



# ASIA HOUSE BRIEFING, January 2018

## The Sustainable Development Goals



## The Sustainable Development Goals:

### With special focus on Thailand

In September 2015, world leaders from all 193 UN member states adopted the 17 Sustainable Development Goals (SDGs) with the purpose of globally eradicating poverty, promoting peace and equality, supporting inclusive growth, and protecting the environment before 2030.

It is estimated that achieving the goals opens up an economic prize for the private sector of at least US\$12 trillion by 2030 and potentially 2-3 times more. Furthermore, the secondary effects of achieving the goals are also essential for the future of private business – and the world. Danish companies have a strong profile in the sustainability sector and should actively seek to engage SDG implementation to secure the associated benefits.

This briefing looks into the many opportunities and challenges that achieving the SDGs will develop for the business sector while providing a snapshot of how Thailand's political and cultural framework sets the stage for companies wanting to implement the SDGs.

## The Sustainable Development Goals: How, what and why?

The 17 SDGs are a framework that provide general guidelines and targets for the 193 UN member states who have committed themselves to the goals. The aim is to guide a united effort to make a positive change for both people and planet. However, it is the responsibility of each country to develop a national plan that contributes to the SDGs in relation to national challenges. As such, each country will have a unique SDG framework and understanding local context becomes necessary for successfully implementing local SDG efforts.

The SDGs are also a clear statement that a new approach to sustainability is needed and that 'business-as-usual' is not an option. As the Business and Sustainable Commission<sup>1</sup> notes:

*"We [the commission] see the next 15 years as critical, with change starting now and accelerating over the period. Business as usual is not an option: choosing to "kick the can down the road" over the next four years will put impossible environmental and social strains on a stuttering global economy."<sup>2</sup>*

The SDGs fall into two main categories – social and environmental. The 17 goals form an integrated package in which the social goals cannot be achieved without the environmental ones and vice versa. Likewise, efforts towards achieving one goal are likely to enhance efforts towards other goals. As such, the goals are interconnected and real business value and societal gains will only be achieved by progressing with all 17 of them.

The SDGs cannot be attained without the inclusion of the business sector. This was the clear statement when the UN and the world leaders invited the business sector to actively participate in the development of the 17 goals. The sector is expected to play a key role as an engine of economic growth, employment and a source of finance, technology and innovation. But what is in it for the business sector? A share of the \$US12 trillion dollar prize<sup>3</sup> for one, but a whole lot more too:

### **If businesses align their strategy with the SDGs:**

- First movers will have a competitive edge in terms of market access and license to operate.
- A stronger value proposition by understanding and communicating company SDG efforts.
- Talent and investor attraction and staff retention.
- SDG-led innovation can give companies the opportunity to reinvent products, services and pursue efficiency gains.

Many earlier CSR projects were designed from a top-down approach and ran the risk of producing strategies that looked good on a piece of paper, but had very little effect in ensuring on-the-ground implementation and actual commercial optimization. There is real value and a need for a bottom-up approach investigating how the SDGs can be implemented in specific markets, with specific political and financial frameworks and a variety of different stakeholders. Only this way can companies effectively commit to the SDGs and leverage the commercial interests they also bring about.

Evaluating on the first two years of SDG implementation, the UN concludes that the rate of progress in many areas is far slower than needed to meet the targets by 2030.<sup>4</sup> Achieving the SDGs will require an estimated US\$ 3.9 trillion in investment per annum. With the current annual investment

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<sup>1</sup> The Business and Sustainable Commission consists of leaders from business, finance, civil society, labour, and international organisations. A complete list of the commissioners is available on page two of the report below.

<sup>2</sup> "Better Business, Better World", Business and Sustainable Development Commission, January 2017

<sup>3</sup> Ibid.

<sup>4</sup> The Sustainable Development Goals Report 2017, United Nations, 2017

at only US\$ 1.4 trillion, the annual investment gap is US\$ 2.5 trillion. Public capital cannot cover this gap, so mobilising local and international private investors is a necessity.<sup>5</sup> However, there are at least two obstacles for those in the business sector that want to invest in the SDGs:

Firstly, aligning company strategies with the SDGs will inevitably incur costs that those not aligning with the SDGs will avoid. This creates an uneven playing field and thus limits the incentive to act. Many sectors are agreeing on 'pre-competitive' standards of conduct to avoid this issue. These sector-wide corporate responsibility coalitions can implement industry relevant principles, establish common standards and goals for sustainable development and require their members to commit to these as part of their membership obligation. This way, competitors can work together in accelerating and scaling sustainable change while still competing on their ability to execute and innovate<sup>6</sup>.

Secondly, investing in the SDGs will likely lead to disruptive changes in the short term, which, combined with associated project- or country-related risks (e.g. pioneering investments in high-risk environments or investments that use new technologies) act as a serious deterrence. One way to circumvent this could be through '*blended investment*' which involves the strategic use of development funds to improve the risk-return profile of investments in order to attract private capital (using instruments like guarantees, risk insurance, technical assistance funds). A report containing bold recommendations that push for an ambitious deployment of blended finance to fund SDG related investments will be published in January at Davos 2018<sup>7 8</sup>.

Denmark has integrated its development cooperation and humanitarian action strategy with the SDGs and highlights five goals to be key issues for Denmark's global development policy: Goal No. 5 (gender equality), Goal No. 7 (sustainable energy), Goal No. 13 (climate), Goal No. 16 (peace, justice, institutions), Goal No. 17 (partnerships).

The Investment Fund for Developing Countries (IFU) has been strengthened. IFU's mandate and purpose now includes promoting investments that support sustainable development in developing countries and contribute to the realization of the SDGs.

## Implementing the SDGs in Thailand: a case study

While it is fundamental to integrate the SDGs into core corporate strategy and understanding<sup>9</sup>, actual on-the-ground implementation requires an understanding of the country's specific sustainable development challenges and its political and cultural framework. Only by identifying these central factors can tailor made solutions be developed<sup>10</sup>.

### Political Framework

In June 2015 Thailand established the National Committee for Sustainable Development (NCSD) which is the chief government agency in charge of implementing the SDGs. The NCSD, chaired by the

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<sup>5</sup> <http://businesscommission.org/our-work/blended-finance-taskforce-for-the-global-goals>

<sup>6</sup> "Partnerships For Sustainable Development: Collective action by business, governments and civil society to achieve scale and transform markets", Jane Nelson, Harvard Kennedy School in collaboration with Business And Sustainable Development Commission, 2017

<sup>7</sup> Ibid.

<sup>8</sup> <https://www.weforum.org/agenda/2016/07/blended-finance-sustainable-development-goals/>

<sup>9</sup> "Embedding the Sustainable Development Goals into Business", Business Fights Poverty and Ashridge Centre for Business and Sustainability at Hult International Business School (2017).

<sup>10</sup> <http://sdghub.com/realizing-the-potential-for-sdg-impacts-at-a-sectoral-global-and-local-level/>

Prime Minister, is divided into three sub-committees, the first of which contains three task forces (see Figure 1). The three sub-committees are, among other things, assigned to:

*“... publish a roadmap on Sustainable Development Goals (SDGs) that is in alignment with government policies, the 20-year National Strategy, the Twelfth National Economic and Social Development Plan, the structural reform agenda, and the Thai Government Roadmap Phase II-III.”<sup>11</sup>*

The formulation of these implementation road maps has since been assigned to key responsible ministries or government agencies, a list of which can be found on slide 11-13 of [this<sup>12</sup>](#) slideshow.

As the above quote shows, Thailand approaches the SDGs in a very holistic manner, aligning and integrating the goals with broader political programs and reforms, including the national economic reform program ‘Thailand 4.0’. However, some critical voices question the legitimacy, efficiency and transparency of government SDG policies<sup>13</sup>.

Despite the apparent centrality of the NCSO, its sub-committees and task-forces, neither websites nor reports concerning their work are available. The same is true for the implementation road maps and the 20-year National Strategy, which is said to include six areas of focus, six primary strategies and four supporting strategies<sup>14</sup>.

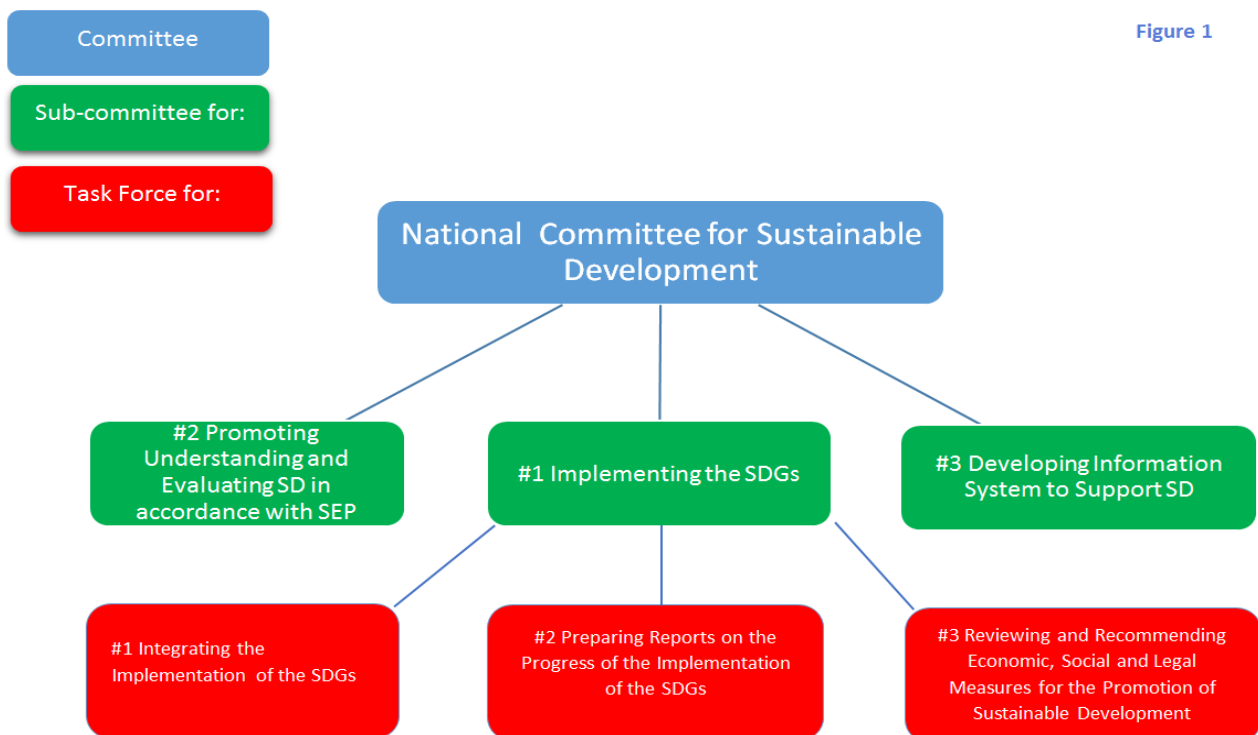


Figure 1

<sup>11</sup> “The Twelfth National Economic and Social Development Plan (2017-2021)”, Office of the National Economic and Social Development Board, Office of the Prime Minister, Bangkok, Thailand

<sup>12</sup> <https://www.slideshare.net/UNDPasiapacific/agenda-2030-sustainable-development-goals-thailands-perspectives-79473922>

<sup>13</sup> <http://www.socialwatch.org/sites/default/files/2017-SR-THAILAND-eng.pdf>

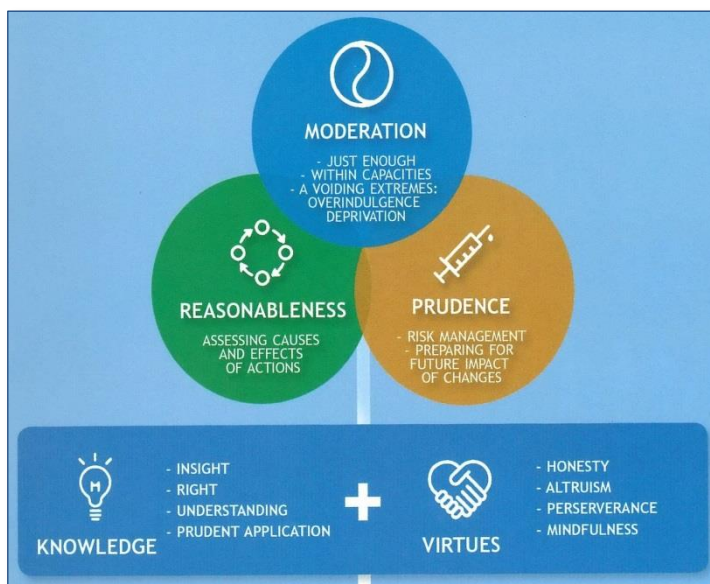
<sup>14</sup> “A Practical Approach Towards Sustainable Development: Thailand’s Sufficiency Economy Philosophy”, Ministry of Foreign Affairs, Thailand, 2016

However, Thailand does not only position its SDG effort in a political framework, but even more so in a socio-economic and cultural one:

### Thailand’s Sufficiency Economy Philosophy (SEP)

This philosophical framework was conceived by the late King Bhumibol Adulyadej in the mid-1970s, but not formalised until the Asian Financial Crisis in 1997. Following the development work the King had undertaken according to this philosophy, he was granted the first ever United Nations Development Programme’s Human Development Lifetime Achievement Award in 2006.

The SEP is based on the three core principles of *moderation*, *reasonableness* and *prudence* and is Thailand’s compass for sustainable development. In fact, it is Thailand’s self-proclaimed contribution to the global effort to attain the SDGs under the ‘SEP for SDG Partnership’ program. Here SEP is shared as an alternative model for sustainable development through short-term training programs, post-graduate programmes and best practises via Thailand International Cooperation Agency<sup>15 16</sup>.



*“In addressing a challenge, one should first analyse its root cause by utilising **reasonableness**. Once the core issues have been identified, the selection and application of potential solutions require **moderation**. **Prudence** is then needed to manage risk and develop resilience to future uncertainties. Ancillary to the application of the aforementioned components are **knowledge** and **morality**. Knowledge can be gained from basic education and is a precondition for selecting the most appropriate solutions.”*

Information regarding the SEP and how Thailand uses SEP for SDG implementation is plentiful. In the reports ‘*A Practical Approach Towards Sustainable Development: Thailand’s Sufficiency Economy Philosophy*’ and ‘*Sufficiency Economy Philosophy – Thailand’s Path Towards the SDGs*’, introductions to SEP is followed by numerous examples of how SEP projects are working towards attaining the 17 goals, the majority of which were implemented long before the goals were developed.

The ‘*South-South in Action: Sustainability in Thailand – Experience for Developing Countries*’ report goes more into detail about SEP:

*“As the Philosophy is broad-based and organic, it tends to cut across SDGs. Its emphasis on a holistic approach to farming addresses hunger, poverty, water management, sustainable development, the climate and life on land, for example.*

<sup>15</sup> See the Report: “South-South in Action – Sustainability in Thailand: Experience for Developing Countries”, United Nations Office for South-South Cooperation and Ministry of Foreign Affairs, Thailand

<sup>16</sup> <http://www.tica.thaigov.net/main/>

*Its focus on developing the individual covers education and sustainable production and consumption.”<sup>17</sup>*

The report notes that the philosophy’s emphasis on self-reliance has at times been misinterpreted as a rejection of the global market, giving rise to policies that imposed exchange controls, tried to limit foreign capital and encouraged a reliance on exports. This, the report argues, is not the case, as the centrality of the concept of self-reliance was meant to highlight the need for communities and businesses to sustain themselves as a priority.

The SEP is becoming increasingly attractive in the South-South and triangular cooperation<sup>18</sup> with Thailand at the forefront and is often seen as an alternative to global capitalism and an excessive consumerist culture. One author, speaking at the 1<sup>st</sup> International Symposium on King Bhumibol’s Science in November 2017, views SEP as a welcoming alternative. He does, however, question the effect of SEP outside the agricultural and rural contexts and calls for government regulation, policies and structural changes to ensure SEP’s efficiency in the private sector organizations:

*“While the SEP will become increasingly attractive and a tool to delay the catastrophe that seems inevitable, it needs structural and policy mechanisms to realize its full potential. Depending on individual virtue and self-control alone or organizations’ voluntary commitments to higher standards and behaviors is insufficient to change these systems.”<sup>19</sup>*

#### **Thai Civil Society and private sector**

Civil Society Organisations (CSOs) in Thailand are decentralised and informal as registration is not compulsory under the constitution.<sup>20</sup> CSOs with a sustainable development agenda are often related to initiatives and projects developed by the late King and Queen within an SEP framework. Thailand’s Sustainable Development Foundation<sup>21</sup> is a central platform for SEP promoted projects. It is a non-profit organisation but it is not clear whether it is private, public or civil.

In the ‘Sufficiency Economy Philosophy – Thailand’s Path Towards the SDGs’ report, many of the ‘SEP for SDG’-examples are foundation- or community-driven projects. Some of the foundations have associated websites in English with information on projects, research and news. However, the majority of the foundations/programs do not have associated websites and most of those that do are in Thai.

Civil society as well as the private sector was invited to participate in the prioritization of SDG targets in Thailand. Of the 37 members of the NCSO, two are from the private sector, two from civil society, three from academia, and four are independent experts. The remaining 26 members are from the public sector.<sup>22</sup>

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<sup>17</sup> “South-South in Action. Sustainability in Thailand – Experience for Developing Countries”, 2017, United Nations Office for South-South Cooperation and Ministry of Foreign Affairs of Thailand

<sup>18</sup> South-South cooperation is a process where two or more developing countries cooperate in achieving individual or shared national development objectives. In Triangular cooperation the South-South cooperation is supported by one or more developed countries or multilateral organization(s).

<sup>19</sup> “Organizational Implications of Thailand’s Sufficiency Economy Principles (SEP) and Buddhist Economics”, John Nirenberg, speaking at <http://www.kbsci2017.com/>

<sup>20</sup> “Civil Society Briefs: Thailand”, Asian Development Bank, November, 2011

<sup>21</sup> <http://www.tsdf.or.th/en/>

<sup>22</sup> “Thailand’s Voluntary National Review on the Implementation of the 2030 Agenda for Sustainable Development”, June 2017

## **Perspectives**

In Thailand, sustainability has long been on the national agenda and the SDGs are considered an additional framework. Regardless of the effect of SEP, it is clearly the dominating sustainability narrative and consequently, a narrative within which foreign companies can position their SDG efforts in. The three reports mentioned previously can have multiple usages for companies implementing their SDG efforts in Thailand.

Firstly, they provide clear insight into how sustainability in general is understood and managed in Thailand. Secondly, the concrete examples of how specific sustainability issues in Thailand are being managed and implemented in a SEP framework can be used to draw inspiration for the development of projects to solve similar issues. At the very least, the examples show best-practises for communicating SDG efforts in Thailand which can support the improvement of company SDG-communication strategies. Thirdly, by disclosing information on project developers, funds, organizations and other stakeholders involved with SDG implementation in Thailand, they can facilitate possible project partnerships or investment opportunities.

This Asia House Briefing constitutes an initial overview of the opportunities and challenges associated with implementing the SDGs while providing an overview of the SDG framework in Thailand. Next, Asia House will initiate an investigation that provides more detailed information regarding on-the-ground implementation of the SDGs in Thailand. This investigation will conclude with an Asia House Report, and a Seminar to be held in early March