
## Conversation with Sean Watson
## Ashley Hopkinson
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**Ashley Hopkinson: Sean, tell me a little bit about yourself and your journey at Mountain Hazelnuts.**

**Sean Watson:** I was originally born in Kenya (and) educated in the UK. I have a PhD in molecular genetics, of all things. I went down an academic path but wanted to do something less in the lab, more applied in the soil and sun, and went from there to a seed potato pilot business in Thailand and have been in agriculture and social and environmental impact ever since, which is 30 years now.

I think the biggest agricultural project I was involved in before Mountain Hazelnuts for the longest duration was with Heinz's Copacas in China—a mechanization food safety and traceability project that involved millions of farmers and a successful project that improves the sustainability of the soil management practices, took out legal use of chemicals and also fully transformed from a hand labor situation to a mechanized more sustainable system.

So I joined Mountain Hazelnuts, (which partners with households and community groups to plant trees across the Himalayan Kingdom of Bhutan) in 2010 full-time. Initially as the COO and (recently) I have been the CEO for the last four years. So the journey from, I would say the China project to here is very much a macro to the micro. Bhutan has a population of 500,000 people, which is a small fragment of the number of growers I was working with in China.

**Ashley Hopkinson: What is one thing that you think is distinctive about the work that you're doing now with Mountain Hazelnuts from other work that you've been doing in agriculture over the years?**

**Sean Watson:** I think partly it's the context in which we're working. The environmental and social background (in Bhutan) has been conserved to a degree I haven't seen in other places where I've

worked. Bhutan really is a garden of Eden in that way. They largely rely on subsistence organic agriculture with 70% forest cover. The biodiversity and the soils and the water and the air is intact.

All of the agricultural systems that I've worked (with) in other countries (are) essentially ecological deserts, and you are trying to sort of grow crops without the ecosystem. That means you have to rely on a lot of chemicals because you get pests out of balance with the predators, and you just don't have that balance, whereas Bhutan has the balance that we have lost. That means it is a testbed for organic agriculture as we wish it to be in the future once we've restored (and) regenerated our agricultural ecosystem services around the farming that we do.

I would also say that Bhutan has achieved incredible development indicators, at the same time as preserving that environment and their culture, which as the last Tundra Kingdom is an important system for humanity.

And so there is a depth and a richness to the background that I haven't met in other places because of the degradation of the environment or the disruption to where people live and how they live. Whereas this is very much a situation before those changes of modernity came through.

In terms of how we work, it does mean that we, well, it is a mission of the project, actually, to transition these subsistence growers who haven't had cash needs but do now have cash needs to a cash cropping option that doesn't damage the pristine environment, (and) avoids the mistakes we made in these more industrial situations.

So, in terms of our approach, it's very much organic regenerative agriculture, but growing a crop that fits their situation in a landscape. So it's not monocrop planting (where we are planting) huge swathes of hazelnut. This is half an acre in a five-acre farm that fits in with everything else that they're doing and maintains the environment, but brings much needed income.

And the tree crops are also a very suitable crop for the aging grower demographic, where you actually have less labor demands because you're not tilling the soil every year, which is another big plus for the environment as well.

**Ashley Hopkinson: Can you explain why these tree crops require less labor and how they help reduce environmental damage, especially for those unfamiliar with the concept?**

**Sean Watson:** We're planting on contour rows (without) any mechanical pre-tilling. This will help limit erosion on steep Himalayan slopes.

By not tilling, you are also not releasing carbon into the atmosphere. You're increasing organic soil. You're also mitigating climate change with the above-ground (and) below-ground accumulation of carbon in the trees and the additional roots and so forth from having a no-till kind of situation.

And for the farmers, when you get older and you're having to go behind either a bullock or a pull tractor, this is very hard work. It actually gets very difficult as you get older. So, for older farmers having a tree crop that requires less hard labor moments such as plowing is very beneficial. And then trees provide biodiversity habitats as well, (with) nesting birds and all the insects and butterflies and so forth that come along with having a tree crop.

**Ashley Hopkinson: When you talk about the work that you do, is there a story of impact that comes to mind that you like to share?**

**Sean Watson:** We do have a story of impact. Well, I mean, the story actually begins in Nepal with the founder of the business who was a hippie back in the 1970s. He found a guru and the guru said he would not be a very good monk, but he would be a much better businessman.

And so he went off to learn how to be in finance before starting his own business in China, which was to plant a more sustainable tree crop to replace cutting down tropical forests to make furniture — so flooring, furniture made from sustainable tree crops, timber crops. Then he sold that business (as) Bhutan was just opening up in 2008 with the first democratic elections. And his heart was still in the Himalayas with the Buddhist tradition and he wanted to give something back. And actually it was my uncle that had the idea for hazelnuts, which they were exploring before Bhutan opened up. It just seemed to fit. It was a piece of the puzzle that came together.

I came in actually to do the feasibility in 2008, and it fit the socioeconomic needs of the rural populations. They needed that cash income, otherwise they wouldn't stay in place. You would have huge rural urban migration to the cities, to Australia and really the beating heart of Bhutan are its villages. That's where the rituals and the temples are and that connection, that deep connection with nature, because there is a strong streak of animism underneath the Buddhism.

Everything is sentient, everything is alive, everything has to be respected. And one of the reasons they have such a great conservation record is nobody fishes or hunts. The director of forests here (said that) actually we have a lot of national parks, but it doesn't actually matter where the lines are because whether the animals are on one side of the national park line or the other, they all get treated the same. And so it really is a kingdom in which all sentient beings are respected. That includes the rocks,

the trees, the water, the air, and that lineage has imbued that respect for the environment and other sentient beings. So that is a big part of why they have such an incredible conservation record. It shows you that thought systems have a very important role to play in our environmental problem.

Now, in terms of the story of impact, (these) are remote communities, they're far from markets, and they need a crop that fits that situation. So it has to be high value, low volume, not perishable. The hazelnuts are particularly attractive as a market because you have 70% of world supply coming from one country, Turkey. That's a lot of geographic risk in one production area, and the buyers of the nuts want to diversify geographically.

There's also quite a lot of political risk in Turkey with manipulation of the markets and from ethical issues: a lot of use of child labor, migrants, and refugees. This is not to say bad things about Turkey — they're working to fix this problem — but that does mean that there is an ethical element. (It's important to think) not just how they grow the crop, (but) also the labor that's used to grow that crop.

So, Bhutan comes with this rich environmental cultural background, which is supported by this project, it is a bit of a jewel in the Himalayas, a seed of regeneration. And I've worked in, I don't know, 10 plus countries for various lengths of time, and when I first arrived in Bhutan, it was like a breath of fresh air. It isn't always downhill, the trajectory for our environment and our culture. This is a country that has actually managed to not go through that downward slope, and that is refreshing and hopeful.

I think that by doing business the right way in Bhutan and upholding that system and allowing them to transition from (the) recent medieval past to the future and skip exploitative problems that we created with capitalism and colonialism and modernity, maybe actually they can be an example of how we do things.

There are thought systems in other places, different ways of doing it, but it's one example and we need as many of these positive examples as possible because frankly, everywhere else, the direction is not positive at the moment. And how do we turn this around?

The solutions have to be found in the Global South for how we actually should grow food in harmony with (the) environment and people.

**Ashley Hopkinson: What are the unique challenges that you face with the work? Has there been anything that you've had to work to improve?**

**Sean Watson:** We were the first hundred percent Foreign Direct Investment (FDI) into the country. It was just seen as a risky project and there was easier money to make. And so we were invited in by the

government at the time. But being the first FDI and a foreigner in a situation in which a country has really been quite isolated for a long time, there's a lot of suspicion, frankly, of your motivations and what you're doing.

It requires a lot of patient advocacy to really build up the trust because as the first FDI, the trust isn't there at the beginning. ‘You're new, right? Well, what are you going to do? Are you going to rip us off?’ All that sort of thing. So, I think (having) awareness and understanding of what FDI is trying to do and building trust (and) capacity building, because the population is very well-educated in terms of certain aspects of the economy, but big agricultural value chains don't exist until we started to try and build one.

So having professionals that know how to do things at scale, we had to build a team and people, so a lot of investment in people. And then it's the roads and the logistical challenges because the road network was being built as we started the project. So the government (at) the time wanted to enable the villages to stay in place, but if they didn't build the roads to the villages, they would definitely move because the economic opportunities would not come.

So we were hand in hand with the building of the road network in some ways. But (there were) a lot of logistical challenges building up export routes. There just wasn't anything of any scale that was happening in that way, and so (we had to figure out whether) they have enough trucks in the country to actually deliver the trees, things like that.

The government was very supportive; it is a public-private community partnership. They assisted in terms of importable materials, providing some initial land for the development of our first nursery, and then (provided) support in terms of talking with growers in communities and providing some early members of our team. The more skilled people from the government joined us when they superannuated, for example, and that helped get us kickstarted.

We had a lot of challenges around getting key expertise because there wasn't an understanding of what is needed to build a business like this. And sometimes the visa requests were not granted for a particular key member of staff, and I had to go out of the country as the CEO for six months (for) what's called a visa break, for example. These things have changed and the understanding is there now, but it's part of the learning.

**Ashley Hopkinson: Can walk me through how Mountain Hazelnuts works? How do you work with the community and what does investment in people look like from the perspective of the work that you do?**

**Sean Watson:** We are an outgrow operation, so we don't plant on our own land or leased land. It's all working with smallholder farmers and the average planting is half an acre, which is a hundred trees.

And how we engage those growers is that there is a team of, well, we have an advocacy team that share a presentation in (the) local language outlining the responsibilities, the opportunities, with (the) local government present. There's something called a land records officer, and the materials are pre-agreed with the Ministry of Agriculture and we have individual contracts with every grower, which is also vetted by the ministry acting on the growers' behalf. They're very pro-grower.

We have a floor price that is a guaranteed minimum, so the growers can plan for that and then a mechanism for adjusting it based on the international market price. There is a 10% profit share for the growers when we finally make profit. We're still not profitable, but it will come.

We're about to appoint a representative from the growers onto the Mountain Hazelnuts board in Bhutan, so there will be representation in that way. At the moment, the Ministry of Agriculture represents the growers through an advisory board, but we're moving to a more legally mandated grower representative at some point in the next year.

I will say that the government has done an incredible development job, given the terrain, (in developing) a road network that reaches nearly every village (bringing a) 4G network and electricity everywhere. They have done an incredible job in that way. That really is the backbone for what we're doing. If they hadn't have done that, this project, certainly without 4G and the roads, would not be possible. For post-harvest drying, electricity is also important. So all of these things come together and are an important part of how development happens.

In terms of investing in people, we brought in professionals to train our team. Every year, we normally had a couple management associates, which (were) pre-MBA type students in their late twenties, early thirties who were going to apply to an MBA and they would come in and act mostly as trainers to build our systems. We had a pretty comprehensive in-house training program.

And we have a collaboration with Stanford University, (and) every year, we have a couple of GMIX or Smith students. These are supported internships and they work on specific projects but also do training, and then there's a lot of volunteers that, because of the nature of the project, the country and the high impact, the beauty, you can draw people in to volunteer time.

Tens of thousands of man-hours of training has gone into building raw graduates essentially. And we've got an incredible retention rate. The core of our staff, they've all been with us for over 10 years. It is just less than 0.5% turnover. People are proud of working here.

In terms of the other parts of outreach, social media through the 4G network, the growers do now have smartphones largely. And whilst not all of them are literate, they all have the ability to listen to messages, watch videos. And so that audiovisual component rather than writing is very important for reaching out to growers, training growers, and getting their feedback.

But I think that we want to build a highly professional value chain with the right certifications to reach the right markets, invest in the branding and the marketing to tell the story of Bhutan, so that we get the value that's inherent in these nuts and share that with the growers and the investors.

And in terms of the way the project was set up, they do have a GNH policy planning screen that every project had to go through. GNH, Gross National Happiness was coined by his Majesty, the fourth King, and it's a different way of looking at development moving away from (Gross Domestic Product, or) GDP rule.

There's a number of different pillars and the balance needs to be there in the way the project is developed. if you are actually exploiting in some way and there are more negatives than positives, then the project will not be given a GNH approval. So we needed these positives from the project.

I've worked on a lot of different projects and most of them, there's a few pluses and there's a few minuses and you kind of have to take that when you look at a project. But this one, really, I don't see any negatives. It's really all just pluses. I think that's one of the things that inspires me personally is that I know that everything that we're doing is only contributing. We're not taking away from anything. And maybe this is how we need to think about how we do development. We've got to take out that exploitative element.

**Ashley Hopkinson: What do you think it will take to demonstrate the value of Gross National Happiness projects, especially within a culture where people are taught to prioritize profit?**

**Sean Watson:** That is the number one question for our time. I think Bhutan is an example that it can be done differently, but it is really hard. Social media is creeping in. They opened up to TV in 2000, I think, and then (the) internet came in maybe seven, eight years later. Everyone is seeing these products, these things that you're supposed to desire and the profit motive and all the rest of it and attitudes are changing.

The reason I raise that is because there is this global idea, which is the profit motive is capitalism, and I'm part of that system. I have to build a business, but the gravity of that system really doesn't allow for this sort of exception. This exception exists, so (our work) shows that we can do it a different way, but trying to do this in other places is really tough. And it's been very hard to raise the money for this

project because (the investment dollars need to come from) very patient capital. It's trees, it takes a long time and it has a social impact element to it. (There's) only a particular pool of money that really gets attracted to these sorts of projects.

The overwhelming amount of money is going towards profit and destruction, frankly. And when the background is being destroyed that quickly, it really hurts these bright spots that we're trying to create. It's a constant battle, I would say, to actually do things the right way because of the way the system is set up globally. And I think there needs to be a fundamental restructuring really to allow this flourishing to occur because it's very difficult to copy this and to transplant it somewhere else.

Bhutan is just a unique arc, and there are (only) a few of these scattered around the planet. I could be wrong. Maybe there is a way to change this, but I don't know it yet and I think we're running out of time to actually figure this out without some big disruption.

**Ashley Hopkinson: What do you think are the success factors or some of the things that have helped you to make progress with Mountain Hazelnuts?**

**Sean Watson:** I think it is (the) government approach. I think it's (the) thought system — the context in which you're working, how people think in that area and how the government thinks. And having people that understand that the current system isn't working or they want a different way of doing business. These are the impact investors and the development institutions that focus on impact. I think you need entrepreneurs that are prepared to take risks and see a different way of doing things. So that's Daniel Spitzer, the (co-founder), and the team here.

But I think the tipping point has got to be how we think. (That determines) if we can develop a movement that imbues these values (and gets) a union of these people, projects, villages or counties or whatever, to actually come together… a tipping point may occur if we can actually come around to the commonalities of what we're talking about here. How do we generate that?

We did a little mini case study with Conscious Food Systems Alliance (CoFSA) where we're a member, and I think that it's the beginning. (It's important to point people to these bright spots, which enables consumers) to choose products from these systems clearly without all the (greenwashing) that they normally have to wade through to find something to support. I think maybe that's how it comes together in some way.

**Ashley Hopkinson: You talked a little bit about patient capital. What are the challenges when it comes to attracting that type of investment?**

**Sean Watson:** I think it comes down to the time value of money. Interest as a concept means that we think we don't value the future net present values. So people have to go against the gravity to invest in a project that has a gestation period of 10 years. The money in 10 years' time is almost valueless. I think the funders need pockets of money for high impact, but higher risk. And actually these projects are agricultural in emerging markets and are trying to do things a different way, which means more risk, but more impact. So we need to actually have these pools of money that enable these projects to be born.

**Ashley Hopkinson: What have been some of your insights or your takeaways from the work that you've been doing in Bhutan that you think someone else can learn something from?**

**Sean Watson:** Perseverance, I think, is the number one quality that you need. When you are trying to do something worth doing, it really means it has to be more difficult. It isn't business as usual. You're trying to show and demonstrate something, so it's going to be difficult and you have to persevere.

And at the same time, I think that, when the intention is true and you commit fully to it, then providence does provide. There are things that have happened along the way in this project that frankly, you couldn't have planned, but they came at the right time to ensure that this continued and that we (got) to the point that we're at now, which is exports and nut yields increasing and happy growers, and it's on the cusp of turning into a profitable business.

Fully committing to something and persevering is really the only wisdom that I have to share really personally. (Go) all in.

**Ashley Hopkinson: Given the right support, what would you like to see grow and expand within the work that you do or the sector that you're in?**

**Sean Watson:** I think you need larger pools of patient money. You need to value impact. It needs to be more valued in terms of the risk calculus that goes into investments. It's undervalued right now. (We need) a functioning carbon biodiversity market with proper valuations and removing the fraud from the system so that the good projects can access this sort of funding because I think that the market is a little unstable at the moment because of the bad actors.

We need a system that works. There's a lot of different players in the carbon market at the moment, and it's hard to choose the path.

We're only a very small project, but thinking more for the sector as a whole, how can we have more trust and consistency in these markets to actually help growers do the right thing? I think there needs

to be more show and tell of these bright spots, actually sharing and visiting places like Bhutan, Costa Rica, wherever these examples are. I think it can change people when they come to experience it. Reading it doesn't change anyone's minds, generally speaking, but living it for a moment can actually transform people.

I think Marlon Brando was a good example of this when he did, I think, *Mutiny on the Bounty,* he fell in love with a certain island in the South Pacific that had a sustainable sort of way of living and I think it was the birth of the first true eco resort. He had an epiphany because he lived it. (So I think about,) how do we get people to live in a different system?

**Ashley Hopkinson: What has been your measure of progress at Mountain Hazelnuts in moving toward the goals you set when you first started?**

**Sean Watson:** The number of farmers that are planting the hazelnuts, that have taken that joint risk to do the project. It's the growth of our team members as they've gone on to take degrees or higher education qualifications, the growth of individuals around you. It's about the people.

And then it's the first nuts. Everyone's planting these trees (in) the hope that income will come and the nuts are there so people can see that there is a long-term future. And then I think it's just the general community that we sit within and how we work in relation to them, so they also grow (in) providing services. And how we participate in the social work, planting trees, beautification, cleanups, and feeling part of a greater community.

So, there's the individuals we work with, there's the community around us — around the factory and the nurseries — and then the communities, the grower villages where they're planting the trees and walking through an orchard, which has got nuts on it. I mean, they're beautiful. They're trees, and these nuts are super healthy. The nutritional profile of hazelnuts, it's got more protein than eggs. It's got 40% oils, omega factors, and you're growing them in soils that are untouched by chemicals and (the) water and air is similar. These are truly heavenly nuts that are forming on the trees. Biting into one of those nuts on a field tour, I can't be happier, frankly.

**Ashley Hopkinson: Sean, is there anything I didn't ask you that you would want to add to the conversation?**

**Sean Watson:** I missed one element of the value chain, which is our value-add entrepreneurs.

So, we provide hazelnuts to allow them to develop products. There's an initial period where they get nuts free of cost, but with guidance on what the (cost) will be in the future so that they can prototype

and test in the market. We have a chocolate maker, YiGa, (and) we have an oil and hazelnut chocolate spread maker.

This makes it real within Bhutan. The products are on sale and it generates employment, and we do want to have an ecosystem of value-add entrepreneurs using the nuts within Bhutan. And hopefully, maybe they can even export if they get it right and the pricing arrangements are good.

Another is uplifting the rest of the agricultural value chains. You can intercrop into hazelnuts with berries and various crops, and we are creating a logistics backbone, export and certifications. We can reduce the cost of certifications if you're certifying a landscape and professional systems.

So, you can actually lift up other boats at the same time, not just hazelnuts, when you actually have a complete value chain approach, which is at scale and in 19 of the 20 districts in Bhutan. It's a national project. So the hazelnuts are everywhere. We have 8,000 families growing them and it will get to 15,000 families. Each family's five people, that’s 10% of the population, will be involved in the hazelnut value chain in one way or another, if everything goes to plan.

I think the other point would be that Bhutan is also an interesting size, 700,000 people, everyone's related to everyone else in some way. And it does make it a country in which you can see where all the levers are. What I'm trying to say here is that it is actually the right size of nation because you don't have corruption because everyone's related to everyone. The interconnection. And you don't have the divisions that you have with larger groups, which mean that someone always has to lose, whereas there is a social safety net here from that deep interconnectedness. And it's a bit like a Greek city state…So maybe another point to draw from this is that, maybe, we need to cut up our nations into smaller one-million block sizes and figure out a way for them to work together. But that's for a far future.

**Ashley Hopkinson: Thank you Sean.**

*Ashley Hopkinson is an award-winning journalist, newsroom entrepreneur and leader dedicated to excellent storytelling and mission-driven media. She currently manages the Solutions Insights Lab, an initiative of the Solutions Journalism Network. She is based in New Orleans, Louisiana.*

** This conversation has been edited and condensed.*