

## 18 years of the Thai-German Highland Development Program - has it been a success story?

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*Thailand was considered to be a major illicit drug producing country in the Golden Triangle. In 1969, King Bhumibol Adulyadej initiated the Royal Project and advocated the integration of ethnic minorities into the mainstream of the Thai Nation. Over 12 major internationally donor-assisted projects followed during the 80s, including the Thai-German Highland Development Program. Their combined efforts contributed to a significant decline in opium poppy cultivation. Opium production fell from some 9,000 hectares in 1980 to less than 1,000 hectares in 1990. Since then, it has been fluctuating at around 400 to 900 hectares annually.*

The German Government assisted highland development in Thailand for 18 years (1981 – 1998). Based on a broad and holistic rural development approach, the Thai-German Highland Development Program (TG-HDP) was jointly executed by the Office of the Narcotics Control Board (ONCB) and the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), in cooperation with over 20 implementing agencies from five Royal Thai Government (RTG) ministries, non-government organizations (NGOs) and the private sector.

As a result, opium poppy cultivation and illicit drug demand were reduced, land use, watershed protection, infrastructure, primary health care and education improved, and family income increased. However, human resources development was the most important program component, because it was strongly believed that enhanced human and institutional capacities were the key determinants of sustainable development, within both the project and related areas.

Today, the TG-HDP is renowned as a major alternative development (AD) success to opium poppy cultivation and drug abuse among highland communities. This paper looks at reasons for this success while addressing critical issues that remain unresolved.

Given that highland development projects operate in a complex socio-economic, cultural and often politically sensitive environment, several frame conditions influence a self-sustained and equitable development process, to wit:

- Political stability
- Legal framework for permanent settlement
- Political will and long-term commitment of authorities to effectively address drug abuse, poverty, environmental degradation and the influx of illegal immigrants
- Commitment to increasing local decision-making and empowerment
- Transparency in governmental processes.

### The TG-HDP

Project activities were phased in both time and place, covering three areas of approximately 1,500 square kilometers in two provinces, and including 199 villages and over 40,000 people from eight ethnic minority groups. The program was initially implemented in Tambon Wawi (Chiang Rai Province), and then in Nam Lang and Huai Poo Ling (Mae Hong Son Province).

From the outset, the TG-HDP pursued a multisectoral and integrated rural development concept, emphasizing a sustained livelihood strategy that would

- Allow space for diversity and flexibility
- Offer wide-ranging options for income generation and conservation
- Address equity and gender issues
- Deal with drug abuse problems
- Support community development, local institution building and networking
- Address land tenure and user right issues
- Facilitate marketing and rural financial services
- Support NGOs and the private sector
- Introduce participatory monitoring and ongoing impact assessments
- Disseminate/exchange highland-specific knowledge beyond project and national boundaries.

The TG-HDP strategy placed people at the center of development, thus promoting active individual and community participation in planning, management and sustainable use of local resources.

### Major impacts

**Table 1: Poppy cultivation in the TG-HDP from 1981 to 1998 (in hectares)**

Area	81/82	89/90	90/91	91/92	92/93	93/94	94/95	95/96	96/97	97/98
Wawi	240	21	7	31	54	47	13	19	27	63
Nam Lang	294	102	96	167	85	60	54	16	34	33
Huai Poo Ling	N.A.	167	84	38	51	7	-	7	11	10

Note: Figures in Nam Lang refer to the project area only

**Opium poppy cultivation.** Opium production in the TG-HDP areas declined significantly during the initial period, but overall production patterns posed two main questions. Firstly, why did the rapid production decline take place during the initial AD support, and secondly, why did annual production tend to fluctuate markedly?

Initially, government agencies' presence in villages planting opium has a strong psychological effect. Most villagers know that poppy cultivation is illegal and can lead to conflicts with officials. They wish to legalize their status and improve access to social services and markets, and are keen to cooperate. They also want to cease opium-based shifting cultivation systems due to declining subsistence crop yields. Growing population pressure on land and increased control on remaining forest by the Royal Forest Department (RFD) no longer permit shifting cultivation cycles of ten and more years. Now, these are often reduced to two to four years. In some cases, continuous cropping has become common practice.

Opium fulfils an insurance function, because farmers may revert to poppy cultivation when cash-crops are lost due to natural hazards or market failure. A number of commercial crops (e.g. tomatoes, beans, coffee, ginger) are relatively perishable and

susceptible to pests and diseases. They rely on high inputs and efficient marketing systems. Thus, while some crops offer a more attractive income than opium, they expose farmers to higher risks. This partly explains why the production area may fluctuate annually.

**Drug demand reduction.** The nature of drug abuse among highland villagers has been subject to radical change in the past decade. Addiction formerly involved opium smoking among older adults; but recently there has been a rapid increase in heroin, amphetamines and volatile substance abuse among youth, with opium use decreasing gradually. This changing context of abuse led to parallel changes in the TG-HDP approach. For example, an externally driven focus on detoxification was changed to a community- and school-based approach dealing with prevention and treatment in a more holistic manner.

The main strategy of community-based drug abuse control (CB-DAC) focuses on human resources and knowledge at the community level in order to draw on the strengths and lessons in actual practice, to ensure that project actions benefit those most affected by drugs, and to ensure that approaches and activities never lose touch with field level realities and are integrated into national action plans. A key lesson learned is the project cannot decide for the community that it has a drug abuse problem and initiate corrective action on its behalf. Rather it should facilitate local recognition of drug abuse as a community – not an individual – problem.

Although CB-DAC started as an integral part of the overall program in only 1993, the Project successfully developed specific community and school-based concepts, which received wide recognition and were extended to several provinces, adopted at national level and disseminated by request to neighboring countries (e.g. Lao PDR, Vietnam) in Southeast Asia.

**Social services.** The development of social services linked with basic administrative and physical infrastructure is a vital prerequisite for sustainable socio-economic adjustments in the highlands. Access to government services, including the prospect of obtaining citizenship and land use permits, is a strong motive for permanent settlement and changes in agricultural practices.

In recognition that AD in the hills is not just an agricultural issue, the TG-HDP facilitated the establishment of local health stations, community centers and educational facilities. This approach supported the RTG's policy of expanding 'basic need' services nationwide. The project often provided only start-up funds and initial material, thus, allowing government agencies time to allocate budgets and staff to continue work.

Over time, primary schools have more than doubled, and three secondary schools were built. Student enrollment increased from 25 percent in 1981 to over 65 percent in 1996. This had a huge impact in improving general education and Thai language skills. In the rush to advance the education of youth, however, Thai officials recognized that by de-emphasizing indigenous knowledge, they overlook aspects of tribal experience, which contribute to the community's development. Nevertheless, highland populations perceive access to education as essential to the success of their children.

**Family income.** In the fast transition from a subsistence to commercial economy, many farmers doubled or tripled their income in a short period of time. In several cases, newly introduced cash crops raised annual family cash income from a low USD 120 in 1990 to more than USD 1,000 in 1998. Parallel improvements in productivity and variety of subsistence farming have also been achieved. Family income from non-

agricultural activities or off-farm employment grew considerably during the 1990s. The TG-HDP never promoted off-farm employment, but rather focused on creating greater options within the communities, including handicraft production, food preservation, non-timber forest products, and village-based tourism.

**Environmental protection.** In many highland areas, rapid expansion of agricultural production tended to dominate and override ecological concerns and overall sustainability. Therefore, the TG-HDP focused on promoting watershed protection combined with integrated farming systems, by supporting a comprehensive 'community-based land use planning and local watershed management (CLM)' process, especially during the final five years. CLM is a participatory approach, which contributes to an appropriate elaboration of legal and institutional aspects in highland development related to natural resources management. It strengthens capacities of communities to manage their affairs and establish trustworthy relationships with government officials. CLM, combined with farming system development, helped to slow and contain deforestation considerably, with forest cover maintained at a relatively high rate of over 50 percent in the project areas of Mae Hong Son Province.

**Gender orientation.** While women usually contribute more to the household economy than men, they tend to be omitted from planning and decision-making. Therefore, women's groups were assisted in becoming more actively involved in the entire development process. Hence, women participated in and benefited from the implementation of almost all project measures, most notably those related to health and education, subsistence agriculture and non-agricultural enterprises. It is noteworthy that many women formerly engaged in growing and harvesting opium were particularly responsive to alternative agricultural and non-agricultural activities, which helped to increase family income and enhance their status in the community. Furthermore, women are very effective in drug abuse prevention, treatment and rehabilitation work.

### **Factors of success**

**Private sector involvement.** When looking at potential alternatives to opium poppy, it is important to bear in mind that the development of cash-crop farming and other income generating activities in the highlands benefited greatly from the rapidly expanding agro-based economy in northern Thailand. Without a strong private sector, which offers new technologies and inputs for diversified production systems as well as markets, this fast expansion of AD would not have been possible.

**Infrastructure development.** The vast RTG investment in the construction and maintenance of major and feeder roads, electrification and public buildings was important in enticing highland communities to settle permanently in proximity to government services and markets. This, in turn, enhances private sector engagement in contract farming and marketing, as well as the provision of financial services through the Bank for Agriculture and Agricultural Cooperatives (BAAC) and commercial banks.

**Funding.** Operating within the national context of an extended period of economic growth resulted in greatly increased government revenues and larger budgets for services and development programs. In view of the wide-ranging project tasks, the donor supported costs have been moderate. Germany contributed around USD 20.6 million from 1981 to 1998, whereas, the RTG provided direct assistance of USD 21.8 million over the same period. The latter figure, however, does not include extensive RTG investment in infrastructure development, or contributions from the communities,

mainly in terms of special skills and labor. It is also noteworthy that the donor contribution decreased gradually, while that of the RTG increased continually.

Accordingly, contributions from Germany during the final phase were primarily used for capacity building of communities and partner agencies. Program funding and operational costs were almost entirely mobilized by the Thai side. Indeed, this created confidence that sufficient RTG funds for highland development would be available after project termination.

**Political commitment.** Throughout the project's life, the Government demonstrated an immense commitment towards integrating highland communities into the mainstream of the Thai Nation. Today, the majority of ethnic minorities in project areas have received Thai citizenship. Almost all highland villages have permanent locations, and the Ministry of Interior officially recognizes most of them. TG-HDP's community-centered development approach has enhanced the capacity of many villages to effectively manage and conserve local resources for their own sustainable present and future use.

**Human Resources Development (HRD).** The Project invested more resources in HRD than any other program component. This is reflected in the provision of a wide range of formal/informal opportunities for individuals and groups in the villages and their organizations, implementing agencies at field and higher levels, and the ONCB and TG-HDP. A substantial number of staff who benefited from HRD measures have moved to higher positions, other GOs and NGOs, the private sector or international organizations. In addition, an increasing number of ethnic highlanders have become government officials or acknowledged representatives of their organizations. The spread effect of HRD has been substantial.

The focus on HRD at village level has led to effective networking among communities and increased community-government inter-facing. The headman of one village described how his village benefited from HRD: *"Before we were afraid to contact government officials. With the help of the TG-HDP we have improved communication with officials and others from outside. We have gained new knowledge and skills. Our children go to school and have regular contact with those from the lowland. I'm confident that the next generation will have a better life than we have had"*.

**Empowerment.** An important feature of the TG-HDP approach was the employment of Community Development Coordinators (CDCs) – area teams of three to five tribal and/or lowland men or women employed temporarily to assist community-based development through awareness raising, confidence building, priority identification and problem solving. In their day-by-day direct dealings with the target population, CDCs were able to initiate essential local activities at the inception of the program, conceive development plans for submission to higher authorities, and act as important 'mediators' between communities and responsible agencies. This participatory process contributed to greater self-determination and empowerment of the stakeholders.

**Timeframe.** Unlike most other highland development projects, the TG-HDP had the 'luxury' of operating for a total of 18 years, with project phasing facilitating learning and consolidation of experiences over phases and from one geographical site to the next. For example, while the initial emphasis was on the replacement of opium by alternative cash crops and the introduction of standard soil erosion techniques, a more holistic approach evolved that focused on comprehensive land use planning, integrated farming system development and watershed protection.

### **Critical issues**

The economic crash in mid-1997 caused big cuts in government spending; however, their impact on highland development is not well known. It appears that fewer operational funds have greatly reduced the ability of government officials to regularly interact with and support the target population. While TG-HDP's presence on the ground through its community development staff was always regarded as a core element of success, most government organizations not only lack funds but also institutional mechanisms and commitment to place sufficiently qualified and motivated staff in the field.

Despite the RTG's policy on decentralization and the desire to improve local capabilities, the community development process is constrained by conflicting laws governing the policies of different ministries. According to RFD regulations, many villages are situated illegally in national forest reserves and wildlife sanctuaries. In the absence of formal land use rights and a legal framework (Community Forest Act) that gives community groups the opportunity to manage local forest areas, highland communities remain exposed to changing interpretations and applications of government policies. In the same context, efforts of institutionalizing TG-HDP's community-based land use planning approach, which calls for an effective dialogue between villagers, the RFD, other GOs and NGOs, have not yet been fully realized. This is largely due to a lack of RFD commitment to reach consensus with community leaders and relevant organizations on a sustainable management approach of natural resources.

During the mid-80s and 90s the highlands, and project areas in particular, attracted a constant stream of illegal economic migrants from neighboring countries. For example, in the Nam Lang project area the population increased from around 6,000 persons in 1983 to over 15,000 in 1998 – 150 percent in 15 years. This increase not only slowed the process of legalizing the status of legitimate inhabitants on Thai soil, it also hindered the introduction of community-based land use planning and sustainable farming practices in several areas.

### **Conclusion**

Has the TG-HDP been a success story? There is no doubt that the project had a profound impact on poverty reduction, sustainable management of natural resources, the significant decline of drug abuse, and, above all, on capacity building, not only in the designated project areas, but also in the highlands and the region in general. However, the path Thailand chose was capital intensive and time-consuming, and it benefited from massive infrastructure development and a thriving economy that offered wide-ranging alternatives to opium poppy cultivation.

Whether other countries will be able to follow a similar strategy will depend to a large extent on available resources. However, the long-term and solid government commitment towards effective institutional strengthening, which places people at the center of an equitable and sustainable development process, is more important. The availability of qualified staff at all levels, effective inter-agency collaboration and coordination, and flexible planning and budget procedures, coupled with mechanisms ensuring that central and local authorities are held accountable to the target population, are important determinants for succeeding in this complex endeavor.

There is no 'quick fix' for supporting the adaptation of highland communities, which for many generations depended on slash-and-burn cultivation, with opium production often seen as the only cash or barter crop. The process of transformation to permanent

settlement and improved livelihood systems takes time and considerable commitment by all parties involved. GOs, NGOs and donor agencies alike should be aware that the engagement in AD calls for long-term obligations of not less than eight to ten years in any given area. Such a time-span needs to be taken into account before launching rural development in the highlands.

In summary, the TG-HDP can certainly be seen as a success story. However, to maintain sustainability the RTG has to reaffirm its own commitment and adjust continuously to changing conditions, especially regarding the growing threat of amphetamine use.