

stars insights: 21 December 2018

Smiling Gecko – pioneering a self-sustaining economic cluster for effective development in Cambodia

*In an exclusive interview for stars, Hannes SCHMID, internationally acclaimed star-photographer and founder of **Smiling Gecko**, Cambodia, shares his insights about an economic development approach he has been pioneering with his NGO to better “help people helping themselves”. Smiling Gecko was registered as local NGO in Cambodia in 2014 with the mission of fighting poverty by providing direct aid to disadvantaged people and promoting self-help among the rural population. It acquired a site in the North of Phnom Penh which it has been transforming into a self-sustaining “mini”-economy providing locals with regular income from jobs in agriculture, tourism, industry and trade. The interview was conducted by Markus Herrmann, Co-Head Asia program, Swiss Forum on Foreign Policy and stars alumnus, on the sidelines of the 11th stars Switzerland symposium in September 2018.*

Markus Herrmann: What is the problem with conventional foreign aid and NGO work?

Hannes Schmid: In my mind, engagement of NGOs and state-led foreign aid in developing countries over the past 20-25 years has failed, because hardly any sustainable impact has been achieved. In fact, funding – the Swiss Agency for Development and Cooperation (SDC), for instance, spends CHF 2.2 Billion annually – has been blindly poured into the same set of projects, year after year, without a clear insistence on producing impact. More fundamentally, measurable sustainable impact, i.e. a return on the investment, which is a totally common metric to evaluate project decisions in business, does not seem to be part of the paradigm applied by NGOs and foreign aid agencies.

What is the fundamental problem?

My core belief is that any “helping” action that wants to deliver sustainable results must be executed with a business logic. In my mind, breeding pigs or chicken, or an agricultural project is doomed to failure if it does not quickly lead to self-sustaining profitability. Funding needs of the SDC for instance “only” need to be approved by the Swiss federal parliament, thus people in the field executing the projects are not the fundraisers themselves which – in my mind – automatically makes them less entrepreneurial and reduces their sense of accountability for the promised impact. I also struggle to understand why business tools such as an audit or impact assessment are not routinely used in the field.

So you need entrepreneurs in development work?

Indeed. The reality, however, is that most people who choose to work in this field are do-gooders. Although they have genuinely good intentions, they focus too much on helping instead of empowering.

How does this failure manifest itself in Cambodia?

Sadly, Cambodia exemplifies my observations very well. In Cambodia alone, in the past 20 years more than 4'500 NGOs were actively engaged and together with state-led foreign aid billions after billions of funding were poured into this country. Switzerland, Germany, France, the US – everyone is engaging in Cambodia. Nonetheless, Cambodia remains the poorest country in Asia and ranks among the poorest and most corrupt countries worldwide. Crimes of child prostitution and human trafficking are still prevalent. Access to the most basic public goods such as healthcare or primary education is

problematic even in urban areas. In terms of education, there are no vision of introducing solid curricula to equip the local population with relevant skills and what I find most disturbing is that no systematic or broader roll-out of vocational training programs have been successful.

What is the recipe for success of Smiling Gecko?

I am aware that it is still early days to start walk-the-talk with a recipe for success inspired by Smiling Gecko, as we have only started in 2014. We are still a NGO start-up and operate with comparatively less resources and visibility than established players in this field. Personally, I started off by buying and giving away rice to the poorest in Phnom Penh, which is not sustainable at all. But we learnt quickly, tried new things, worked very hard and now we believe that we are well underway in pioneering a novel self-sustainable community model that has the potential to address key shortcomings commonly observed in operations of established aid actors. In my mind, there are three key success factors: a holistic approach, combining a systemic approach with entrepreneurship and learning from Switzerland.

Interesting. Could you explain them in turn?

First, we have observed that by the very nature of aid operations many actors look at local needs solely through the lens of their own competency and mission, thereby ignoring the local context and realities. To give you one example, a foundation may be supporting kids, but does not focus on teenagers which makes the local implementation of a curriculum across age groups impossible. One aid actor may have a competency in water management, another one in agriculture or healthcare – and that's what they each do in isolation. My impression is that the necessary coordination across these actors – to deliver more systemic impact – does not happen. A more holistic approach is crucial. Second, I firmly believe that the role of local entrepreneurship is underestimated. At Smiling Gecko, we push-started the economic development of our community by providing schooling for children and in parallel launched agricultural ventures to employ their parents and provide them with income that can help cover the school fees. Then again, we started a vocational carpenter training program, and at the same time expanded into hospitality by constructing a hotel facility including restaurant. Rigorous training of members of the local community turned them into state-of-the art hotel staff, servants and cooks delivering an internationally competitive hotel guest experience which has even won international awards. Excess cash-flow from hospitality was reinvested into handicraft manufacturing ventures destined for cross-border trade, then again we expanded the school, initiated a fish breeding farm and a rice mill. The point I am trying to convey is that well guided entrepreneurial energy combined with thorough skill development programs can fuel a self-propelling economic development logic. This is how here at Smiling Gecko, within little time, a veritable mini-economy, we call it a "cluster", has emerged – with a school for up to 1000 kids at its heart. We are now busy consolidating all observations and learnings to enable us fully understanding, and hopefully, replicating this development process.

This sounds too easy, what are the day-to-day challenges?

I will give some examples with regards to skills development. There are foreign aid organizations that come into Cambodia and train hundreds of cooks in large-scale trainings over a period of few months. The reality we see is that few months clearly cannot replace a more comprehensive curriculum that also teaches reading and writing, some English and accounting, etc. Plus, most of these trainings take place without supporting the subsequent employment search. Another example, we started to train local carpenters with a multi-year curriculum teaching different types of wood, how to read a construction

plan, basic concepts such as a right angle, but also the value of precision in craftsmanship. For the skill building efforts at Smiling Gecko, we luckily could count on fantastic partnerships with Swiss institutions contributing practical expertise and time, such as the Bern University of Applied Sciences in Architecture, Wood and Civil Engineering for the carpentry training program, or the Zurich University of Applied Science Wädenswil for a fish breeding project.

You mentioned a third factor, please tell us about it.

In discussions with friends and colleagues abroad, I like to emphasize that Switzerland is less Basel with its pharma companies or Zurich with its banking sector, but more Urnäsch, Brig or Dübendorf. Switzerland was never centralized and thus traditionally operates bottom-up. The more than 2000 Swiss communal entities exemplify this cluster-idea very well: it is a combination of the local “system” providing public goods, such as education, healthcare and infrastructure, with local entrepreneurship. Today, I am most concerned that the developed countries have over the past decades in fact missed out to build these “systems” and overlooked the entrepreneurship, but focused on too many isolated and not self-sustaining projects instead.

Looking ahead, how do you envision the future for Smiling Gecko?

By 2023 or 2024, we expect that about 100 to 120 thousand people will be living in our cluster. By then, we will have gone through a full schooling cycle with the first batch of children graduating from our self-designed university campus. Then the actual scale-up process by replicating the Smiling Gecko cluster across Cambodia can start. By 2030 seven clusters shall be operational, by 2035 another 17 clusters. We have already identified suitable sites where geographic conditions are conducive to our proven mix of education, agriculture, carpentry, manufacturing and hospitality activities. With the Smiling Gecko model, we want to contribute to effective and sustainable poverty eradication and development of rural Cambodia. This is our vision.

Smiling Gecko is a truly visionary project. Which aspects of your personality matter?

The core of our approach is our belief in empowerment. Thus, in this entire process I am at best a coach or consultant. Real ownership lies fully with the local Cambodians who are determined to take their fate into their own hands and work for a better future. I believe what I distinctively bring to the project is my realistic assessment of the limitations of my knowledge and my related ability to ask for help from experts and institutions across sectors. As an artist, I also dare to re-think commonly accepted truths and practices, plus, I bring a high level of energy, curiosity and willingness to try, fail, learn, and try again. Finally, as part of my concerned photography work, I work hard to remind the world visually, where verbal language struggles, about the shocking level of human suffering that is still prevalent in poor developing countries such as Cambodia.

Thank you very much Hannes for your kind time and good luck for this truly important project.

My pleasure – please visit Smiling Gecko in Cambodia.

The views expressed here are solely those of the speaker and they do not necessarily represent or reflect the views of the stars Foundation.

***stars insights** are exclusive contributions by business leaders and experts who scan the horizon to discuss geopolitical, economic, technological and further trends and developments which will impact society and business in the next few years.*

www.the-stars.ch