability. People living with a disability are in turn less likely to have access to education and employment and as a result likely to be poor. ADD Executive Director, Tim Wainwright, warned that the link between poverty and disability grows stronger in MICs if international funding ends without domestic political commitment to continue service provision. Discriminatory attitudes towards disability also affect how resources are distributed and what opportunities people living with disabilities have to input into decision making processes.

One of ADD's focus countries, Bangladesh became a middle income country in 2015. Despite its middle income country status, Bangladesh is ranked 142/ 187 on the human rights index and people living with disabilities face violence and social exclusion. Whilst the policy frameworks to include people living with disabilities are in place, implementation in education, employment and political systems has been slow. For example, most children with disabilities are still excluded from enrolment in schools and accessible toilets and ramps have a very limited geographic scope.<sup>11</sup> International NGOs like ADD are playing a role in middle income countries like Bangladesh to ensure people with disabilities are not left behind. ADD is working with local partners to build the capacity of civil society organisations and supporting local activists to engage with decision makers particularly at the local level.

## Case study: Gender Equality in Bolivia

Bolivia became a middle income country in 2007. Violeta Ross Quiroga, a HIV/AIDS activist living in Bolivia, used her personal experience to highlight the major challenges women and girls face in

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<sup>8</sup> <http://policy-practice.oxfam.org.uk/publications/an-economy-for-the-1-how-privilege-and-power-in-the-economy-drive-extreme-inequ-592643>

<sup>9</sup> <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9919.pdf>

<sup>10</sup> <file:///C:/Users/alysa/Downloads/bp210-economy-one-percent-tax-havens-180116-en.pdf>

<sup>11</sup> <http://www.add.org.uk/sites/default/files/Bangladesh%20Country%20Strategy%20DRAFT.pdf>

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Bolivia including violence, harassment and discrimination. Violeta's assessment was that while the gender equality is written in law, the reality of women and girls' experience is very different. Statistics back up anecdotal experience. Over 50% of Bolivian women aged 15 to 49 have experienced intimate partner violence - the highest level of any Latin American and Caribbean nation surveyed.<sup>12</sup>

**What is clear from the analysis and examples cited is that meeting the international community's commitment to leaving no one behind will not be feasible without working in middle income countries.** High levels of inequality persist in middle income countries, which remain home to the majority of the world's poorest people. Economic inequality is accompanied by social inequality, often reinforced by discriminatory or criminalising frameworks. Donors are playing and should continue to play role in supporting inclusive economic growth and in breaking down restrictive legal and social frameworks to ensure that marginalised groups are included in development.

## ROLE OF CIVIL SOCIETY IN MICs

As discussed in the section above, one of the key challenges middle income countries face is creating inclusive societies and ensuring that all groups experience development as a result of economic growth. Civil society (CS) can play a key role in achieving this.

Achieving the targets within the SDGs and leaving no one behind will require scaling up coverage, improving and streamlining service delivery, and reaching 'hard to reach' communities with effective interventions. **Civil Society Organisations (CSOs) have a long and successful track record of working at the community level and reaching the most marginalised and vulnerable in a society.** CSOs' unique asset is their 'social capital', or the networks, norms and social trust that facilitate coordination and cooperation. This enables CSOs to reach all underserved communities and populations, including sex workers, MSM, people living with disabilities, IDUs, transgender people, prisoners, migrants, young people, women and girls, and even men who may not interact with public systems regularly. Especially in middle income countries, where discriminatory social and legal frameworks mean the government is not prepared to provide services to discriminated groups, donor support is essential to fund civil society organisations to reach the most marginalised.

### Case study: Pehchan programme (India)

India became a lower middle income country in 2008. Alongside GDP growing at around 7% per year<sup>13</sup>, inequality is worsening, discrimination is deeply rooted and public services have not reached rural areas. HIV prevalence in India is concentrated amongst key populations- prevalence amongst men who have sex with men is estimated at 7%. As a result of a Global Fund Grant, the HIV/AIDS Alliance in India launched the Pehchan programme in 2010 to strengthen community based organisation to deliver HIV prevention services to men who have sex with men, transgender people and hijra. Over the past 5 years, the programme has reached 500 000 people and has demonstrated an increase in condom use and reporting of cases of violence. But, a declining Global Fund grant as a result of India's LMIC status and overall low national prevalence, has led to the imminent closure of

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<sup>12</sup> [http://www.paho.org/hq/index.php?option=com\\_docman&task=doc\\_view&gid=21426&Itemid=](http://www.paho.org/hq/index.php?option=com_docman&task=doc_view&gid=21426&Itemid=)

<sup>13</sup> <http://data.worldbank.org/country/india>



# STOPAIDS.

the Pehchan programme. The government of India has committed to funding the HIV response, but only dedicates 1% of its overall budget to health. The National AIDS Control Programme has no human rights element and includes no specific programming for prevention within key populations. With donors leaving before political commitment and technical capacity to continue programmes for key populations are in place, the result will be a gap in services, which risks a resurgence in HIV infections.<sup>14</sup>

**In addition to reaching the populations the government is unwilling to provide for, civil society can play a transformative role, advocating to governments to change discriminatory policies.** Donors have a unique role to play in supporting civil society advocacy, especially where it's not realistic to expect the government to fund civil society to play a challenge function or watchdog role. The Robert Carr Network is an example of a donor that funds civil society networks to do advocacy to change discriminatory or criminalising social and legal frameworks and to hold government to account. For example, the Robert Carr Network Fund funds the Network of Sex Worker Projects (NSWP), an organisation that supports actions and advocacy for human rights of sex workers. NSWP works to decriminalise sex work to facilitate sex workers' access to health services and right to work. Lack of access to health services has meant that globally, female sex workers have an HIV prevalence of 13.5 times higher than other women. The scale of funding from private donors, however, is inadequate- and the RCNF report that there are quality proposals going unfunded and that even the best proposals only get around 60% of the funding they need.

The goal of every development intervention is to last no longer than needed. This is why the new global goals are based on the principle of sustainability. **Sustainable development may begin with donor-funded interventions but ultimately responsibility and resourcing should shift, in whole or in part, from international to domestic sources in a way that does not penalise the poorest and most marginalised. CSO involvement from the beginning of a development intervention makes this transition possible.** Partnering with CSOs through all stages of a project builds the capacity of CSOs to demand government accountability and take on ownership of the services provided when the project ends, if appropriate. By involving CSOs from the first stages of a project, donors will be able to prepare for the moment of transition from the start.

## Case Study: TB patient networks in Tajikistan

Global Health Advocates has experienced the sustainability of working with patient networks through a TB programme in Tajikistan. GHA worked to train TB survivors and their close friends and family and connected them with international networks, sometimes with the possibility of accessing funding. These patient groups provided peer support to people undergoing TB treatment, created a patient platform, raised awareness through media and did advocacy at local and national level. These networks have proved to be sustainable in the long term because the community has a personal stake in outcomes and priorities are not driven by donor funding.

Donors rightly argue that aid must offer additionality, and are cognisant that international development interventions should not crowd out government spending on basic social services. This is entirely correct and in countries where a government is already funding 80 or 90% of development, the role for donors is to bridge the small gaps and look at what the domestic

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<sup>14</sup> <http://www.allianceindia.org/ourwork/pehchan-outcome-summary/>

# STOPAIDS.

government or other donors are not funding. Additionality can be achieved by funding civil society to work with populations the government criminalises or discriminates against. It can also be achieved by funding advocacy efforts to transform the social and legal frameworks that criminalise or discriminate these same populations and advocating for greater meaningful inclusion of these groups in the planning, design, implementation and monitoring of services. Donors have a unique role to play in funding civil society advocacy directed towards domestic government, that the government itself would not consider supporting.

**Given the multiple functions CSOs play in middle income countries, securing sufficient and uninterrupted funding for CSOs is essential.** Larger bilateral and multilateral donors should explore the best mechanisms for delivering support to civil society organisations, not just to carry out service delivery but also for holding government and service providers accountable, advocacy for policy and budget change, and for internal capacity building. Large donors should consider their own eligibility policies and reporting requirements and whether they can be adapted to allow smaller community based organisations to apply. For example, many donors prioritise demonstrating value for money and results. Advocacy interventions are more difficult to measure for results and VFM when compared to interventions like purchasing textbooks or vaccines. Donors need to look at development holistically and consider the diversity of interventions needed to achieve change, while CSOs need to develop clearer and more consistent ways of measuring the impact of advocacy.

## RESPONSIBLE AND SUSTAINABLE TRANSITIONS

As a country moves along the development continuum, the domestic government should take on more leadership in financing development in the country. A sustainable transition is a mechanism through which governments become increasingly responsible for funding and leading programmes that were previously funded by external donors while also maintaining or increasing the existing programmatic, financial and organisational gains that resulted from donor support.

As DFID highlighted, **transitions are political and more than a simple resource transfer.**

Domestically and internationally funded development will likely differ in terms of priorities and scale, often creating new competing priorities that all require increased allocation of resources. Preparing national systems and policies to take over programmes, as well as building political will and national ownership takes time and resources. Transitions are, as a result, both an opportunity and a risk to the continued development of a country. The key elements of a successful transition have been demonstrated by the experiences of countries which have already undergone transitions.

**The overarching lesson learnt from transitions is the importance of a multi stakeholder approach.**

Transitions are a shared responsibility and civil society, donors and technical partners all have a role to play.

Estonian MP, Ken Marti Vaher argues that Estonia's transition away from the Global Fund grant, demonstrates **the importance of national ownership of the transition.** Government's should begin planning for sustainability from the project design phase of a grant. Government should identify an institution to lead the transition and this institution should hold consultative and inclusive dialogue culminating in the development of a transparent, fully funded transition plan. This institution should



# STOPAIDS.

have a solid monitoring and evaluation system in place to track progress during a transition and to allow other stakeholders to hold it to account.

**Transparency and predictability of funding are critical to a successful transition.** DFID has stated that donors should give early warning of any change in the level of funding to countries, referring to GAVI's transition period of 5 years and good practice. A time-bound transition creates the right incentives for governments to prepare national policies, budgets and systems to take over programmes.

DFID has also stated the importance of a donor understanding **the difference between a government's willingness and ability to pay**, and ensuring that domestic fiscal space translates into spending on development. As has been clear from the Eastern European countries that have already transitioned, discriminatory legal and social frameworks act as an impediment to government investment in marginalised groups. For example, punitive drug laws currently act as a barrier to domestic funding for harm reduction programmes like Opioid Substitution Therapy and needle exchange. Whilst a government that does not provide services for marginalised groups has made a policy choice, this does not excuse a donor's responsibility to uphold the rights of marginalised groups. Responsible donors must acknowledge where the enabling environment makes domestic funding for marginalised groups unlikely, and then work with civil society to shift that enabling environment, *before withdrawing support*. Donors should also have a sound understanding of the gaps in services a withdrawal or decrease in funding might create and be prepared to provide bridge support to prevent these gaps to guarantee the sustainability of their own investments.

During a transition civil society can play a critical role in holding the government to account, ensuring that the transition planning process includes marginalised groups and acting as a watchdog for its implementation. Civil society can alert donors and the wider international community when transitions are off track or seem like they might fail. Civil society can also continue to deliver services to hard to reach, discriminated against and criminalised groups as discussed above. However, without continuous funding civil society can fulfil none of its critical roles.

**Transitions should happen in a systematic way based on the lessons learned from other countries' experiences. Donors should also develop transition guidance to capture this learning for grantees.**

This recommendation extends to DFID, which should develop a transitions policy to guide its programme managers when country offices close and when individual projects end.

## Case Study: DFID's withdrawal from Vietnam

DFID provided funding for HIV/AIDS Prevention in Vietnam from 2003-2013. The funding was used to support the Government of Vietnam to do prevention programming with key populations including people who use drugs, men who have sex with men and female sex workers. The 2011 BAR assessed Vietnam to have sufficient economic resources to mean that aid was no longer required and committed the UK to ending aid in Vietnam by 2016. DFID's project post completion report states that DFID made 'early' communications with the government in 2011 about their planned exit in 2012, and the eventual exit in 2013- but 2 years warning is not enough.

DFID's project completion report acknowledged that it was unlikely the domestic government would pick up funding the programme. DFID considered it the responsibility of the Government of Vietnam

# STOPAIDS.

to prepare for the transition, and did not consider the absence of any plan for transition reason enough to maintain support. Nearly 2 years after DFID support has ended Global Fund support has not increased and the domestic budget for HIV prevention has decreased. Vietnam estimated a funding gap of 7 million in 2014, 15 million in 2015 and 27 million by 2016 as PEPFAR funding is scheduled to decrease and Vietnam expects to be ineligible for Global Fund support.

## Conclusion and Recommendations

### *Recommendations to Donors*

The conclusion of the symposium was that bilateral and multilateral donors must fundamentally revise and develop their approach to supporting lower and upper middle income countries.

1. **Donors cannot rely on GNI alone to make funding decisions.** Donors need to develop a more nuanced set of indicators (disease burden, fiscal capacity, political willingness to invest in health, and levels of inequality) to assess eligibility and prioritisation for funding.
2. **Donors should develop an evidence base of what effective donor development interventions in MICs look like.** Effective development will vary in different country contexts. What works in a MIC will be different than in a LIC. Effective interventions in MICs might include programmes to improve tax enforcement, funding civil society to advocate for changes to discriminatory national policy or technical assistance to build government and civil society capacity.
3. **Donors should increase funding for local civil society,** and use their influence to support civil society space and voice, especially when overall funding to a country starts to decrease. Consistent funding for civil society is essential. Civil society is best positioned to hold domestic governments to account, push for policy change and deliver services to marginalised groups that the government is unable or unwilling to reach.
4. **When donors withdraw aid from countries, they must do this in a responsible and sustainable way to sustain the gains of their investment.** Transitions should happen in a systematic way based on the lessons learned from other countries' experiences. **Donors should develop a transitions policy** to guide programme managers when country offices close and when individual projects end.
5. If donors choose to focus on low-income and fragile countries bilaterally then they must recognise and **support the critical role that other donors, such as the Global Fund, play in middle income countries,** particularly in ensuring meaningful and sustainable transitions.

### *Recommendations to Governments*

1. Transitions are the shared responsibility of multiple stakeholders including governments. **Governments should play a leading role in the transition process** by identifying a national institution to lead the transition, ensuring the inclusion of civil society in decision making, developing an evidenced based, financed and action oriented transition plan and monitoring progress towards a successful transition.

# STOPAIDS.

2. A strong and well resourced civil society is essential to inclusive development in middle income countries. **Governments should develop funding mechanisms for resourcing civil society and fund local civil society to deliver services to the most marginalised and hold national decision makers to account.**