

BAAC Model Learning Center for Sufficiency Economy Development

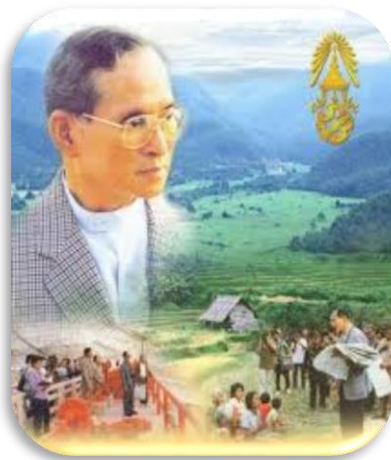
1. Background

Results from developing country by focusing on industrialization can cause both positive and negative changes to economic, politic, culture, social and environment. The obvious positive effects are ranging from high figures of economic growth, material progress, public utilities, transportation, modern communication systems and education. On the other hand, there are several negative sides such as degradation of natural resources, decline of relationship among families, rise of consumerism culture which forces people to spend more income than they can earn, and etc. For agricultural sector, there is a transformation of crop production from growing for consume within the household to growing mono crop for sale to serve capitalism system. This has forced farmers to use fertilizers and pesticides to increase their productivity. This causes not only higher production costs but also impacts on environment. Meanwhile a large supply of production makes farmers unable to control its price as it would fluctuate according to the market conditions. Sometimes those productions are not even worth the cost.

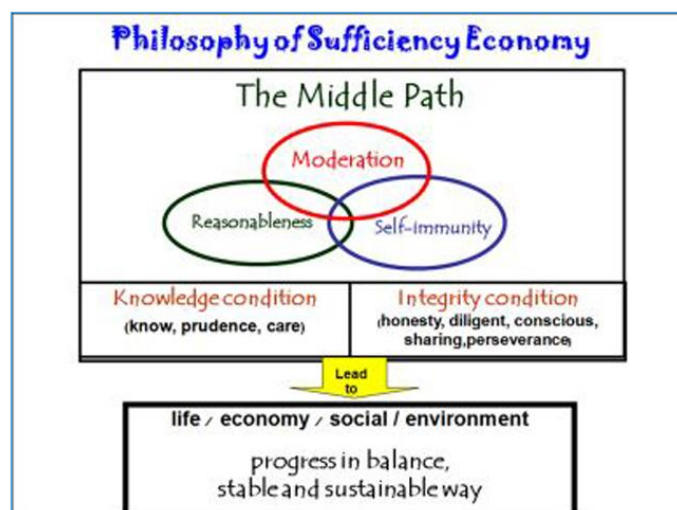


The changing social context has made the BAAC to reconsider about its previous path of the operation and realized that providing only financial support cannot help its almost 7 million household of farmer clients to achieve sustainable development. However, providing financial services along with knowledge in production, processing, marketing, as well as career development and environment care will truly and sustainably strengthen its farmer clients.

2. Principle of Sufficiency Economy



Sufficiency Economy Philosophy is based on principle of the middle path of living, which King Bhumibol Adulyadej has given to his people. The philosophy pays attention to self-sufficiency, which means balancing between incomes and expenses so that individuals are not suffering from debt. In addition, the philosophy teaches individual to be a reasonable person, to realize cause of problem in order to find solutions. At the same time immunity is needed to be created to prevent repeating the same problems. In order to achieve these goals, an individual must be a person who is willing to learn new things and adopt them to benefit themselves as well as their communities as a whole. Those above mentioned principle lead to a concept of "three rings, two conditions" which represents the three principles of moderation, reasonableness, and self-immunity on two conditions of knowledge and morality. Some people may think that saving is sufficiency economy but, rather, sufficiency economy is the way of life based on balance and sustainability which help us surviving in the world of globalization that is highly competitive.



To be self-reliable based on the sufficiency economy philosophy can be done by applying the new theory or the three steps of development as followed:

The 1st step: self-reliance for individuals and families, this focuses on dividing the land to practice integrated farming, such as growing rice, vegetables, fruits and raising animal such as fishes, chicken, pigs, and etc. in order to meet the basic needs of the family. This principle stresses on consuming everything that avoiding buying and selling the surplus.

The 2nd step: inter-dependence within the community, this can be done by encouraging farmers to form groups or cooperatives on the basis of sharing and helping each other. For example, if the community members grow the same crops such as rice or corn, they could collect those productions and sell as a group or process to add value to the productions. Gathering together as a group will increase bargaining power enabling them to get fair prices that worth investment cost. Good income would likely lead to better community welfare in various aspects such as improving education, social and religious.

The 3rd step: encouraging communities or community enterprises to cooperate with external organizations for knowledge and technology sharing to form community networks creating the production, marketing and barter linkages. This sufficient cooperation will lead to sustainable growth. If the community needs funds to expand its operations, the BAAC is ready to support.

3. Applying Sufficiency Economy into Practice

The BAAC has developed and initiated the model community underlying philosophy of sufficiency economy since 2006 and has become BAAC learning centers for sufficiency economy development in 2009. These learning centers have been employed as one of the most important mechanism to further rural development emphasizing the concept of development leads credit. This endeavor aims at increasing farmers' capacity and income linking with several related sectors by having the community as a center of development initiative.

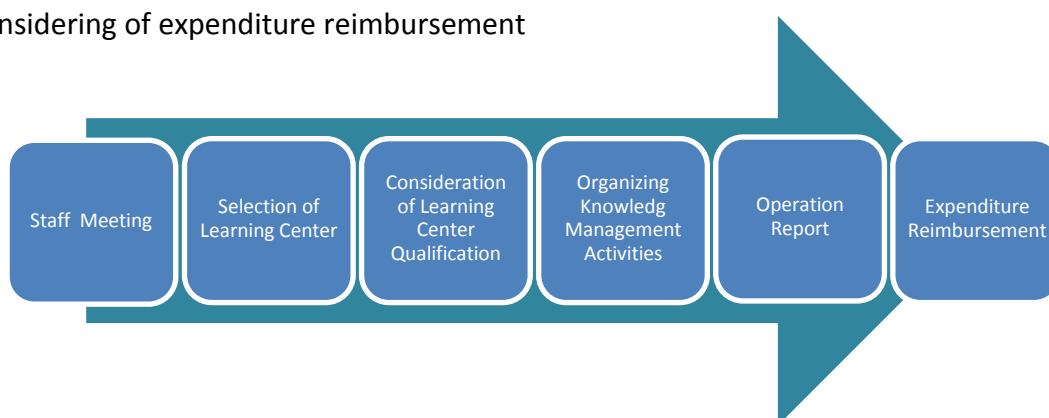
To make the BAAC learning center for sufficiency economy development operates more efficiency, BAAC has divided operational direction of the learning centers into 3 areas namely economic, social and environment to focus on improving community members' quality of life. There are 6 operational steps as following:

- **Staff Meeting:** to make its staff aware of the policy, goals, and implementation steps for a better understanding of community and learning center development. This also allows staff to get prepared for achieving a maximum performance.
- **Selection of Learning Centers:** this is done by collecting information of all existing learning center in order to present them to the working group of learning center in provincial office level.
- **Considering Learning Center Qualification:** selecting from the 2nd stage or the 3rd stage of BAAC model communities underlying philosophy of sufficiency economy.



The model communities should have the following characteristics; (1) having a strong leader with moral, integrity, and more concern about community benefits than himself/herself benefit (2) participating of members in community development (3) joining of members in the community program voluntarily and willingly (4) involving members in conducting community plan (5) joining and supporting of external organizations such as local authorities, educational institutions, religious institutions, as well as government agencies in community development (6) doing farming activities in line with the social landscape and culture (7) encouraging member to gather in groups to collectively procure inputs, manage production, harvest production for sale (8) having knowledge exchange activities regularly, conducting minutes of the meeting and having lessons learned in order to monitor the progress (9) establishing career group, savings groups community enterprise, social service groups, environmental group, tree bank group and others.

- Organizing knowledge exchange activities between rural residents and BAAC staff in order to increase income and reduce expenditure by using local knowledge along with advising from modern instructors with the efforts to reduce external reliance and create an investment network and production and marketing linkages.
- Recording and reporting of operational results in order to gather members' information on participation in learning activities, content and other details of the program.
- Considering of expenditure reimbursement



4. Activities to Strengthen Community Capacity

BAAC operates the model learning center for sufficiency economy development with an aim to provide a place to learn and share knowledge among community members and nearby communities in terms of production, marketing, technology and local wisdom. The key activity of the learning center is sharing and discussion between community members and BAAC staff who is considered a key person to encourage participation, brainstorming and problem solving of community members. The operation of the learning center is divided into two phases are as followed.

Phase 1: focuses on partnering with communities in order to strengthen the learning center and makes its operations to be standardize, stability and sustainability.

The activities in this phase are including:

- Organizing knowledge management activities, conducting community plan and the learning center's development plan. These activities emphasize on participation by the community committee and its members in the aspect of gathering information for the community plan development and putting it into the action. The plan will be used to tackle problems within the community.
- Evaluation and knowledge management. This focuses on evaluating the learning center operations, managing of community learning, training and knowledge dissemination, applying appropriated technologies according to the community potential in order to address the basic problems of the community, for instance, reducing production costs and increasing income. The learning center has organized demonstration of various activities to allow members to try on their own, such as producing fertilizer, making the multi-purpose household cleaners and so on.
- Developing and capacity building the community leaders to increase ability to lead the community with moral and good governance, practical knowledge and well accepted by the community members.
- Learning process of the learning centers consists of designing of the functional structure of the committee and its members, examining suitability of its basic structures, such as buildings and equipment, management of the learning bases, community management and reviewing of the sufficiency economy model community in the 1st, 2nd and 3rd stage.
- Expanding the success of the community based on (1) community self-reliance, such as household expenditure recording, saving, household expenditure saving activities, increasing production efficiency, and utilizing local wisdoms (2) inter-dependence within the community such as activities of vocational grouping, production grouping, financial grouping and welfare grouping (3) networking such as channeling markets, collecting and processing products for value adding (4) social and cultural management such as traditional fair organizing (5) establishment of community welfare programs such as welfares for new born, sickness, elder, and death (6) environmental management such as safe farming, tree bank, dams, and non-burning agricultural practice.



Phase 2 is an extension of the phase 1. Its activities are including:

- Reviewing the development of the community plan and the learning center development plan
- Enhancing the knowledge for management of the group and networking in order to make their operations more efficient solid and legitimate to the related regulations and laws
- Developing members' production standard, especially their main products so that they are responsible to the market demand and meet with the international standards
- Develop and enhance capacity of the learning center to promote participation process by the members as well as their acceptance and compliance to the community rules and agreement.
- Developing and empowering community leaders to make them the able leaders who propel the learning center development and prepare for the future leaders.

5. Standardization towards Sustainability



In order to make the model learning center of sufficiency economy development sponsored by the BAAC able to standardize their operations and sustainably strengthen the communities capability, BAAC had cooperated with other related agencies : Office of the Royal Development Projects Board, Kasetsart University, Department of Agriculture Extension, Department of Livestock Development, Forestry Department, Land Development Department, Department of Agriculture, and Cooperative Auditing Department to set a standard for the operation of the learning center. This standard was used as criteria to evaluate and develop all learning centers. In the early stage there were 84 model learning centers of sufficiency economy and later they were expanded further to other BAAC potential model communities underlying philosophy of sufficiency economy across the country. Recently, there are 315 learning centers. The standard operations of the learning center are including:

- Leading the community: the leaders have the role to apply philosophy of sufficiency economy as the basis for the community development and to response to society and environment
- Planning: developing a community plan and bringing it into action
- Participation by community members: allowing the community members to express their opinions and utilizing local wisdoms in the community development

- Evaluation and knowledge management: the community does their own evaluation and organizes learning management
- Focus on personnel: developing leaders and readying its committee members
- Managing the learning process: designing the working structure of the learning center, community management, and organizing the self-sufficiency knowledge sharing forum
- The achievement of the community in economic, social, cultural and environmental aspects, the economic achievement means self-reliance, inter-dependence, and network linkages. The social and cultural achievement means having social and cultural as well as community welfare management. The environment achievement means having environmental and resources management

6. Success Factors for the Project Implementation

Rural development work is not necessary have to strictly follow the text book as each community has unique geo-sociology in terms of its landscape, culture, traditions, beliefs, behavior and needs of the community and its people. Building up self-reliance awareness and capacity to the rural people is very important. The successful development would ensure better living of the rural people and this would eventually leads to the bank viability.

Important factors that contribute to the successful implementation of BAAC model learning centers for sufficient economy development are as following.

- Community selection: If the community is suitable and ready, it will propel the project to run smoothly. Suitability and readiness in this context mean the unity among the members, the community no conflict among the community leaders and open-minded to changes.
- Approaching community leaders: to acknowledge what BAAC would do with community members, the goals, and objectives of the project as well as to acquire the leaders' opinions and suggestions. If the leaders give a blessing to the project, this would pave the way for the project implementation.
- Prepare and build capacity of the team: through training, field visit and in-depth study of the community to make development that directs to the real needs of the targets.
- Organize public hearing forum with the community in order to persuade people to participate in the program. If the first forum could attract interests of the people, the next one would be easier.
- Community plan should be done in two-dimensional timeline, both in the local level and in the country linking and the world level. This would help linking how the impacts from the outside could affect the community.

- Support the set up of the community entrepreneurships or occupational groups because these are the starting point of the community activities that can generate income as well as prides to the locals leading to sustainability. When people have a mean for income generation, the bank also has a strong customer base.

Problems and obstacles in the implementation of the BAAC model learning center for sufficiency economy development are such as the implementation of community development could be opposed by some local influential groups as they are stand to lose. Therefore, the implementation should be doing little by little. In addition, those who are responsible for disseminating knowledge to communities should have real profound knowledge of the matters to create trust among the people. In some cases many people would think that they already know about the matter well, therefore it is necessary to adjust the knowledge dissemination methods such as employing knowledge exchange instead of relying on the training method.

7. Example of the BAAC Model Learning Center for Sufficiency Economy Development

7.1 the BAAC Model Learning Center for Sufficiency Economy Development of Ban Nuai Prakhong, Dong Din Daeng sub-district, Nong Muang district, Lobburi province



Story from Ban Nuai Prakhong

Poverty, landless, infertile soil has driven many villagers to migrate from the community to look for the new land and start the new life.

Ms. Sutin Yamkroun, head of the village and the community leader said that most of the people in this village had emigrated from other provinces such as Ang-Thong, Nakhon Sawan, and Pranakorn Si Ayudhaya to occupy land in the area to make their living. Their settlement became a small community in the sub-district of Konsandej within Khok Samrong district. Later In 1964, this community was administratively set up as Dong Din Daeng sub-district, Nong Muang district, Lopburi province.



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A serious problem of the villagers at that time was lacking of capital to invest for making a living. It was impossible for them to get loan from the banking system as they borrow from banks which is in the formal institutions, i.e. from the BAAC which requires a group guarantee as collateral debtors, they would not have ability to gather in a group as they just moved to the area and cannot gain trust from the others. As a result, they had to borrow from fertilizer dealers or informal money lenders which charged very high interest rates. After selling their production, the money they got would be very little after deducted with the debts. If there was a natural disaster that damaged their production so that they could not repay their debts and had to borrow more money. This led to the vicious cycle of debt as some people say the more they borrow, the poorer they are.

The community leaders and members discussed on how to be able to stand on their own without debt and not being exploited. This had led to money savings by voluntarily mobilizing money from the community members. At the beginning all the community members were encouraged to save one bath a day every day. Currently there are 315 members and the total sum of their saving is 418,202 baht.

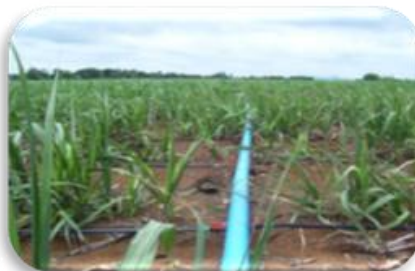
Later there was a government program that provided a fund for building careers and income for the villagers. The sum of money from this fund together with the money from the community members' savings as well as fund from other private organizations made the villagers of Ban Nuai Prakhong realized the need to manage those funds more efficiently so that it would benefit to all the villagers. Loan was provided to support investments by the villagers either as individuals or as groups with prioritizing to the poorest members of the village first. Based on this concept of management, their small financial group had evolved to become a growing community bank based on His Royal Highness' concept of sufficiency economy that helps the villagers to have an access to financial source to efficiently develop their own careers and earn incomes.

Fund for vocational group building

Loan from the community bank can continue to build careers and to generate income for the community members. For instance, cassava processing group, pellet organic fertilizer group, community shop, and community gas station. Some of those revenue is dividend to members while the rest apply to community welfare such as a newborn child, elderly, patients, scholarships and traditional and culture activity. In addition, there is a renewable energy project (Solar cell) in order to reduce the cost of agricultural plots. For example, water systems in sugarcane field, household energy, and a project to share organic gardening, which done by allocating of 10 hectares of public space for community members to plant vegetables and fruits without using chemicals substance so that everyone can bring to consumers for free.



The success of the community is due to the involvement of members under the concept "brainstorming, administrating and managing together". There is a conducting of community plan in order to makes everyone aware of their own potential such as recognized their incomes, expenses, and problems in order to plan for comprehensive development including economic, social and environmental aspects. In every 27th of the month, there will be a community meeting between the boards and members to listen to the members' needs and solve the current problems. This allows everyone to participate in the community development. Also build up awareness of local wisdom and concept of the sufficiency economy to youths in the community along with support to learn the latest knowledge and technology through their interested activities in order to use youngsters' power to drive the community.



7.2 BAAC Model Learning Center for Sufficiency Economy Development of Ban Don San Chao, Bor Supan sub-district, Song Phi Nong district, Supanburi province

Ban Don San Chao is located at moo 13, Bor Supan sub-district, Song Phi Nong district, Suphanburi province. Formerly, the village called Ban Nong Tad Sak. Then in 1988, it was separated from moo 6 and renamed to Ban Don San Chao. The community consists of three large communities including Ban Hao Glab, Ban Don San Chao, and Ban Don Kapraw. The total community area is 2,340 rai with the population of 1,027 people. Most of population is farmer who grows sugarcane, rice, and raising animal. Even there is irrigation systems across the agricultural areas, most farmers still suffering from poverty. This is because the agricultural process focuses on fertilizer and pesticide causing high production costs. Farmers cannot also set their own prices so they are facing difficulty situation. At the meantime, the number of chemical fertilizers usage effects to soil and production of crops.



Mr. Theerachot Rung-ratwattanaseree, headman of Ban Don San Chao said such problems made him and community members try to solve the problems. Headmen and community leaders came together to find a solution to let the community can reach self-reliance. This done by set up a campaign to encourage members to do organic farming both for animal and crop by using organic fertilizer, which is cheaper and to help maintain and return soil fertility as well as reduces production costs. During that time, BAAC had a policy to establish BAAC Learning Centers Model for Sufficiency Economy Development and realized the potential of the Don San Chao communities in gathering community members to do activities to strengthen the community. Therefore, BAAC support this community in surveying and household account keeping to make community members aware of their own income as well as analyses strengths and weakness to do community plan. This leads to events and activities to solve community problems. This also helps to promote and develop community members' knowledge by selecting individuals for training on organic farming in order to do for a living and convey to the other members.



Small village with national management

In order to continually and systematically address community issues, Mr. Theerachot then proposed the principles of community management by using the idea of national management. Assuming the village as a country, members elected prime minister, and prime minister has minister for each ministry to take care of planning and following up each plan directly. For instant;

- Ministry of the Interior is responsible for community welfare. Also provides learning based of savings.
- Ministry of Economy is responsible for community business support and provides learning base of organic farming as well as marketing management of organic vegetables.
- Ministry of the Environment is responsible for environmental care. The learning base is biogas.
- Ministry of Education is responsible for family care and community security.
- Ministry of Public Health is responsible for health care, which provide the learning base of growing organic vegetables.
- Ministry of Defense is responsible for illegal supervision, having established the youth music band to create activities for youth to be away from drugs.

Each ministry has a learning base related to their responsibilities along with the development of members' ability and building up of a group career.

This outstanding administration helps to create leaders in different areas as well as to build up a strong teamwork. This results in the overall issues, including general planning, protection planning for sustainability, can be seen clearly. For example economic aspect, there is a building up of a career group, such as chili pastes group, agricultural product processing group, and organic fertilizer group. The organic vegetable group is a career group that is very outstanding as it meets the market need. Organic products produced by the community will be sent to sell under the name of Princess Pa Foundation and Tops Super Market. In order to produce a quality product to sell continually, the community has increased the production by linking to other enterprises and the community will examine the quality as well as manage marketing channel. Recently, the community has established a modern packaging factory and the cold storage in order to provide fresh and quality goods from the community that consumers can be trusted.



For social aspect, Ban Don San Chao can tackle drug problem in the community decisively. There is a placement of supervision system as well as set up community welfare through the relevant ministry. All aspects of the community will be discussed in order to address problems and develop the community. In addition, these good ideas include activities will be passed to the younger generation in order to meet with sustainable communities.

8. Project Implementation Result

BAAC has initiated community model underlying philosophy sufficiency economy and BAAC model learning center for sufficiency economy development by adopting the philosophy of sufficiency economy and the new theory to adjust to its operation with aiming to revive and develop the capacity of farmers which are the majority of country. We have tried to develop systematic way of thinking to the rural resident through our staff called the process lecturer who provides technology management skills as well as professional enterprises skill. These process lecturers will inspire and motivate rural resident to exchange knowledge and reflect the community issues in order to find solutions. This has enable the farmers to become stronger in term of economic development and eventually meet the goal of self-reliance and be able to compete under the existing free trade system.

This project benefitted farmers in several dimensions both social and economic. One the one hand, social dimension allows farmers to develop a career, increase income, reduce expenses, and get better community welfare. On the other hand, the economic dimension emerges group activities such as career and financial groups which generate jobs to members as well as provide access to the source of fund. This contributed to explore the economic opportunities to the rural resident. Moreover, gaining manufacturing and marketing knowledge as well as the business networking are essential to strengthen farmers' ability which are being provided through the scheme.

For BAAC, implementation of this project apart from showing its role of development bank that responsible for social and environmental, it also presents commitment that BAAC has with its customers and farmers. In addition, the project also creates a wholesale base of customer through community financial institutions under an umbrella of the model learning center for sufficiency economy development. In addition, the learning center is likely to reduce workload of BAAC loan officers as coordination between members and BAAC staff are carried out through community financial institutions. Furthermore, community leaders formed in each community serves as an intermediary to build understanding between rural clients and BAAC.

9. AWARDS OF PRIDE



BAAC has adopted the philosophy of sufficiency economy into practice in terms of organization, staff and its farmer clients since 2003 up to the present. This results in a tangible achievement particularly in establishment of community model underlying philosophy of sufficiency economy and setting up of BAAC learning center model of sufficiency economy development which are the beginning of change in lifestyle of farmers towards sustainability.

On June 22, 2010, Office of the Royal Development Projects Board announced the result of the 2nd contest of the projects according to the philosophy of sufficiency economy and BAAC has conferred the 1st prize receiving the cup from His Majesty King, in term of the central agency/government organizations.