

Rural Development through NGO and Business Houses – an experience in Thailand

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The Thai economy has experienced rapid growth (8 percent annually) in recent years, but this economy success has not been distributed evenly across the country. Approximately ten million people still live below the poverty line. Almost all of the poor people resid in the rural areas where agriculture is the main occupation. Since further expansion of farm land is improbable, migration of labour from rural to urban areas continues to increase. At the beginning of 1994 the urban population reached eighteen millions or 31 percent of the total population which is 58.5 million.

The economic structure of the Thailand has changed from a basically agrarian to more industrial economy. The agricultural sector share of GDP for the industrial sector increased from 12 percent to 25 percent during the same period. The per capita income of Greater Bangkok (Bangkok and the surrounding 5 provinces in 1993 was approximately 7 times more than that of the North-East region which is considered to be the poorest region in Thailand (Fig. 1).

The Thai government made efforts in improvement of the infrastructure in rural area. The Non-Government Organisations (NGOs) involved in rural development in Thailand are few in number and usually small in size. The corporate sector which greatly benefited from recent rapid economic growth, however, plays only a minor role in rural development, mostly as financial donor to various charitable projects. The private sector is a relatively untapped source of the much needed business skills required to raise rural people above the subsistence economy. To sustain rural development in Thailand the active participation of the private sector is necessary, especially from the skilled and creative human resources of successful companies.

The Thai Business Initiative in Rural Development (TBIRD), launched in 1988 by the Population and Community Development Association (PDA), aims to mobilize the corporate sector to bring its business experience to poor villages in rural Thailand. By sharing valuable skills and knowledge, businesses can make a vital contribution to rural development, offering villagers access to information and opportunities that would not be otherwise available.

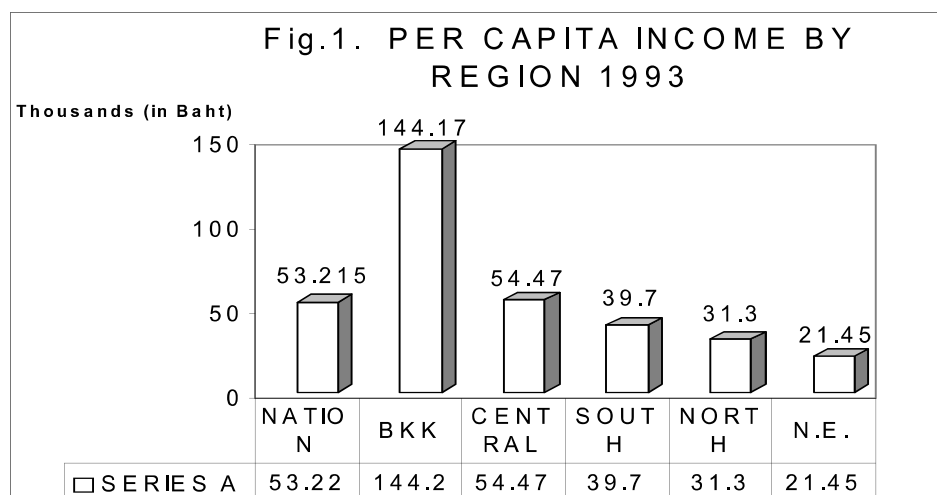
The concept of TBIRD was thought up in 1986 by Mr. Mechai Veravaidya, PDA chairman

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while he was deputy minister of industry. The basic idea was to mobilize the relatively untapped private sector to participate actively in rural development, particularly to help in developing basic business skills of villagers by creating new jobs, and by providing market opportunities. Each company adopts one village and assists with its development until it reaches the self-reliance stage.

This idea was proposed to the National Rural Development Committee by Mr. Mechai while he was the government spokesman. The committee agrees in principal that the concept could be developed as a supplementary measures for the government rural development projects. The task was assigned to its sub-committee to coordinate the National and Regional Plan, which appointed Mr. Mechai as the chairman of the working group to coordinate between the government and the private sector in rural development.



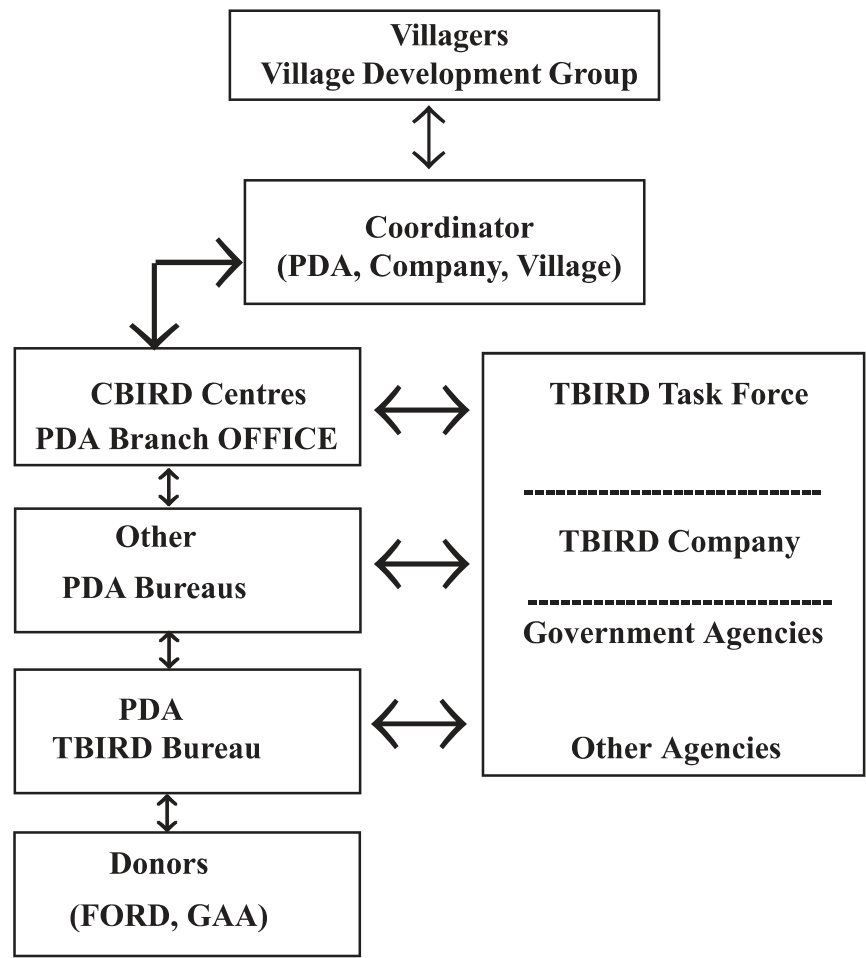
The TBIRD concept was endorsed by the Joint Public-Private Sector Consultative Committee, chaired by Prime Minister in August 1989. The National Coordinating Centre for Rural Development at National Economic & Social Development Board was assigned to request voluntary participation from the corporate sector and coordinate TBIRD activities. In 1992, the National Rural Development Committee (NRDC) also chaired by the Prime Minister, approved the TBIRD program as one of its policies in Rural Development and assigned its Secretariat office at the NESDB and PDA as the coordinating centres.

The objectives of TBIRD project are : (i) To recruit successful private business to actively participate in rural development in collaboration with the government and NGO's (ii) To develop basic business skills of rural people in order to improve their income and living standards and (iii) To provide market and employment opportunities for rural people to reduce migration.

Implementation

PDA setup a TBIRD Bureau to implement the project. Figure 2 shows the TBIRD structure, indicating the relationship between PDA villages and the company involved in the TBIRD project. The TBIRD concepts are being introduced through seminars and business conferences. TBIRD information brochure sent directly to the company or indirectly through various chambers of

Fig. 2 . TBIRD STRUCTURE



Source : PDA

commerce etc. Activities of TBIRD companies are also reported regularly in various mass media as a part of TBIRD's public relations campaign. After the contact is established and the company shows interest in the project, an appointment is made for a TBIRD presentation, usually with slides or video. To simplify and facilitate the recruitment of the company and adoption of a village, the following five step guidelines are followed :

Step 1: TBIRD Presentation : An introductory meeting with senior management of the company is arranged to provide an opportunity for PDAs chairman and staff to describe the challenges facing Thailand's development and need for corporate involvement. NGOs roles and PDAs efforts rural development are also explained.

Step 2: Task Force Formation : After the company's senior management agrees in principle to join the project, a company task force is appointed to plan and manage the company TBIRD project with close cooperation from PDA's staff. Generally, the members of task force are middle level managers from various departments, such as marketing, finance, production, personnel, public relation etc. This task force selects a target village, search for a company sponsored field coordinator and brain storm, for income generation activities.

Step 3: Village Visit : The initial visit to the target village is the first step towards building a bond between the company and the village. The task force and TBIRD staff meet the village headman and village committee to explain the project goals and discuss the structure of an internal organisation within the village to coordinate the company sponsored activities.

The village visit provides a first hand opportunity for the company task force to assess village needs and potential.

Step 4 : Project Planning : Soon after the village visit the task force starts the planning of development activities and calculating the budget requirements. Project expenses are tax deductible.

Step 5 : Project Launch : The tentative plan for village activities is generally discussed with the village committee before the submission of the company TBIRD project plan and budget requirement for approval by senior management. Some time ceremony is arranged to formally launch the project in the village in the presence of top management from the company, PDA and local dignitaries.

Initially, the company involvement in the village consists of activities to provide basic need requirements, such as assistance to the local school, improvement of the potable water supply etc. These activities provide immediate benefits and help to build trust between the village and the company. Later on when the company task force understands the needs and potential of the village, the activities may concentrate on income generation. Initial efforts are providing revolving fund for productive enterprises, usually agricultural or handicraft projects. Some enterprises have even developed into a village industry.

TBIRD staff, as well as CBIRD centre staff, provides continuous assistance to the company through all stages of project. All TBIRD companies are kept informed by a newsletter. The TBIRD project and TBIRD companies have received much publicity from numerous articles in newspaper and magazines, radio and television interviews.

The Ministry of Industry and the Ministry of Commerce are also involved in TBIRD type activities. The Ministry of Industry is using TBIRD concept in the “Industry for Rural Development” project and has reported 67 projects started in 120 villages in 55 province.

The Ford Foundation provided grant for PDA in 1990 to implement a pilot TBIRD project. At present 41 Companies have joined TBIRD project and launched village activities in more than 55 villages in Thailand.

In 1993 an impact analysis of 10 TBIRD Companies conducted with the assistance of Ford Foundation. Preliminary results of the study indicated that in the early stage of each TBIRD Company’s project, the financial returns to villagers may not be very high but the company’s liability to leverage resources to in developing the village is usually quite high. Available data shows that TBIRD impact in target village is definitely on the positive side. Villagers begin to learn practical business skills and continue to develop understanding of more difficult skills such as marketing.

In view of new economic policy in India emphasis is given to privatization at the same time there has been several efforts to involve industries in rural development through NGOs like income tax exemption under 36A to industries for contribution to NGOs to take up programme for rural poor.

The TBIRD experience should be studied further to involve large number of industries and NGOs in implementation of programme for rural development in India.

Company News:

Case 1 : Economic forest in Dong Luang just recently, the Bangkok Insurance Public Co., Ltd. task force led by Mr. Supamonkol Sukhakanya visited their project at Ban Nong Kong and Ban Huey Lao, Dong Luang Distract, Mukdhan Province and brought with them many fruit tree stocks to be planted in these villages. Some of the fruit trees were sweet tamarinds, jackfruit, mangoes and coconut. The fruit tree demonstration project was established in anticipation of a new tourist spot situated near the villages. It is hoped that in the future, villagers will be able to earn income from selling fruits and souvenirs to tourists.

In addition to the establishment of a tree demonstration plot the task force had meetings with villagers to find ways to solve the villager’s in Nong Kong (Kong) and Huey Lao should have no water shortage problem during the dry season.

Case2 : Mobile Help cut Farmer’s Production Costs

After several months of drought for villagers in Bon Donwai inn Nang Rong, Buri Ram rain finally came in July. Farmers were busy again ploughing and preparing seedbed for seedlings the way they have done for generations. On July 20, 1993 Mobile Oil Thailand Co. Ltd., gave support to the fertilizers fund for the second year. This fund greatly reduced the time and cost of acquiring fertilisers for the paddy fields. The villagers with the help of a team from Mobile organised a fertilisers user group and ordered fertilisers in bulk quantities, thus reducing both

the cost of the fertilizers and of transportation as they were able to buy directly from the wholesaler, saving both time and money that could be used for other income generating activities.

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