



Population and Community Development Association(PDA)

Village Development Partnership Concept Note

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Executive Summary

The Village Development Partnership (VDP) is an integrated rural development project model being applied by the Population and Community Development Association (PDA), one of Thailand's most established and well-known NGO's. By combining PDA's diverse developmental expertise and extensive rural network with the financial and human resources of a sponsoring partner (particularly companies, although individuals and organizations can also be effective), the VDP provides a structured approach towards **sustainable poverty alleviation**.

The VDP addresses issues in the five development areas of: **social development, economic development, environment, health, and education**. By placing initial emphasis on social and economic development however, a foundation is created from which further development can be sustained. Community empowerment, in the form of an elected, gender balanced Village Development Committee, ensures that the community understands, manages, and leads its own development. Business skills training and access to micro-credit (through the Village Development Bank) provides villagers with the opportunity to start or expand income-generating activities; loan repayments then go towards increasing the available pool of credit and funding further development activities.

Once a suitable village and sponsoring partner are selected, PDA guides the village through the start of the VDP process with 3 **institutional development and planning stages**:

1. Building a common understanding among the villagers about the VDP
2. Establishing the Village Development Committee and its three sub-committees
3. Community Needs Assessment (CNA) to identify the village's desired objectives

The output from these steps is a clearly articulated idea of the future village the community would like to have, prioritized goals and activities, and an implementation plan which breaks down the steps and resources necessary to achieving the desired village. There are also 3 **VDP Implementation stages**:

1. Tree-planting to "earn" capital for the Village Development Bank—the micro-credit facility
2. Establishing the Village Development Bank's rules and procedures
3. Launching the other development activities outlined in the implementation plan

Through the VDP, rural communities develop the knowledge, skills, and capacity to analyze and respond to their needs. Once a community has become experienced with the social and economic institutions of the Village Development Committee and Village Development Bank, it possesses the tools and funds necessary to sustain its own future development out of poverty and low quality of life.



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1. Background

1.1. Overview of PDA

Founded in 1974, PDA is one of Thailand's most well established and diverse Non-Government Organizations (NGO). Operating from Bangkok and 18 regional development centers and branch offices in rural Thailand, PDA's programs are based on the belief that local people are best suited to shape and sustain their own development. PDA has pioneered grassroots growth that is marked by extensive villager involvement not only as beneficiaries, but also as planners, managers, and leaders.

PDA was first active in promoting family planning in urban and rural areas of Thailand at a time when knowledge of and access to such services were scarce. PDA recruited and trained respected members of urban and rural neighborhoods to distribute and provide information on affordable contraceptives directly to their communities. Between 1974 and 2006 PDA helped to lower the average number of children per household from 7 to 1.2 and to reduce the national population growth rate from 3.3% to 0.5%. Other campaigns addressed the reproductive health of specific target groups such as factory workers, hill tribe villagers, and adolescents.

Since that initial focus on reproductive health, PDA programs now encompass a variety of development sectors such as integrated rural development, water resource development, local institution building, medical and health services, population control and AIDS care activities, income generation and occupational training, education, and forestry and environmental conservation. PDA has established itself as an innovative and effective development NGO with an impressive record of successes and accomplishments.

The development of a nation can be achieved only when the quality of life for all Thai people is improved to an adequate standard. One of PDA's prime tenets is that the community as a whole, in all sectors of society - private, public, and non-profit - can join together in a new push for social improvement. PDA is proud to have contributed to improving the standard and quality of life in Thailand; however, we endeavor to continue our struggle in rural areas where government efforts at the local and national levels have not yet been able to effectively address a growing disparity in quality of life.

1.2. Corporate Social Responsibility in Rural Development

The Village Development Partnership (VDP) is a project that can effectively partner a rural Thai community with individuals, families, organizations, or companies. That being said, PDA believes that the VDP model lends itself naturally as a project for businesses that are interested in pursuing sustainable and effective Corporate Social Responsibility (CSR) activities.



Businesses of all sizes are realizing the need to respond to stakeholder requests to act in a socially responsible manner and not focus exclusively on a financial bottom line. A quick scan through news media shows that companies are coming under increased scrutiny regarding their CSR actions, or lack thereof. Social contribution activities by companies are increasingly expected to have genuine and sustainable impacts that stem from fundamental principles or philosophies, rather than being superficial acts of charity which may be interpreted as public relations exercises.

While a company's CSR strategy may try to accomplish many objectives, one of the most effective areas towards which a company can contribute financial resources and employee expertise is poverty alleviation. The fundamental processes necessary to running a successful enterprise such as planning, resource management, and identification of opportunities, find very similar parallels in the development and implementation of the Village Development Partnership (VDP). Furthermore, by combining key business skills with the development expertise and on-the-ground network of an NGO partner such as PDA, a company is best able to maximize the impact of its CSR contributions.

A socially responsible company receives recognition from stakeholders, company employees, and potential consumers and business partners for its efforts. In today's demanding business environment, differentiation from competitors is constantly becoming more difficult and more expensive. Being able to draw on well conceived and implemented CSR provides companies with a novel and innovative way to garner recognition and distinguish themselves in the marketplace.



2. Rationale of the Village Development Partnership project

The Village Development Partnership (VDP) project is a holistic approach to development and contributes to five major development areas: social, economic, environment, health, and education.

2.1. Social development: community empowerment

Through its experience in rural development, PDA has learned that effective and sustainable poverty reduction programs must begin through the engagement of the involved communities. Communities must have full ownership and have every opportunity to participate in the planning and implementation of development projects; PDA's role is to guide villagers in how to articulate their needs.

The VDP effectively creates this engagement by helping the community establish an elected Village Development Committee at the very beginning of the process. The election ensures that the whole village community participates in, and feels ownership for, the project right from the start. The elected individuals generally come from various backgrounds and act as representatives, allowing every villager to articulate his/her needs.

The Village Development Committee consists of sub-committees which represent all generations: the Village Bank Committee, Youth Council, and the Council of Elders. Each of the sub-committees must have equal male and female representation which helps to firmly instill the concept of gender equality.



Youth Council meeting



Meeting of the Council of Elders

Villagers are involved at every step of the VDP project. They are responsible for carrying out their own Community Needs Assessment and for generating ideas. This is effective as the villagers know their specific needs better than PDA or the sponsoring partners. Every rural Thai community exists within different surroundings and different circumstances. This means that while the general areas of development (e.g. economic, health, education, and environment) are consistent from village to village, the particular needs and priorities of each community are unique and must be supported as such.



2.2. Economic development: providing credit and business skills

Many poorer villagers do not own land and therefore do not have collateral for credit. The lack of access to credit at the village level is a significant inhibitor to the ability to increase income. This can deny individuals the opportunity to borrow money at market rates to begin and/or expand business activities. Borrowing through existing informal channels can often only be done at exorbitant interest rates resulting in restrictive loan repayments.

A central component of the VDP project is the Village Development Bank (VDB). It is an important source of credit for income generation activities as well as a system that encourages the practice of saving. The initial capital for the bank is established through the community activity of tree-planting, whereby funds from the partner are contributed as capital for the VDB in exchange for each tree planted.

The communal nature of the bank means that all villagers have the opportunity to benefit. Default on repayments is often lower than in conventional systems since there are social pressures that arise from depriving fellow community members of the right to borrow, as well as personal “face and image” issues. In many existing VDP’s, community savings quickly exceed the initial capital with which the VDB was started, indicating the success the program has had in changing villagers’ saving behaviors.

PDA staff also provides villagers with basic business skills training and we encourage partners to share their expertise, skills, and advice, to help villagers ensure that their micro-businesses are a success.



Ice-cream vendor



Prepared food stall



Organic pig raising

2.3. Environment

In addition to tree-planting, many community activities organized within the framework of the VDP contribute to improving the environment. Examples from PDA’s past development projects include canal recovery, building sanitary latrines, waste collection and garbage recycling, bio-diesel production, and the building of piped water systems.



Community tree-planting



Canal clearing in Ratchaburi Province

2.4. Health

Health is still a major concern in rural areas. In 2006, PDA carried out a health survey in 8 rural primary schools in the South of Thailand and found that the majority of children had health problems including dental problems, lice, or malnutrition. Activities carried out as part of the VDP may include health checks and education in local schools as well as the improvement of medical care facilities. If communities with the project area have any prevalent medical problems such as HIV/AIDS, diabetes, or hypertension, the VDP could also institute education, prevention, and treatment programs targeting those specific ailments.



School health check as part of a VDP



2.5. Education

As a community develops economically, one effect is an increase in the rate of secondary school attendance. To keep pace with economic improvement in a community, the VDP can target developmental programs related to education such as: improvement of local primary and secondary schools, scholarship for children from poor families, Information Technology training for children and adults, and the creation of school lunch farms to improve childhood nutrition and student performance.



3. Selecting the village

PDA staff are continually building relations with villages in the areas surrounding the 18 PDA centers in Thailand. PDA decides if a village is suitable for participation in the Village Development Partnership based on the following criteria:

- Geographical location, if sponsoring partner has expressed a preference
- Desire of village to collaborate
- Needs of the village
- Size of the village, to match the size of the donation
- Specific resources, opportunities, or challenges which may match the partner's competencies
- Existing communication infrastructure within a village. PDA has found that successful partnership with a village is highly dependent on the community having a solid communication infrastructure as well as receptive individuals who are respected and influential, even if just at an informal level. These key individuals are important to obtain the buy-in of villagers for project collaboration.
- Past collaboration with PDA. This is a good entry point into the village since existing relationships help facilitate further collaboration. Examples include village children in Buriram province who attend the PDA-founded Lamplimat Pattana School, and villagers who work in PDA associated businesses and factories.



4. Institutional Development and Planning

Once a village has been selected and the partner has decided to commit to the project, the VDP enters its institutional development and planning stages:

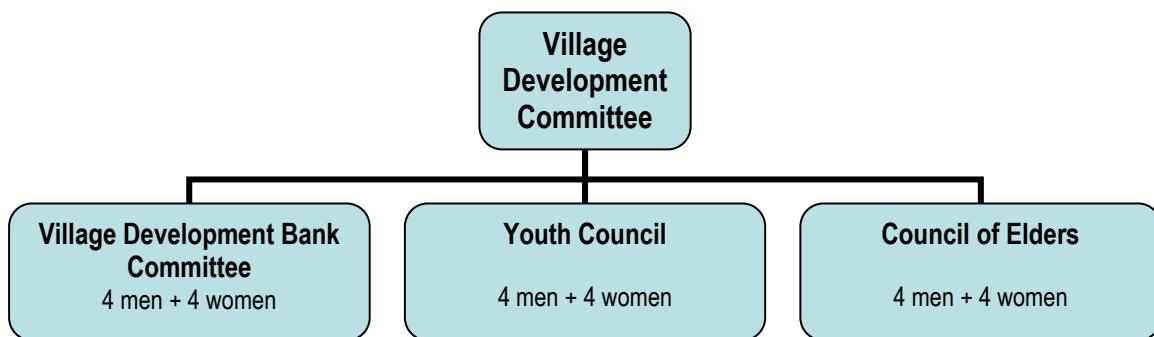
1. Building a common understanding among the villagers
2. Establishing the Village Development Committee
3. Community Needs Assessment

4.1. Building a common understanding among the villagers

PDA staff visit the village and organize meetings to introduce the concept of the VDP and the PDA development philosophy. Villagers and PDA staff discuss VDP objectives, activities, outputs, expected outcomes, and the importance of community participation.

4.2. Establishing the Village Development Committee

PDA staff provide advice and support for the villagers to organize elections for the Village Development Bank Committee, the Youth Council, and the Council of Elders. Together, these three committees constitute the umbrella Village Development Committee that will take a lead role in understanding and responding to the needs of its community. Each of the committees must have equal representation by male and female members in order to ensure gender balance and a greater diversity of perspectives. Villagers will also start learning more about the Village Development Bank (VDB), an important local institution which villagers will own and manage as a source of credit for income generating activities; the VDB also encourages and rewards the development of savings practices.



Proposed Structure of a Village Development Committee

The creation of these committees draws out natural leaders and change agents from the community. Committee members are elected, as opposed to appointed, and usually do not have high economic standing in the local community or previous connections to government. Members usually turn out to be dedicated, hardworking people who are invested in the development of their own community, rather than for



their own personal benefit.

Village Development Bank (VDB) Committee

The members of the VDB Committee are usually aged 25-54 and are responsible for establishing most of the bank's policies and managing bank operations. Bank policies include days and hours of bank operations, lending decisions, dividend payouts, and savings regulations. PDA officers provide training and support as well as some degree of oversight.

Youth Council

Through the creation of a Youth Council, the VDP encourages a new breed of responsible youth to learn about and take the lead in affairs affecting their community. These values will then be instilled into a future generation of leaders and decision makers. The Youth Council is composed of community members between the ages of 14-24 who have the responsibility of responding to affairs pertaining to youth and integrating youth into community development planning and activities. The Youth Council coordinates some environmental activities such as the tree planting that will fund the Village Development Bank and also manages a loan fund for youth-run businesses.

Some members from existing PDA Youth Councils, after mandatory resignation at 25, have chosen to run for election to the local Tambon¹ Administration Organization (TAO), a legal entity which oversees approximately 10 villages and over 10,000 people. Nearly all the Youth Council graduates who have stood as candidates have been elected to serve at the local TAO; this is evidence of the high standing of the Youth Councils and their members in the eyes of their communities.

Council of Elders

In rural villages, older members are well respected and an important source of experience and knowledge. Often however, they do not have the economic means to influence the decisions of the community and local government. The council serves to ensure the active involvement and participation of villagers above the age of 55 in the community's development process. Elders will then have a forum through which they can help assess the needs of the community, disseminate their knowledge to younger generations, and have a means of more effectively exercising their collective influence. In addition, the Council of Elders also manages a loan fund that is available to cover health and welfare expenses for the elderly.

Training

After members for the three committees are elected, PDA staff provide training, coaching, and advice to committee members so that they understand their specific roles and responsibilities and have the necessary

¹ Tambon is the Thai term for sub-district, the most local level of formal government



skills and knowledge to carry them out.

Elected village members of the VDB Committee, the Youth Council, and the Council of Elders are given training in:

- management and mobilization of people;
- documentation of information;
- activity planning;
- the writing of clear and effective proposals;
- thinking in a clear, purposeful way about rural development planning;
- public speaking and presentation skills;
- leadership and teamwork;
- effective coordination with local institutions and the TAO

Members of the Youth Council and VDB committee will also receive additional training specific to their respective duties.

4.3. Community Needs Assessment (CNA)

The CNA provides a unique opportunity for the community to understand its situation and determine future objectives, and to map out what the community can do to realize these objectives. This learning process is a crucial building block towards long-term self-sustainability and away from dependence on outside donors.



Community Needs Assessment in a village in Krabi

Brainstorming Session

The CNA begins with a multi-day brainstorming session facilitated by the Village Development Committee with the support of PDA staff. Topics discussed during the brainstorming session may include:

- Quality of life
- Economic conditions (e.g. income, main and secondary occupations, employment, debt burden)
- Social conditions (e.g. population, education, health)
- Environmental conditions (e.g. access to potable water, sanitation, soil quality)
- Health issues (e.g. common diseases in the village)
- Education issues (e.g. access to and condition of schools and daycare centers, school lunch and children's milk program)



The resulting output is a community map and an identification of the requirements necessary to improve quality of life and economic opportunity.



Member of the Village Development Committee presenting a community issues map

Village eye-opener trip

A small number of people from the village, usually members of the Village Development Committee, will travel to other villages where the VDP project has already been successfully implemented. This trip provides the villagers with the opportunity to gather new ideas and observe successful business activities first-hand, and to speak with other VDP communities about how activities can be implemented successfully.



Eye-opener trip to a rice mill



Workshop on mushroom farming



Finalizing the VDP Implementation Plan

Following the eye-opener trip the villagers undertake a detailed community planning session. The meeting consists of 3 sessions that look at: the present village, the future desired village, and a review of the activities and projects that can lead to that future goal.

The final result of this detailed planning stage is a VDP Implementation Plan which may be divided into 3 categories:

- Work plan of activities that the community can start implementing on its own
- Work plan of activities which require support from the local or provincial government
- Work plan of activities which require support from the sponsoring partner or other public/private organizations

Activities in each work plan are prioritized and mapped out along an implementation schedule. When work plans include activities beyond the scope of direct PDA support, PDA helps the community to identify additional resources such as government or other public/private organizations, and to communicate their needs and interests.

The process of putting together the VDP Implementation Plan gives villagers a completely new method to understand and shape their community in the ways they deem the most important. This is a unique approach in community empowerment and has a sustainable impact that lasts well after the partner's financial support ends. VDP communities learn the process to determine and prioritize their own needs and plan concrete ways to bring about change.



5. Stages of VDP Implementation

Once the VDP village has established a plan of action, the following steps take place to create a solid and sustainable base for development activities:

Year 1:

1. Tree-planting in exchange for capital for the Village Development Bank
2. Establishment of the Village Development Bank

Years 1 through 6:

3. Launch of other Community Development Activities

The first two implementation steps should take place within the first year of the project, whereas additional development activities would be started according to the community's VDP Implementation Plan and as resources permit. The VDP model is structured to require a large capital investment from the partner in the first year and then reduced financial support over an additional 5 years, whether from the partner that originally began the project or one that joins the project later. At the end of 6 years the VDP village is expected to have created the necessary institutions and capacity to be financially independent and able to sustain any desired development activities on its own.

5.1. Tree-planting in exchange for capital for the Village Development Bank

Implementation begins with a communal tree planting activity through which villagers "earn" the funds used to start-up their Village Development Bank (VDB). For each tree that the villagers plant, a set amount of funds (typically THB 30-40) will be contributed to their VDB's starting capital. It is the Youth Council's responsibility to coordinate and organize this activity, but the entire village community takes part in the actual planting.

The establishment of the initial capital in the VDB enables the village to begin implementing some of the activities that have been identified through their CNA process, and provides credit for individuals or groups to establish or expand income generating activities.

5.2. Establishment of the Village Development Bank

Before the VDB can begin operations, the VDB committee must discuss and establish the policies and rules of their bank. While there is a suggested PDA template for many of these details, it is the specific requirements of the village and its inhabitants that will decide exactly how the VDB operates. Issues which need to be decided upon include:

- Membership (requirements, types, rights)
- Micro-credit structure (participation requirements, stock/share purchases, monthly dues, dividends,



liquidation of shares)

- Loans (application screening process, business training, fund release process, payment terms of loan principal and interest, interest rates)
- Savings accounts (minimum deposits, interest rates)
- Days and hours of operation

Some typical features of the **Standard PDA model** for a VDB are:

- Each household (regardless of number of individuals) is considered a membership
- A one-time membership fee is paid to the VDB, in exchange for shares in the bank equal to the fee
- The VDB is open to transact business once a month
- Members must save a fixed monthly amount (for which they receive 6% interest p.a.)
- Only members of the VDB in good standing are eligible for one loan at a time, for which they are charged interest of 1% per month (equivalent to 12% interest p.a.) A loan must be guaranteed by 2 guarantors, although no financial collateral is required.
- The maximum loan amount is usually THB 20,000 for a maximum loan period of 1 year.

Once the VDB committee, with guidance from PDA staff, has decided on governing policy, rules, regulations, and procedures, they must present them to the VDB members at large (the general community). Only after the members have granted their consent and approval can the VDB committee adopt a given set of governing standards.

Because the VDB structure is more technically complex than many other aspects of the Village Development Partnership model, the training and support provided to the VDB committee by PDA staff is essential, as is continuing follow-up support. This additional economic capacity building ensures long-term sustainability and growth of this new financial community institution.

5.3. Launch of other Community Development Activities

With the establishment of the VDB the Village Development Committee can then begin organization of activities that were previously identified in the implementation plan. For projects requiring outside funding, technical support, and/or other assistance, village members are encouraged to actively identify potential sources of support.

Some community development activities which PDA has previously worked on or observed in other communities include:

- Social Development
 - Youth Development



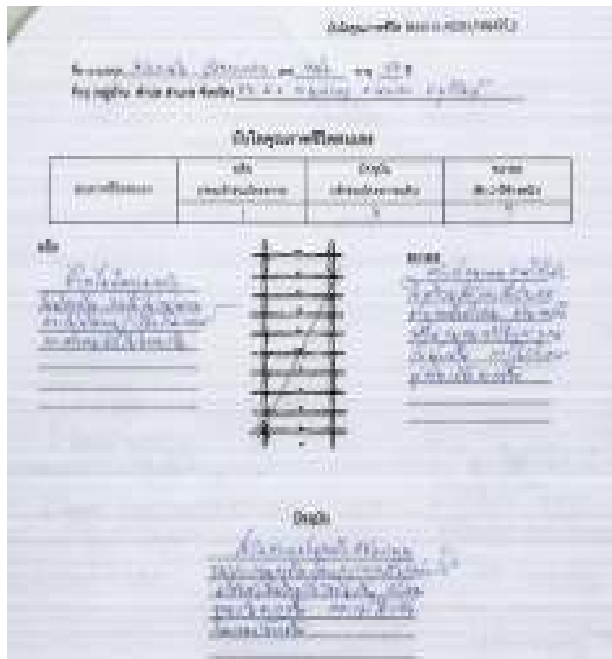
- Women's empowerment and gender equality training
- Democratic process, civil society, and transparency training
- Child Daycare Improvement
- Economic Development
 - Work skills and business skills enhancement
 - Barefoot MBA workshops
 - Rice-mill Cooperative
 - Vegetable Bank
 - Intergenerational loan funds
- Environment
 - Garbage and Recycling Bank
 - Environmental Education
 - Bio-diesel Production
 - Additional tree planting
- Health
 - Rain Catchment and Water Distribution System
 - Health Examinations
 - Dental Care and Treatment
 - Eye Care and Treatment
 - School Hygiene Program
 - HIV/AIDS Education
 - Barefoot MPH workshops
- Education
 - Scholarships (grade school, high school, and university)
 - Mobile Teacher/Mentor
 - School Lunch Programs
 - IT and Computer Skills Development



6. Monitoring and Evaluation

One of the responsibilities of the PDA staff will be to provide oversight to ensure that VDP institutions are operating properly. Because the majority of VDP villages are located within 30km of a PDA centre, PDA staff regularly visit to discuss issues with the various committees and councils, provide advice, and request updates on activities. One of PDA’s strengths is its ability to monitor the “pulse” of communities in which it works. This information, along with updates on new activities or developments, is then summarized and presented to sponsors in a yearly brief, or upon request.

Among the tools which PDA uses to track the villagers perceived quality of life is “The Bamboo Ladder”, a self-assessment scale. Villagers assign themselves a rating for the past, present, and future, in the categories of Income, Physical Health, Mental Health, and Quality of Life. Over time, these assessments help to form a general overview of the successes or shortcomings of the community development activities, as perceived by the villagers and can be used to reassess or modify the initial VDP Implementation Plan.



Bamboo Ladder Assessment on Quality of Life



Bamboo Ladder Assessment on Income



7. Expected Outcomes

The Village Development Partnership is expected to improve both the economic and social lives of the members of the selected village by enabling them to implement activities that the community itself has identified as most needed.

The partnership will communicate to community members the importance of community empowerment, as these villagers will have learnt the process of identifying their own needs, now and in the future, and will have the necessary confidence, skills, and knowledge to improve their own situation.

Important community institutions will have been established in the form of the Village Development Committee and its components: the Village Development Bank Committee, the Youth Council, and the Council of Elders. The Village Development Committee will take a lead role in the process of understanding and responding to the needs of their community. The project will also establish the Village Development Bank, an important source of credit for income generating activities and a system that encourages the practice of saving.

Finally, the villagers will have a new, more positive outlook on life in their community. Having developed a vision of how things can be improved and the concrete steps necessary to achieve that vision, the village, their sponsoring partner, and PDA can create real improvement in quality of life.



8. Partner Participation in the VDP

PDA encourages the sponsoring partner, whether individual members or as a whole, to be an active part of the Village Development Partnership project. This involvement can begin with joining the villagers during the Community Needs Assessment process and continue through to the launch and implementation of community development activities. By being directly involved in the learning experience together with the villagers, the partner will develop a fuller understanding of the project itself and community development.

The following is a non-exhaustive list of some of the VDP activities in which the partner could participate, dependant on area of expertise or simply interest level:

- **Idea generation/advice for micro-finance businesses and enterprise development:** help provide business ideas and other methods of income generation for villagers
- **Advisory committee for village bank:** assist in advising and training of the village bank committee, helping it to run smoothly and efficiently through improved management
- **Training for youth:** provide financial and business training to youth in areas such as basic accounting, marketing, basic cost-benefit analysis, as well as proposal writing and presentation skills. In addition, other life skills training can be integrated i.e. the importance of education, anti-drug message, sex & HIV/AIDS education, and civil society and democratic participation
- **Community activities:** participate in the initial tree-planting activity to raise capital for the Village Development Bank, and other subsequent community activities

These activities can also be scaled up for a greater degree of participation from the partner.