



Managing Globalisation in Thailand: A Human Development Approach

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Excellencies, Distinguished Participants,

I am very pleased to be here today to address the CNBC Strategic Forum, and I would like to thank CNBC and Thai Institute of Directors for inviting UNDP to speak at this prominent event.

Thailand has a very impressive track record in economic and social development, in particular in reducing poverty at a national level. Thailand will meet most, if not all, of the internationally-agreed Millennium Development Goals well before the target date of 2015. However, many challenges remain for Thailand. Incomes are highly skewed, and many people still live in poverty, particularly in certain rural areas. At the same time, globalisation is putting great strains on the environment, as well as on community life.

The topic of my presentation today is: Managing Globalisation in Thailand. I intend to

briefly address this issue by talking about UNDP's perspective on Thailand meeting these challenges. I will then attempt to talk about the overlap we see between the UNDP Human Development approach and Thailand's own theory of Sufficiency Economy. Finally, I would like to offer a few words about the role that Human Development, as well as the private sector, can play in helping Thailand successfully manage globalisation for the benefit of all its people.

Globalisation and UNDP's Human Development Approach

Today, globalization is advancing at a breathtaking pace, but at different rates and affecting particular groups, regions and countries quite differently. While globalization has been a key driver of economic growth, benefiting hundreds of millions of people, these benefits have not always been shared equitably either between or within countries. High rates of GDP growth, budget surpluses and foreign exchange reserves are of limited value if they are not accompanied by a more equitable distribution of resources, improved access to healthcare and education, or sound environment policies. But the problems go beyond just income inequalities; there are also other challenges that stem from globalization. These include, for example, environmental degradation, climate change, increased risk of disasters and pandemics, and scarcity of natural resources.

Helping nations, communities, and people confront and solve these various global and national challenges is the job of the development community of which UNDP is a part. The international community has made its commitment to this task very clear. The Millennium Development Goals (MDGs), adopted by world leaders at the Millennium Summit in year 2000, reflect a common understanding that global challenges have to be managed so that they lead to broadly based and inclusive progress and that attention is given to all dimensions of human development.

Despite the pressing global challenges, there are real hopes for progress. First, there is a consensus that significant achievements have been made on the MDGs. Millions of people have been lifted out of extreme poverty, and many countries are seeing improvements on their human development indicators. There is also substantial convergence of views on the critical actions needed to meet the global development challenges of the future, for example, through promotion of economic policies that aim at macroeconomic stability and inclusive growth; promotion of good governance; support for vibrant private enterprise; advocacy for the active political and social participation of all citizens; promotion of gender equality; and the scaling up of investments in essential infrastructure and social services.

Human development is about much more than the rise or fall of incomes. The essence of UNDP's Human Development model is a people-centred approach that gives importance to economic growth, but also goes beyond it to try to expand the choices people have to lead lives that they value. Human development puts people and their wellbeing at the centre of development and provides an alternative to the traditional, more narrowly focused, economic growth paradigm. Human development embraces equitable economic growth, sustainability, human rights, participation, security, and political freedom.

The human development approach has been at the core of UNDP's work for over 15 years. All of UNDP's work around the world is focused on this goal: real improvements in people's lives and in the choices and opportunities open to them. By putting people at the



centre of the development process, UNDP helps countries draft policies and implement programmes that address the needs of the poor.

Over the years UNDP has championed this integrative human development approach. One result has been the Human Development Reports at global, regional and national levels; the latest Human Development Report for Thailand was launched in January. UNDP's HDR has become one of the most respected and authoritative sources of knowledge and insight about global, regional and national development issues, as well as a valued tool for influencing policy.

Sufficiency Economy and Human Development

In terms of managing globalisation, there is clearly a great deal of overlap between the Human Development approach and Thailand's own, home-grown approach to development challenges - Sufficiency Economy. Both Human Development and Sufficiency Economy are founded on long-term efforts rather than focused on short term gains. Both are more concerned with overall quality of life rather than incomes alone. Sustainability and empowerment are central concepts. Both place a strong value on environmental conservation and rich community life.

In May 2006, on the occasion of presenting the UNDP Human Development Lifetime Achievement Award to His Majesty the King of Thailand, former UN Secretary General Kofi Annan said: "... the Sufficiency Economy philosophy is of great relevance to communities everywhere during these times of globalization. The philosophy's 'middle way' approach strongly reinforces the UN's own advocacy of a people-centred and sustainable path toward human development."

In this regard, it is noteworthy that both approaches also place an emphasis on the role and responsibility of the private sector. A healthy, innovative private sector is a critical component to lifting people out of poverty and meeting the world's development challenges. What is important here are practices that are conducive to long-term profitability in a competitive environment. Examples of such practices are: having a long-term perspective rather than being focused only on short-term profits, really valuing the company's people, embracing environmental sustainability, nurturing innovation, and acting responsibly towards a range of stakeholders, including future generations. For private enterprise, the Sufficiency Economy theory advises adopting values of resilience, responsibility and respect. These are echoed in some of the fundamental principles of the United Nations Global Compact, which was introduced by Mr. Annan in 1999. The Global Compact seeks to promote responsible corporate citizenship so that business can be part of the solution to the challenges of globalisation by advancing universal principles in the areas of human rights, labour, the environment and anti-corruption. Since its launch, the Global Compact has been signed by many of the world's leading corporations.

One could sum up the above by saying that both Human Development and Sufficiency Economy neither reject globalisation nor wholeheartedly embrace it. Instead, both are focused on successfully managing globalisation to spread its benefits as widely as possible and minimise its costs.

Thailand's Human Development Situation

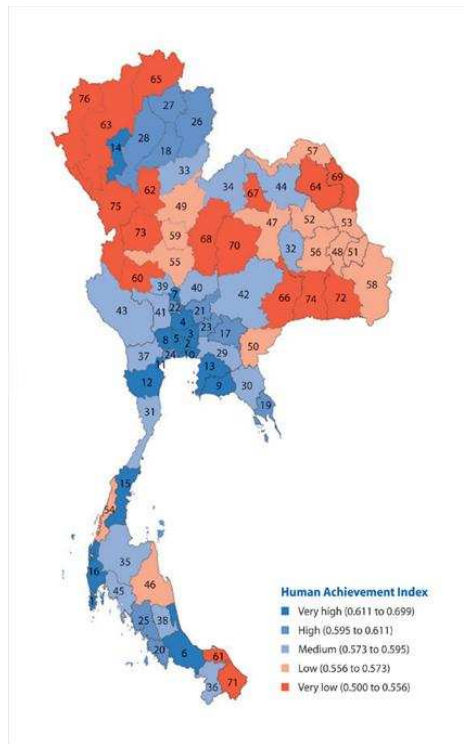
Now let me turn to Thailand's human development situation. Overall, Thailand has been extraordinarily successful in advancing human development, raising incomes, reducing poverty, and improving access to key services such as health and education. This overall track record, at an aggregate level, is in fact better than many other countries. Thailand has already met most of the Millennium Development Goals. Some targets – such as those in poverty, hunger and safe water – were achieved more than five years ago. Thailand has even set ambitious targets – known as “MDG-plus” – that go well beyond the internationally agreed MDG targets. Thailand can be considered a middle income country now, and in certain respects is seen as a development model for other countries, particularly in this region, as they confront their own development challenges.

On the other hand, as in many other countries this progress has not benefited everyone. There are still stark disparities in Thailand, for example, between urban and rural areas and between regions. Income inequalities are quite high. Poverty is still high in the North, Northeast and in the far South. And many vulnerable groups at the margins of society do not have access to adequate social services.

The Thailand Human Development Report for 2007, commissioned by UNDP and launched in January, takes a close look at Thailand's development indicators. It uses the Human Achievement Index, which takes into account eight important aspects of human development: Health, Education, Employment, Income, Housing, Family and Community Life, Transport and Communication, and Participation.

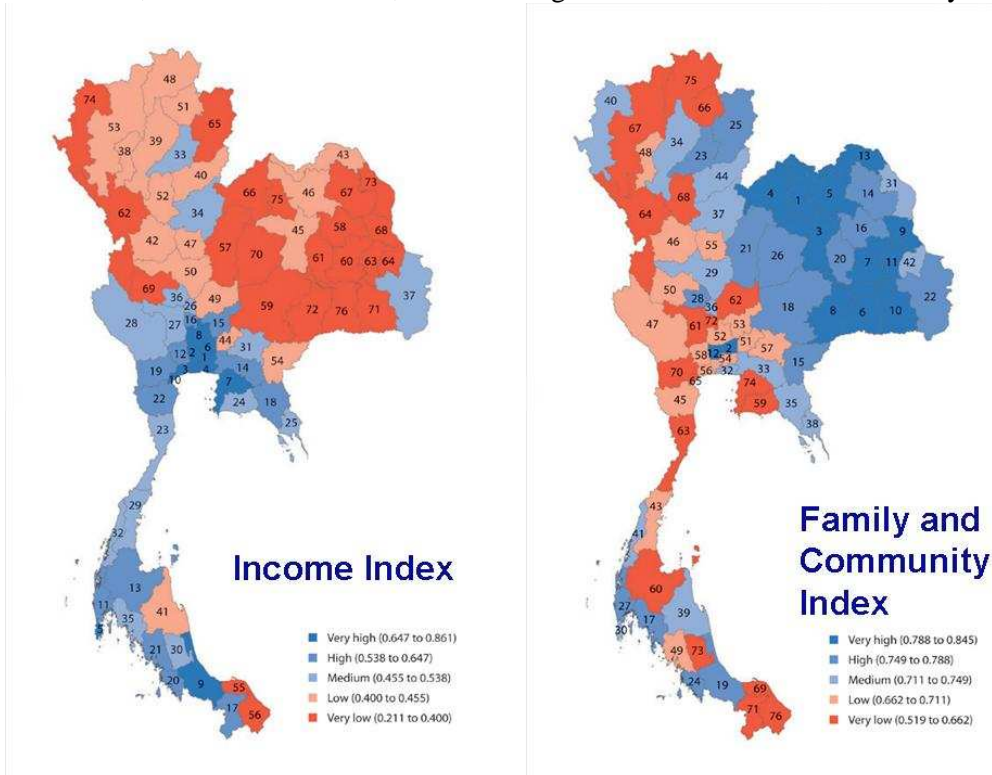
Human Achievement Index

1. Health
2. Education
3. Employment
4. Income
5. Housing and living environment
6. Family and community life
7. Transport and communication
8. Participation



Just to give you an example, the map here represents the Human Achievement Index for Thailand, by province. Blue and dark blue means high and very high scores, and red and dark red means low and very low scores. As you can see here, many provinces in the North

and Northeast, and in the far South, are not doing as well as the rest of the country.



If you look closer, however, some very interesting results come up. For example, look at the Income Index on the left. This index includes average incomes, poverty incidence and levels of debt. Compare it with the Family and Community Life Index on the right. This takes into account such factors such as single-headed households, elderly living alone, and levels of crime and insecurity. The two indexes are almost exactly opposite. It is clear that those provinces with the highest incomes on the whole also have some of the lowest scores for family and community life.

If you compare the Income Index with the Community Participation Index, you get the same result.

What is happening here is that the data is telling a story: Thailand has undergone rapid economic development, but it also has come at a cost. Globalisation is having major impacts on community cohesion and family life. You can also see the impacts in the environment, and in the nature of migration.

UNDP in Thailand

In Thailand, UNDP works closely with the Royal Thai Government and with civil society organisations to address many of these issues. In particular, UNDP's five-year Country Programme for Thailand focuses on issues such as environmental sustainability, renewable energy, support for participatory governance, and technical training programmes to improve skills related to development at the local and national levels. UNDP specifically supports Thailand in working to reach the MDG Plus targets, such as doubling the proportion of women in national parliament, local government bodies and executive positions in the civil service.



Thailand is also becoming an increasingly important “emerging donor” itself – not just through overseas assistance, but equally importantly, by sharing its experience with developing countries – particularly countries in this region as well as in Africa. UNDP works to help improve the efficiency of Thailand’s aid programme and facilitate its knowledge sharing. In this sense, UNDP has a two-way role: as a gateway through which Thailand can access international expertise; while at the same time helping Thailand share its experience and skills with countries that can benefit by them.

UNDP Partnering with the Private Sector

Last but certainly not least, UNDP works closely with the private sector. Globally UNDP engages with the private sector in various ways; we spur private sector participation in dialogue and advocacy related development; we forge partnerships aligned to UNDP’s practice areas and the MDGs; we broker and facilitate investment in developing countries; and we work with national governments and other partners to create an enabling environment where the private sector can thrive and help in alleviating poverty.

In Thailand, UNDP works closely with both Thai companies and multinational companies with operations in Thailand. Following the tsunami of December 2004, UNDP and private sector companies put together a unique partnership to help recovery efforts on Lanta Island. We hope this partnership will be a model for others to follow, in joining together in the future to help out communities hit by disasters. UNDP is also working with the private sector in innovative partnerships on renewable energy in rural areas of Thailand, working to help Thailand meet one of its largest upcoming challenges: that of climate change.

Overall, UNDP helps bring companies in Thailand into the UN Global Compact, widening those companies’ networks and their potential for knowledge sharing. UNDP’s partnerships go beyond financial assistance to look at the kind of skills, experience and local knowledge a company can bring to bear to help solve a particular development issue. For the companies involved, the benefits include not only meeting corporate social responsibility goals and positive advocacy, but also helping widen networks and building the expertise of its people.

Development is central to the long-term success of business. Companies around the world are recognizing that taking greater responsibility and contributing towards sustainable development and poverty reduction is essential. But new responsibilities mean companies face complex issues, which often they cannot handle on their own. Through partnerships such as those between private sector companies and UNDP in Thailand, companies can ensure that their good intentions are translated into effective and appropriate action.

Conclusion

In conclusion, let me end by emphasising that the reason we do this is simple: Human development is not something that can be done alone by NGOs or international agencies. Everyone is a stakeholder in the future, and we all have a part to play. This is why Millennium Development Goal number 8 calls for an International Partnership for Development: bringing together the skills, experience, knowledge and resources of communities, governments, civil society, international organisations and the private sector to build a better future. This idea is reflected in both UNDP’s Human Development approach and Sufficiency Economy thinking: that we all have a role to play, and that we all



have responsibilities to keep.

Thailand has had a great deal of experience in the past half century in managing and overcoming development challenges. We can feel fairly confident that with the right approach, and with concerted action by the government, civil society and the private sector, Thailand can build towards a future that is not only developed, but also equitable and sustainable.

Thank you.