

# SJM

SPECIAL EDITION

Sasin Journal of Management June 2009

# Global Imbalance

Stream of Crises

Global Imbalance: The Crisis of the Century

Kasem Wattanachai

The Coming of Creative Capitalism

Dipak C. Jain

Royal Initiatives in the Global Context

M.R. Disnadda Diskul

The Stream of Crises and Thailand's Position in the Future

Piyasvasti Amranand

Ampon Kittiampon

Supavud Saicheua

Sasin Institute for Global Affairs (SIGA)

#### Royal Initiatives in the Global Context: The Mae Fah Luang Foundation under Royal Patronage

A Living Example of Sustainable Development

M.R. Disnadda Diskul

Secretary General, Mae Fah Luang Foundation under Royal Patronage



PICTURE COURTESY OF BANGKOK POST

he Mae Fah Luang Foundation under Royal Patronage (MFLF) is a not-for-profit development foundation which manages numerous projects in northern Thailand. It is most noted for the Doi Tung Development Project (DTDP) in Chiang Rai province, which has successfully eliminated opium cultivation in the heart of what once was the notorious 'Golden Triangle.' The DTDP was initiated in 1988 by Her Royal Highness Princess Srinagarindra, the late Princess Mother of Thailand, drawing inspiration from her son, His Majesty the King of Thailand, who started the fight against opium cultivation over forty years ago.

The Princess Mother recognized that drug cultivation is a symptom of poverty and a lack of opportunity, which can drive people to break the law – she also believed that humans are not inherently bad. Therefore, lasting solutions to combat illicit narcotic crop cultivation do not lie in coercive eradication, but rather in the transformation of poor and vulnerable communities from social and economic dependency to full socio-economic sufficiency. Her Royal Highness said that development should help people to help themselves; when a project ends, the community

must be able to continue developing. True sustainability means empowering people to live their lives with dignity and security. Thus, development has to happen in a participatory manner and at a pace appropriate to each stage, to allow changes to be accepted by the community so that eventually its members can continue the process of development themselves. Her vision was also for people and nature to coexist in harmony, by aligning the interests of people with the preservation of their natural environment. The Sustainable Alternative Livelihood Development (SALD) model was created based on her guiding principles.

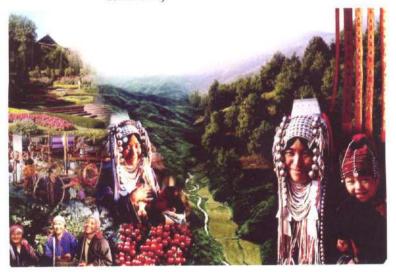
The DTDP started 20 years ago as one of the MFLF's three flagship projects, to tackle the supply side of the drugs industry at its root cause which is poverty and the lack of opportunities. The other two flagship projects are the Hall of Opium, a world-class museum that uses *edutainment* to combat the drugs culture from the demand side, and the Rai Mae Fah Luang Art and Cultural Park which preserves the roots of the local people, contributing to their pride in their Lanna heritage.

### I. Doi Tung: From a development project to development philosophy

The DTDP is located in Chiang Rai province on the Thai border with Myanmar. The project area covers approximately 150 square kilometres and 29 villages, inhabited by approximately 11,000 people from six ethnic minorities sharing a peaceful existence.

In 1988, when the Princess Mother arrived in the area, Doi Tung was subject to slash-and-burn agriculture, opium cultivation, and destabilized by trafficking in humans and arms. It was a world where people existed on a subsistence level and, due to the remoteness of the region, the local population had to survive with a lack of both infrastructure and extensive government support. Recognizing the difficulties, the Princess Mother decided to start the development project in this area, demonstrating her commitment by building a royal residence in some of the most inaccessible hills, giving hope to the ethnic minorities, reviving the natural environment, and providing opportunities for all people, regardless of race, religion, or nationality.

The DTDP tackled health by bringing volunteer doctors to the region. Livelihood creation took the form of a quick hit through reforestation jobs, turning opium farmers and subsistence agricultural workers into forestry workers. This immediate incomegenerating activity had an important short-term impact which helped to earn the trust of the local community.



Eventually, forestry workers became coffee and macadamia crop cultivators. These activities bore fruit in the medium to long term as the local people moved up the value chain, from being dependent on commodity crops to roasting and processing the

coffee and packaging the macadamia. To minimize the risk of failure in running a single enterprise, other activities such as tissue culture, horticulture, and factories producing mulberry paper, ceramics, carpets, and woven cloth were established. The project thereby went beyond simply promoting alternative crops, to providing a wide range of alternative livelihoods – a strategy which presents the less privileged with legal income opportunities, enabling them to realize their potential and live with pride and dignity.

Central to the MFLF's philosophy is the integration of local wisdom with business professionalism. The MFLF employs cosmopolitan designers who are well-acquainted with market demands to work with local villagers, producing world-class handicrafts and fashion products. Intermediate technology and equipment is used whenever possible, to maximize local employment and minimize dependence on external resources.

DTDP has been financially self-sustaining since 2001, and requires no external assistance. Over the last two decades the project area has become opium free; alongside this, living standards for local inhabitants have significantly improved. Long-term sustainability has been created because locals have legitimate livelihood options, access to healthcare, and eight schools reaching across 29 villages. Environmentally, the project revived 150 km² of denuded forests. The project has also transformed the Doi Tung area into a tourist destination that receives on average a million visitors a year.

By 2017, thirty years after its first venture into Doi Tung, the MFLF will be phased out, leaving the administration and management of the project's social enterprises as well as the development of the area in the hands of a new generation of local leaders.

#### II. MFLF's SALD Approach to sustainable development

Given the complexity of development problems, Her Royal Highness the Princess Mother emphasized that assistance must be multi-pronged, holistic and integrated. Long-term commitment is crucial for communities to develop sufficient economic capacity in their factors of production and marketing, but it should also be ensured that social and cultural integrity are maintained and that communities are committed to minimizing their impact on nature and preserving the environment.

SALD utilises local wisdom and existing resources to generate a market-driven product development approach, leading to the creation of higher-value goods. A sense of ownership must be present at all levels: central government, local government, and at a "grassroots" community level. The establishment of social enterprises allows communities to be self-reliant and independent from outside assistance.

Simultaneously, education initiatives ensure that future generations will be able to pursue legitimate livelihoods, cope with the pressures of globalization and create new opportunities for community growth. Ultimately, the key to SALD is ownership, where capacities and economic activities have been developed to such an extent that the communities become stakeholders in their ventures rather than only serving as contract farmers or employees. People must take charge of their own process of development, and be masters of their own destiny.

# Health, livelihood and education: Three priorities identified by Her Royal Highness

- Health: First and foremost, the basic health needs of the people must be addressed because sick people cannot be economically productive.
- Livelihood: Once people are in good health and are able to work, the next priority is the provision of viable livelihood options, starting with those which provide immediate food security, and then gradually diversifying into value-added activities with higher income-generating opportunities.
- Education: When the people have achieved viable livelihoods and are able to send their children to school, education becomes the main focus as the key to unlocking opportunities and ending the vicious cycle of poverty.

## A phased approach: Starting with 'Quick Hits', ending with empowering people

The short-term phase starts with 'Quick Hit' activities to immediately provide the local community with a legal source of income within the first 10 - 150 days. This is the most crucial period since it is vital to gain people's trust and inspire confidence in the project. Fast-growing cash crops or other income-generating activities that can be productive within one-to-three years

- are promoted before medium and longer-term programs are able to bear fruit.
- The medium-term phase focuses on developing viable market-driven livelihood alternatives that may take four-to-seven years to develop.
- The long-term phase empowers the people to become self-reliant, considerate of others, respectful of their environment, and able to cope with pressures of globalization. Relevant education, including knowledge of markets as well as production options and capacity building, are provided. Value-added processing activities are underway, resulting in increased and more stable income. Such a long-term strategy will lead to the sustained elimination of poverty.

SHORT TERM MEDIUM TERM LONG TERM

Developing viable market- Empowering

# III. Sharing the wisdom with the global community: Doi Tung goes international

In 2002, after years of experience in Doi Tung, the SALD model began being implemented in other areas around Asia, bringing the same principles and approach to Myanmar, Afghanistan and Indonesia, but adapting to each unique situation on the ground.

#### Doi Tung II: Yong Kha, Myanmar (2002 - 2004)



The MFLF first extended its development activities across the border to Yong Khain Myanmar's southern Shan State in 2002. Mobile medical units provided the quick hit in healthcare to combat malaria, tuberculosis, scabies, and children's malnutrition,



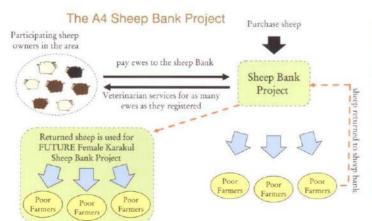
thereby addressing immediate problems while earning the trust of local people. Young people were then trained to diagnose and treat these health problems.

With a little technical assistance from the project, the local community constructed a 30 km long irrigation canal and six weirs by hand, allowing them to grow their own sustenance as well as cash crops throughout the year. A hospital and school were built, teaching local people construction skills and providing healthcare and education. Children were taught following a formal curriculum as well as developing practical skills, like learning about agriculture in the school's rice paddy and vegetable plot.

After three years of implementation, the 'Doi Tung II' project in Myanmar cost a total of US\$640,00 for 6,022 people (or US\$106 per person per year), but generated benefits in cash and in kind that were equivalent to US\$704,574 (or US\$117 per person per year).

#### Doi Tung III: Balkh Province, Islamic Republic of Afghanistan (2006 - Present)

In November 2006, the MFLF, together with the Ministry for Rural Rehabilitation and Development (MRRD) and local Afghan partners, implemented the Balkh Livestock and Rural Enterprise Development Project, also known as the A4 Sheep Bank (A4SB).





The A4SB project aims to achieve economic revival by creating an enabling environment for rural enterprise. This begins by addressing the health of sheep, restocking the domestic sheep population decimated by years of conflict and drought. A subscription-based veterinary service is offered by trained Afghan youths. This works in tandem with the sheep bank, which is a transfer mechanism to increase the rate of livestock ownership in rural Afghanistan.

Within the first year of implementation, the project provided vocational training for 12 veterinary technicians who have reduced the mortality rate of approximately 24,000 registered livestock from 10% to below 3%, creating additional income totalling approximately US\$548 per household.

A pilot project is currently underway to investigate the potential of a yarn-spinning project which would







provide intermediate technology to village women to increase their productivity. Eventually more valueadded activities can be added to boost local income.

#### Doi Tung IV: Aceh, Indonesia A-S.A.L.D. Project (2006 - Present)

In November 2005, the Government of the Republic of Indonesia and the United Nations Office on Drugs and Crime (UNODC) requested the MFLF to assist in implementing a SALD project in Aceh Province, Indonesia. Its aim is to double per capita income from less than US\$1 to at least US\$2 per day, for approximately 1.5 million impoverished people in Aceh. This is to occur by the year 2012, speeding the recovery of livelihoods in Aceh which have been ravaged by 30 years of civil conflict and the tsunami disaster.



The MFLF began its activities in Aceh in 2006 by introducing a malaria preparedness programme for Lamteuba. This programme trained local representatives to help their own community fight malaria.

In December 2007, the MFLF embarked on livelihood creation activities, working with the community in Lamteuba to reconstruct the irrigation system,



establish agricultural demonstration plots, and introduce veterinary services for livestock. In addition, the Foundation has extended assistance to Maheung village, which will become a one-stop demonstration station on irrigation, agriculture, livestock and public hygiene.

A core objective of the 'A-SALD' initiative is to revive the traditional 'gotong royong' spirit of cooperation and unity in the local community, empowering them to improve their own livelihoods.

#### IV. Turning Doi Tung into a living university

While the MFLF is scaling the SALD approach internationally, it also aims to turn the DTDP into a living university. This will carry forward the Princess Mother's development legacy by publicising lessons learned from the experience and implementation of MFLF projects to as many people as possible. The living university will be a dynamic, interactive, real-life classroom featuring the MFLF development projects, where trainees and project staff will learn together and from each other.

Taken together, the work of the MFLF abroad combined with the training given domestically will serve to make Thailand an exemplar country in rural development.



M.R. DISNADDA DISKUL

Secretary General, Mae Fah Luang Foundation under Royal Patronage, Thailand

M.R. Disnadda Diskul served as the Private Secretary to Her Royal Highness Princess Srinagarindra, the late Princess Mother and the mother of His Majesty the King of Thailand, for over 28 years until Her Royal Highness passed away in June 1995. He has served concurrently as the Secretary-General of the Mae Fah Luang Foundation under Royal Patronage since the establishment of the foundation in 1972. M.R. Disnadda is also as the Chairman of the Committee for the Implementation of the Doi Tung Development Project under Royal Initiative where he pioneered and spearheaded the project since its inception in 1988, and as Chief Executive Officer of the Mae Fah Luang Foundation's Centre for Social Entrepreneurship.

In recognition of his work, the United Nations Office on Drugs and Crime (UNODC) invited M.R. Disnadda Diskul to become one of the eleven members of the Steering Group for the Thematic Evaluation of Alternative Development. The other two Asian members, from China and Pakistan, voted that he represent Asia as one of the five core members of the Steering Committee.