REPUBLIC OF KOREA

PERMANENT MISSION TO THE UNITED NATIONS

OFFICE OF THE AMBASSADOR

5 July 2019

H.E. Mr. António Guterres
Secretary-General
United Nations
New York

Excellency,

On behalf of the Member States of the Group of Friends of SDG 10, namely, Argentina, Bangladesh, Belgium, Brazil, Canada, Chile, Czech Republic, El Salvador, France, Guatemala, Iraq, Israel, Italy, Jamaica, Liechtenstein, the Netherlands, Peru, Philippines, the Republic of Korea, Romania, Switzerland, Tunisia, and Viet Nam, I have the honour to transmit herewith the enclosed summary of the discussions at the meetings of the Group of Friends of SDG 10 held in New York since 2016 (see annex).

I would be grateful if the present letter and its annex could be circulated as a document of the 2019 High-Level Political Forum on Sustainable Development under the auspices of the Economic and Social Council.

Please accept, Excellency, the assurances of my highest consideration.

Cho Tae-yul
Permanent Representative

Annex to the letter dated 5 July 2019 from the Permanent Representative of the Republic of Korea to the United Nations to the Secretary-General of the United Nations

Group of Friends of SDG 10
(Reducing inequality within and among countries)

Summary of Discussions

The Group of Friends of SDG 10 (GoF SDG 10) was launched in May 2016, following the Economic and Social Council's Special Meeting on Inequality held that March. The Group's guiding objectives are to (a) discuss and promote ideas for addressing inequalities within the framework of the UN, especially ECOSOC, (b) provide informal recommendations for collective actions, and (c) raise awareness of the importance of taking action on inequality.

The core idea that steers the Group is that inequality is not a given reality. Indeed, some countries have managed to reduce inequality with targeted policy measures despite the overarching trend of increasing income and wealth disparities in many parts of the world. Such examples demonstrate that inequality is not inevitable, but heavily depends on national policymaking.

With these objectives and the core guiding idea, the Group has frequently held productive yet informal meetings and side events to discuss inequality-related issues, including emerging issues and potential policy solutions. The following represents a brief summary of the discussions of the Group on various challenges relating to the full implementation of SDG 10.

1st Meeting: Launching of the Group of Friends of SDG 10 (20 May 2016)

The first meeting of the Group was held with a view towards launching the Group and exchanging ideas on the direction of discussions it would undertake. It brought together experts from various departments of the UN Secretariat and academia.

2nd Meeting: General Debate (27 June 2016)

The second meeting of the Group brought together an inequality expert from academia and representatives of Member States, including at the Ministerial level, for a general debate on the implementation of SDG 10.

- The speaker from academia noted that, based on the available data on in-country inequality, inequality rates across the world are increasing on average. Current levels of inequality in many countries not only hinder the realization of the principle of "leaving no one behind" but also impede economic growth and meaningful social mobility.

- Some Member States argued that inequality is a result of political choices and therefore should be tackled through politically responsible policies to reduce the gender income gap and inequality in access to education, promote progressive taxation systems, and focus on the most disadvantaged and vulnerable groups first.

- Other Member States noted that the issue of inequality, both within and between countries, is cross-cutting and, as such, inherently related to issues ranging from migration, sustainable consumption/production, taxation, healthcare access and health outcomes, and trade, among others. It was also noted by some Member States that, given the cross-cutting nature of SDG 10, there was a need to clearly delineate between inequalities within and between countries and focus on the specific targets of SDG 10.

3rd Meeting: Regional Integration and Inequality (31 August 2016)

The third meeting of Group brought together representatives of Member States to discuss the challenges of overcoming inequality between countries in a given region, as well as how regional integration can help alleviate such inequality. The meeting benefited from a case study on European integration.

- During the presentation on the European integration project, the speaker from the European Union (EU) Delegation emphasized that the decades of economic integration pursued by the members of the EU led to a convergence of national income between EU countries and EU accession countries, and that this trend continued after the accession countries joined the EU, as evidenced by their rising national income after accession. This economic integration was both successful and co-beneficial as a result of the active use of regional and social development funds, as well as funds to help accession countries prepare for accession. This was pursued in tandem with the harmonization of regulatory policies across different economic sectors.

  Despite the achievement of decreasing economic inequality between countries, many EU countries are currently facing rising inequality *within* their countries. This is coupled with rising debt, insufficient EU budget levels, and increasing economic competition from non-EU countries. In response to these challenges, the 'Europe 2020' plan was launched to ensure higher employment, greater educational attainment, reduced social exclusion, and strengthened systems of social protection across the EU.

- Some Member States noted that the case of EU integration demonstrated that proactive and concerted policy choices at the regional level could reduce inequality between countries. Other Member States highlighted that regional integration elsewhere, in areas such as the CARICOM region, might yield different results that are not convincingly positive. It was noted also that, in regions with a high number SIDS countries that heavily depend on economies outside their regions for their own economic activities, premature economic integration could produce negative results.

- Some Member States noted that the case of EU integration shows regional integration's potential in bringing benefits of its own for countries. However, the rapid expansion and integration of global economic markets has produced uneven results between large economic actors, such as global corporations, and the populations at large.

4th Meeting: Gender Inequality and Social Protection (27 January 2017)

The fourth meeting of the Group brought together representatives of Member States, including at the Ministerial level, as well as representatives of an international economic organization and a UN specialized agency for an active discussion on the social and economic dimensions of inequality within countries; particularly gender inequality.

- One European Member State stated that while many European countries do not have a significant population of low-income population residents, access to and gaps in social protection systems remain a problem for different segments of society. Other Member States emphasized that access to quality early childhood care and education can be a key to unlocking greater inter-generational social mobility and to enabling more women to join the economy. Other Member States noted that many countries are focusing on early childhood care and education as a way to bolster social mobility and expand gender equality.

- Some Member States underlined the substantial contribution of migrant populations in bolstering social protection systems, both formal and informal, in their home countries through remittances. They stated the need to include remittances and other informal instruments in planning to improve social protection systems. In addition, the constraints on remittance payments imposed by taxes on remittances and high transaction costs diminish the inequality-reducing effects of remittances, and some Member States called for solutions to solve such problems.

- The speaker from the international economic organization emphasized the need to expand social protection and national welfare systems, scale-up capacity building for disadvantaged groups, transition towards a more progressive taxation system, and apply more innovative and technologically-based solutions to widen social protection coverage.

5th Meeting: Data and Inequality (6 July 2017)

The fifth meeting of the Group brought together experts from civil society, the UN Secretariat, multilateral development banks, and other organizations to discuss the role that data can play in realizing the aim of "leaving no one behind," as enshrined in the 2030 Agenda, as well as the need and means to improve the data capacity of governments to better identify such groups. One particular civil society initiative of relevance, entitled the 'P20 Project' launched by Development Initiatives, was presented as a case study.

- During the presentation on the P20 Project, the speaker from Development Initiatives emphasized that a "data revolution" which ensures that everyone is counted is one of the most crucial ways that we leave no one behind as the SDGs are implemented. The reality, however, is that many countries currently lack the capacity to track the extent and degree of poverty. In the absence of robust and universal data collection capabilities to directly measure poverty, it can be useful to use proxy indicators of poverty, such as income levels, health, civil registration status, and others. These proxy indicators can represent interim solutions for identifying vulnerable groups and differing dimensions of poverty, thus providing an evidence base for tailored policies to increase access to public services and other forms of assistance.

- Other speakers touched upon the need to continuously improve countries' ability to collect large quantities of quality, disaggregated data, especially through their respective national statistical offices (NSOs). Equally important is to have a strong data architecture at the national level that can effectively integrate data from disparate sources—such as complex, disaggregated data, geospatial data, private and citizen data, etc.—that are necessary to create a detailed, realistic mapping of poverty in a given country. Another point made was that developing even basic data on poverty in the least developed countries (LDCs) is an urgent task requiring prioritization, given that nearly 50% of those living in extreme poverty are in LDCs.

- Participating Member States agreed that data is central to reducing inequality and shared cases from their respective countries of data in action to identify vulnerable groups. Some Member States noted that a greater effort is needed to integrate data on poverty with climate vulnerability data. Others noted that poverty in conflict-affected areas should also be given due attention. The need for parity in the collection and analysis of data between urban and rural areas was also voiced, as well as the need to accelerate assistance to countries to build data related capacity.

6th Meeting: Fourth Industrial Revolution and Inequality (28 February 2018)

The sixth meeting of the Group brought together experts from civil society, academia, the UN Secretariat, and UN funds and programmes to discuss the potential opportunities and challenges to reducing inequality posed by the emerging technological transformation, as represented by the so-called Fourth Industrial Revolution.

- Speakers noted that, while there are growing concerns over potential massive job losses due to automation and other technologically driven changes, it is likely that there will be a decentralization of production patterns and a restructuring of labor markets that will lead to an elimination of some professions and sectors and the emergence of new jobs and sectors. Some speakers expressed that such decentralization will empower individuals to join the "creative economy," offering a bigger share of value creation to individual producers. Other speakers, however, voiced concerns that, while such decentralization may not result in massive job losses, larger portions of the workforce may be consigned to low-paid jobs with worse conditions.

- Speakers also noted that technological diffusion is not an automatic process, but one that can be guided and shaped by hands-on public policy decisions. With the emergence of "platforms" that coordinate this decentralized economy, it may be useful to consider more innovative, "treaty-like" approaches to regulate behaviors of large companies and induce more democratic forms of economic governance, as opposed to more traditional regulatory regimes. A new form of social contract between different societal segments was also noted as a key to ensuring that the benefits of technologically driven changes are more fairly distributed.

- One key policy recommendation echoed by the speakers was the need for a deeper emphasis on "transition" education that can re-tool the workforce, while other policies, such as universal basic income, more comprehensive social protection programs, strengthened labor rights, and more cooperative forms of production to empower individual workers and producers, were also proposed as potential solutions.

- Participating Member States expressed agreement that technologically driven changes can and should be shaped by the policy choices of governments at the national and international levels. Furthermore, they noted that the UN should play an important role in the governance of emerging technologies, create a compelling case for ensuring that the use of technology benefits all, and fill the gap in governance of emerging technologies. The idea that the LDCs will be the most affected by technologically driven change given their labor market composition and that such countries will need scaled-up international cooperation and capacity-building to prepare them for coming changes was also voiced.

7th Meeting: The Private Sector's Role in Reducing Inequality (19 February 2019)

The seventh meeting of the Group brought together experts from the private sector, academia, and UN funds and programmes to discuss various ways the private sector can help reduce inequality of all kinds, and how partnership between the public and private sectors can be strengthened.

- Speakers noted that the private sector could help reduce all dimensions of inequality by mainstreaming sustainability and inclusivity into their operations and implementing programs and projects specifically aimed at improving economic and social inclusion through capacity-building and the offering of economic opportunities. One speaker offered an example of how companies are leveraging their supply chains with sustainable and inclusive supply chain management programs to incentivize improved environmental sustainability, human rights, better working conditions, and to expand the access of small and medium enterprises into the supply chain through capacity-building.

- With the rise of technology based global companies and the importance of technology in economic activity, education and other spheres, it was also noted that the private sector could fulfill an important role in ensuring digital inclusion. In the process, it could also provide opportunities for higher educational attainment, decent work, and expanded social mobility; particularly for underserved and vulnerable groups.

- Other speakers said that it was important to determine which sectors of our economies and societies would benefit from public-private partnerships to increase access to service and economic opportunities. For example, big infrastructure projects vital for economic growth were pointed to as clear cases where such partnerships are both useful and essential. Yet in other areas with more social objectives, such as slum upgrading or nutrition, the benefits of public-private partnerships in reducing inequality remain ambiguous. These speakers also expressed the need for more incentives and regulatory measures to encourage the private sector to integrate sustainability and inclusion concerns into their practices, especially emphasizing the role that "soft laws" such as industry norms, social expectations, and publicity can play in persuading the private sector.

- It was also noted by the speakers from the private sector that, in their experiences, there were substantial demands from governments in both developed and developing countries for public-private partnerships to increase sustainability and inclusion. These speakers also highlighted the value of UN entities in providing a bridge between the public and private sectors and highlighted the global policy expertise they can provide in developing and refining private sector programs in sustainability and inclusion.

- Participating Member States noted that private sector contributions in sustainable development to reduce inequality could be enormous, particularly in developing countries with growing youth populations, SIDS countries, and especially in areas such as financing for development. However, they also noted that private sector development is lagging behind and there is a need for better incentives and more enabling policy environments for the private sector to operate in. Other Member States emphasized that the private sector can sometimes increase inequality in a country, as evidenced by the example of massive amounts of illicit financial flows that exit developing countries via companies. The need for better tools to measure the sustainability impact of private sector activities was also underlined.