

Making development sustainable

Lawrence Watson.

Member of the Advisory Board – The Mae Fah Luang Foundation (under Royal patronage) and the Doi Tung Development Project - Thailand.

At its recent General Assembly, the UN has just taken stock of how we all performed against the Millennium Development Goals first agreed in 2000. In March 2016, the UN Office on Drugs and Crime will look at the progress made in Alternative Development (AD) projects (“alternatives” to the cultivation of narcotics) and there is an increasing recognition that narcotics as such are not the issue – they are a symptom of the root cause, poverty.

So the issue is to ensure that AD projects are truly effective – especially over the long term; in this context we have seen growth in use of the word “Sustainable” which is now clearly part of NGO and development agencies focus, demonstrating an expectation for greater tangible results from development projects. One of the countries at the forefront of this effort has been Thailand.

For over 15 years I have had the opportunity to work with and to observe a very well-respected Thai royal foundation (MFLF) founded by the revered King’s mother “Mae Fah Luang.” MFLF has been in the forefront of efforts over a period of 40+ years to ensure that development is indeed **sustainable by creating a set of vibrant “social enterprises” that generate profits that – in turn – are used for community development.**

But what do we mean by “sustainable” within the context of development? First, for me, the very word “development” suggests a dynamic journey from an unacceptable situation (poverty, absence of adequate health-care and education...) to a situation where debts are repaid, where family incomes becomes sufficient and where savings are generated for hard times (crop failure, floods...). The Thai King calls this the “sufficiency economy” – a careful balance between “enough” and wasteful excess. Such a balanced development process can only work however if it is underpinned by adequate health care, education and investment in infrastructure - the “enablers” for the creation of subsequent economic activities.

Put differently, such a process ensures that the community ultimately earns enough to become taxable – giving back some of what it received while on the journey.

The Thais have understood this; working in mountain communities in the “Golden Triangle,” they have successfully replaced opium cultivation with alternative products and value-chains. Initiatives like the Doi Tung Development Project have reforested the watershed area and planted easy-to-grow products like bananas and bamboo that you can use, eat and sell. Further down the mountain, economic forests have been created (coffee, macadamia nuts...) where the products are professionally farmed for sale. At lower levels, vegetable gardens provide even more products for consumption and sale.

But what's new in that – what did the Thais do differently? Three points resume the approach. (1) Time required (2) Community buy-in and (3) Concentration on economic activities that offer additional Value-Added opportunities as the development journey unfolds.

1. Development takes time – quick shot 2 year programmes tend to improve things temporarily but take you only 2 kms into a journey of 20! Value-chains and behaviour change do not happen in 2 years; education alone takes 12, providing the skills needed to undertake higher value-added activities. Development – like a journey – needs time to be sustainable.

(2) Community buy-in is the vital process that is so different from frequently-seen “imposed solutions” that come from well-intentioned (usually foreign) agencies. The Thai approach builds programmes *with* the local community – empowering them and community leaders to become part of the solution rather than the problem. In Doi Tung, the various development steps were not the brainchild of agronomist planners in Bangkok (although they helped); they were developed with the community in dozens of village meetings organised by the Foundation. There, the issues were highlighted, socio/economic data collected (providing a base line to measure progress) and “local wisdom” identified – knowledge that the community could bring to the project.

(3) The search for Value-Added opportunities (and the profit motive). A deep-seated suspicion (at worst) or a lack of hands-on knowledge and experience (at best) of the “business of making money” by much of the development community - and a subsequent unwillingness to do what it takes to generate profit - invariably translate into an unsustainable development process. No profit leads to aid-dependency, with no drive to create surpluses to fund other community development projects. Profit enables people to help themselves – hastening the day where the community no longer needs help.

Coffee in Doi Tung is an excellent example. First, the community learnt how to grow a better crop – like thousands of similar coffee projects in the world. But most remain at the bottom of the pyramid, selling coffee at farm-gate prices dictated by commodity markets over which they have no control. Typically the green bean price is around USD 3/kg.

Having mastered growing and harvesting, Doi Tung set up a roasting plant, teaching operators how to produce good ground coffee. This called for different and higher skills. Selling roasted and blended coffee to bulk buyers (hotels and airlines for instance) raised revenue to USD 11/kg. The next step developed a recognizable consumer brand “Doi Tung” – packaging the product in attractive vacuum packs, selling retail in local supermarkets at USD 34/kg. You can imagine the different skill-sets that are required to professionally support the brand.

And last, Doi Tung set up a network of 17 coffee shops – because selling coffee in a cup is hugely profitable (with 142 shots/kilo). This produces around USD 115/kg in Thailand,

(and about USD 450 in Europe!) – real value generation! Such innovative approaches (there are 4 diversified business groups in Doi Tung) earned the Foundation the coveted Schwab Social Entrepreneur of the Year award in 2009.

This mainstream approach to business, albeit within a social enterprise, has meant no subsidies from government have been required since 2002. Per capita income on the project has risen over 20 times in 25 years – (from USD 108/PA in 1988 to USD 2170 today) - well above the provincial average. The community has paid off its debts, invested in better housing and transport, and sent its finest to university.

Is the approach transportable? It's a valid question – Royal projects in Thailand benefit from the reputation of the King and Princess Sirindhorn (his second daughter) as “the development Royals.” But the philosophy has been transported across the border to Myanmar (Burma) since 2002 - and even to Afghanistan where ‘local wisdom’ pointed to the need for a sheep husbandry and veterinary programme to replace opium and poverty (opium farmers do not get rich). The resultant economic regeneration has contributed in making Balkh one of the few opium-free provinces (since 2007), generating new income streams from a previously decimated sheep industry (meat, leather, wool, spinning, weaving....carpets !).

Thanks to this field experience, the Foundation has been a key player in the creation of the UN Guiding Principles on Alternative Development – sharing best practice. But despite the good work done in many parts of the world, the development challenge remains huge; money needs to be used where the chances of consistent and enduring results are high. This article has attempted to describe a more “community-centric” way of looking at development based on real life examples in Thailand – validated in Afghanistan, Myanmar and Indonesia - in order that poor communities may develop the inner strengths to re-join the wider world – a fine definition of sustainability!

Lawrence Watson is a retired management consultant who recycled himself in 2000 to assist social enterprises develop sustainable economic activities. He resides in Brussels. www.maefahluang.org