



THAILAND

WHY IS THERE ANY NEED FOR ACCA IN THAILAND?

Thailand is a rare case in Asia of a country which has been able to get its government to allocate considerable budget for land and housing for the urban poor, and to use that budget to mobilize a national housing upgrading process that is driven entirely by poor communities themselves. This budget goes through the Community Organizations Development Institute (CODI), which is Thailand's main support system for the poor. For the last ten years, CODI has been passing that budget on to communities, to help them set up savings groups, survey all the slums in their cities, form networks, negotiate for land and develop their own housing projects. CODI's revolving loan fund gives loans to communities for house construction and land purchasing at 4% interest, and the settlement upgrading projects which people develop all by themselves are partly subsidized by infrastructure grants and technical support from CODI's Baan Mankong City-wide Upgrading Program.

ACCA in THAILAND

PROJECT CITIES (total 2)

- Chum Phae
- Bang Khen District, Bangkok

SMALL PROJECTS

Small projects approved : 4
 In number of cities : 1
 Total budget approved : \$10,000

BIG PROJECTS

Big projects approved : 2
 In number of cities : 2
 Total budget approved : \$60,000

IMPLEMENTING GROUPS

The ACCA projects in Thailand are being implemented by the city-wide community networks in the two constituencies with ACCA projects so far: one small town and one district in Bangkok. Both projects are being implemented entirely by community groups, without any NGO intervention, but with the support of a larger, national network of urban poor community groups in 260 Thai towns and cities, of which these two community networks are a part.

Today this city-wide upgrading process has been developed in 260 cities and towns around Thailand, and upgrading projects in some 1,200 communities (with 80,000 households) are now either finished or underway - all being done entirely by communities and community networks in all these different cities. In this city-wide upgrading model in Thailand, the government turns over all the work of solving the housing and land problems to the poor themselves, who plan and implement everything and manage the money.

But one of the drawbacks of having a special kind of national government organization like CODI, which offers such easily-accessible financial support for poor people's housing and land initiatives on such a wide scale, is that communities in all those cities start feeling a little complacent. There are active community networks in most of the 260 cities already involved in the Baan Mankong Program, with several thousand communities linking together and doing things together. But what these communities haven't had to do is to build any kind of development fund of their own, at city or district level, as so many other Asian cities are now trying to do. The community savings groups in Thai cities are still scattered, they have no financial links with each other, and there are no city-based funds which mobilize people to put their community savings funds together or to establish their own financial mechanisms.

Even Thailand occasionally faces serious problems of the government money running out, or not being added to when it's needed. In 2008, CODI reached a difficult milestone when all the money in its US\$ 80 million revolving loan fund had been given out in housing loans to all these upgrading projects. The well had run dry. Although they have managed since then to supplement the fund by negotiating some additional funds from the fiscal budget and selling some outstanding community loans to the Government Housing Bank, CODI still faces a big problem: *the real scale of Thailand's national community upgrading process is just far, far too big for the CODI fund to finance alone.*

A WAKE-UP CALL FOR THAILAND'S COMMUNITY MOVEMENT :

The funding crisis at CODI, which slowed down the national upgrading process for over a year, made community networks all over Thailand realize that even CODI - like all government programs and institutions - is vulnerable to the fickle whims of national politics and that there are good reasons for communities and for cities to begin developing financial mechanisms which they can control themselves, right there within their own constituencies. There have been several national meetings to discuss this crisis and to begin exploring ways for communities in each city to find ways to stand on their own feet, as much as possible. City-based funds, which link together all the savings groups and housing projects in one city (or within a workable constituency) are not just a way of making locally-controlled financial systems for the poor, but of pooling local resources, of strengthening relations between the poor and their local governments, and of pulling other poor communities in the area to join together and to start their upgrading process.



Using ACCA to help test the CITY FUND idea :

Thailand's national network of urban poor communities is active in 260 towns and cities, in all 72 provinces, and has about 300,000 members. The network was formed originally by communities taking part in the CODI-financed Baan Mankong Community Upgrading Program, as a horizontal mechanism for mutual learning and mutual support, and the it focuses on developing city-wide solutions to problems of housing, land, infrastructure, livelihood and welfare.

This national network felt that it would be important to use the funding crisis at CODI and the new ACCA program as opportunities to help strengthen this emerging city fund movement, and to develop two funds as pilot initiatives: one in the small town of Chum Phae, and one in Bangkok's Bang Khen District. In both cases, local community networks are linking together all the savings groups and housing

projects in the two constituencies to work together with their local governments to build their common city fund, starting with a small grant from ACCA and some seed capital from their own savings, and using these new funds to take care of the remaining communities which have not yet been covered by CODI's Baan Mankong upgrading program.

Everybody is hoping that these two pilot funds will spread out and inspire other cities to move in this direction. That way, if the Thai government becomes less friendly and less supportive of a people-driven housing process in the future, it won't really matter, because alternative sources of support will be in place. The launching of these new city-wide and district-wide funds is an important opportunity to demonstrate this important new development direction and help build a city fund movement in cities all over Thailand.

CITY: CHUM PHAE

Khon Kaen Province, Thailand



person of Chum Phae's community network says, "Six years ago, Chum Phae was full of slums, where living conditions were bad. And people had no pride, no courage, no togetherness, no idea what to do."

SAVINGS, NETWORK, SURVEY AND UPGRADING STARTS IN 2004 : The city's upgrading process started from scratch just six years ago. The first community savings groups were set up in 2004, and shortly afterwards, community leaders carried out the first detailed city-wide survey of the town's poor communities. Besides some 20 established slum communities, the survey back then also covered scattered squatters and room renters living in isolated situations around Chum Phae - all with serious problems of land and housing. With support from Baan Mankong, the national community upgrading program of the Community Organizations Development Institute (CODI), and in close collaboration with the municipal government and a supportive mayor, they used this information to begin setting plans to develop secure housing for all those families.

THE ADVANTAGES OF TAKING A CITY-WIDE PERSPECTIVE : The network's continuously evolving city-wide upgrading plans included a variety of strategies such as on-site upgrading (2 projects) and nearby relocation (6 projects), a variety of land tenure options such as collective purchase of cheap private land (4 projects) and collective lease of public land (4 projects), and a variety of house designs and plot sizes to suit different needs and budgets. The Chum Phae community network's first housing project began in 2005, at Sawang Sang See, a nearby relocation of 65 squatter households to public land they negotiated to lease collectively. Projects in seven other communities followed - each one different. Through the course of all these upgrading projects, the network never lost track of their city-wide perspective, in which they continuously sought to provide as many options as possible, so everyone could be included.

SECURE LAND AND HOUSING FOR LESS THAN THE COST OF RENTING A SINGLE ROOM : All of these different kinds of projects provide long-term, secure land and housing to even the poorest families in Chum Phae. In these eight projects, the better-off could get houses that are a little bigger and buy their land cooperatively, while the poorer could get houses that are a little smaller and lease public land at nominal rents, but nobody was left out of the city-wide upgrading process. The cost of the loan repayments in these projects, which range from \$18 to \$45 per month, are affordable to just about everyone, and are in fact considerably less than the cost of renting a small room in Chum Phae (\$60 - \$90 per month).

11 "PRE-APPROVED" HOUSE DESIGNS : As the upgrading process continued, the Chum Phae network has developed 11 basic house plan models, which people in these upgrading projects can choose from. There are row-houses, semi-detached and single houses, one-story and two-story houses. The houses offer a range of different budgets and different uses of construction materials (the cheapest even re-using old doors and windows), to meet different needs and different levels of affordability. Since these 11 designs were all developed by the people, with assistance from municipal engineers, the house plans all come "pre-approved" by the city's Engineering Department. That means people save time and money obtaining permits, and community members only have to pay 150 Baht (\$5) to get their house registration, which takes only two weeks. Other municipalities have begun to ask for these plans. As Paa Nang says, "It helps when the city is on your side! In some projects, the municipality even provided electricity and access roads."

BY 2008, EIGHT UPGRADING PROJECTS HAD BEEN FINISHED : Since each project was different, each was being used as a "learning center" and was much visited by communities from other cities. By then, the network was stronger than ever, the savings groups and the network's community welfare program were active in every community, the network's skills training courses and income generation loans were helping ensure loan repayment rates were almost 100%. The collaboration between the communities and the municipal government and other local stakeholders was working "like a single working team." Chum Phae was well on its way to becoming one of Thailand's first cities to achieve 100% secure housing for all. The network's latest city-wide survey showed that there were only about 680 poor families in the city who still had housing problems - some in the two remaining squatter settlements and some squatters and room renters living in scattered locations around town. The network gathered these remaining 680 families together to discuss and to see how to find a proper housing solution for everyone. But then the CODI fund bottomed out, loans for new projects were delayed, and there was a lull in Chum Phae's upgrading momentum.



CITY INFORMATION :

URBAN POVERTY IN CHUM PHAE

Total urban population	20,070 households (100,000 people)
Total urban poor population	1,076 households (5,380 people)
Urban poor with secure land and houses (upgraded)	395 households (1,975 people) 11 settlements
Urban poor with housing problems (not upgraded)	681 households (3,405 people) 7 settlements
% population urban poor	5%
• upgraded	2%
• not yet upgraded	3%
Latest city-wide survey	2007

SAVINGS

Date savings started	2004
Savings groups	12 groups in 15 communities
Savings members	3,021 members
Total savings	US\$ 66,250
CDF started	November 2009

ACCA BUDGET APPROVED SO FAR :

Big project	\$ 30,000
City process support	\$ 3,000
<i>no small projects proposed yet</i>	

NEW City Development Fund in Chum Phae :

The Chum Phae network had been planning for some time to set up a city fund of their own, and had already set aside \$15,000 of their collective savings for that purpose. The municipality had pledged to contribute another \$22,000 each year to the new fund. The temporary halt on new housing loans from the CODI fund was a wake-up call for many community networks around Thailand, including Chum Phae, which suddenly realized how dependent their community-driven development process was on this single national government organization - which may not always be there. The city doesn't stop growing, the network reasoned, and poor people won't stop coming into Chum Phae and needing housing, even after their ninth upgrading project was finished. So it is important to be open to new needs, and to be ready to help resolve them.

WHY THE NEW CITY FUND? The network's idea of the new fund in Chum Phae is not just to provide a reliable, local source of finance which they control themselves, but to build a sustainable and locally-rooted support system for a sustainable, long-term, community-driven development process in several ways :

- to build solidarity among the town's poor and strengthen their savings process.
- to sustain the poor's own self-development in the long term, and to go on improving the lives, incomes, education, living conditions, welfare and well-being of the town's poor, on an ongoing basis.
- to strengthen the collaboration between the network, the municipal government and other local stakeholders.
- to build the financial management capacities of poor people's organizations in Chum Phae in order to attract more funds for development from all kinds of outside sources.
- to diminish the gap between the poor and middle class and make Chum Phae more livable for everyone.

CHUM PHAE'S FUND LAUNCHED IN NOVEMBER 2009 : So with another \$33,000 seed capital from the ACCA big project funds added to the pot, the Chum Phae City Development Fund was officially launched in November 2009. The new fund will provide support the network's next housing project (number 9!) with infrastructure grants and housing loans, but the Chum Phae network is emphatic that this is not just a housing loan fund. The fund will be jointly managed by the community network, the municipality and other stakeholders, with as much flexibility as possible, to respond to whatever needs come up in the town's community process.

HOW THE FUND WILL BE USED : Although initially, most of the fund's lending capital will go out in housing loans (65%), the fund has been conceived as a flexible financial tool to support whatever needs come up among the poor communities in Chum Phae. So the fund will also be available for income generation loans and loans to repay informal debts (10%), loans for education (5%), and grants for infrastructure (15%). The network has negotiated with CODI that from now on, all housing loans and grants for infrastructure development in upgrading projects supported by the Baan Mankong Program will be channeled through this new fund. The fund is open to all poor families in Chum Phae who are part in a secure housing project - either finished or in process. Each member of the fund must be an active member of a savings group or a community-managed welfare program, and must contribute at least 1,000 Baht (\$30) to the fund as a "share" in the fund. Members of the fund will get children's welfare support of 500 Baht (\$16) per child per year, as a benefit of membership.

NEW FUND information :

FUND CAPITAL :

From communities ("shares")	\$25,000
From ACCA	\$33,000
From Chum Phae Municipality	\$62,500
From the Chum Phae Network	\$6,250
From other sources	\$3,000

TOTAL INITIAL CAPITAL \$129,750

LOAN & GRANT TERMS :

- **Loans for house construction :** Members can borrow up to \$4,500 per house, at 4% annual interest, repayable monthly, within 15 years. Housing loan borrowers must have at least 10% of loan amount in their savings.
- **Loans for house repair :** Members can borrow up to 5 times their "share" in the fund, at 4% annual interest, repayable monthly, within 5 years.
- **Loans for income generation and repaying informal debts :** Members can borrow up to 5 times their "share" in the fund, at 6% annual interest, repayable monthly, within 5 years.
- **Loans for education :** Members can borrow up to three times their "share" in the fund, at 3% annual interest, repayable monthly, within 5 years.
- **Grants for infrastructure :** Members can get grants for infrastructure development up to a maximum 35,000 Baht (US\$ 1,100) per household.

FUND MANAGEMENT :

35% of the interest earned on loans goes back into the fund, 25% into the city-wide network welfare fund, 35% supports network activities and operation costs and 5% goes back to members as dividends. The fund is managed by a joint board with nine members, which includes a majority of community network leaders, municipal officials, and representatives from CODI and professionals (such as architects and accountants).



BIG PROJECT : Jaing Sawang Pattana 2 (145 households) New housing project for scattered squatters and renters on public land on 30-year collective community lease.

The new fund's first project is the network's 9th housing project in Chum Phae, and it has been specifically designed to bring together and provide secure land and housing for the poorest squatters and renters still living in scattered locations around the town. The network has negotiated to lease a piece of vacant land under Treasury Department ownership, where they are now developing 145 units of new housing, in close collaboration with the municipality. In 2008, the municipality had helped to negotiate for the adjacent piece of public land, where the network built their 7th housing project, the 47-unit Jaing Sawang Pattana Phase 1. The network had identified that land as a potential housing site, and discovered that it was supposed to be for a school that never got built. After finishing that project, the Treasury Department itself offered this second piece of land to expand the Jaing Sawang Pattana project in a second phase. As network chairperson Paa Nang says, "Land is always a big issue, but it's not such a big deal if we organize ourselves, link with all the key organizations and use communities to get all this information about our city."

The 145 families have started their own savings group, formed a cooperative and negotiated to lease the land collectively, for 30 years, at a nominal rent of only \$5 per year per family. The modest single-story semi-detached houses they have selected from the network's 11-unit "pattern book" are now being built together, in batches, and cost \$2,500 each. The loan repayments will be about \$20 per month.

NEXT PROJECTS : The network is already developing plans for their next housing project, on a piece of inexpensive private land. This next project will be a land-sharing project, in which a portion of the land will be used for developing extremely low-cost housing for another batch of poor households, and the rest will be developed with for-profit housing, which will be sold off at market rates to cross-subsidize the people's housing. All these diverse ways of resolving poor people's housing needs are possible when the city has its own fund like this. In these ways, Chum Phae's community network is developing a variety of upgrading projects for those remaining 1,000 poor families, using different techniques, and perhaps working together with the CODI fund. But the important thing is that they can determine the process together, as a team.

CITY:

BANG KHEN DISTRICT

Bangkok, Thailand



Bang Khen District is one of the 50 districts that make up Bangkok. It's in the center of the city and intensely developed with housing, commercial areas and universities and criss-crossed by major infrastructure and transport arteries. There are many poor communities scattered around the district, but the greatest number of them are squeezed along the banks of the Bang Bua Canal, which runs along the edge of the district. For almost half a century, some 3,500 families have lived in squalor and uncertainty in the 12 informal communities that line this 13-kilometer canal, with the daily risk of fires and eviction and facing constant accusations of polluting the canal.

SAVING, SURVEYING, MAPPING, UPGRADING BEGINS : These canal-side communities began by forming a network, surveying and mapping their settlements, starting savings groups and undertaking small environmental improvement projects. In recent years, four of the communities along the canal have been able to negotiate long-term collective leases to the public land they occupy, upgraded their settlements and built new houses, with support from CODI's Baan Mankong upgrading program. These community upgrading projects, which were done in close collaboration with the district authorities, have become much-visited "learning centers" for communities all over Thailand and Asia to visit, learn from and be inspired by.



SOPHISTICATED ANALYSIS OF THE DISTRICT : In 2003, the canal-side community network expanded their work to survey and map all the slums in their district, and to use the survey process to help more of the 17 slums in the district to organize themselves, start savings and join the network. Since then, the network has continued to refine their understanding of the district and develop their information. As part of their analysis, they identified government development plans which will affect various communities in the district (including a sky-train extension line and expressway construction plans), mapped the land-values, determined the land ownership in all the surveyed slums, forecast which communities were likely to face eviction and surveyed open land in the district that might be used for relocation and determined who owned it.

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DISTRICT-WIDE UPGRADING PLAN : They then used this district analysis and survey data to develop a comprehensive district-wide upgrading plan to provide secure land and housing for all 17 slums in the district. As part of the planning, they classified the surveyed settlements according to whether they could likely stay and reblock or do land sharing *in situ*, or whether they would probably have to relocate, and set plans to upgrade *all the slums in the district*. They are now in the process negotiating with all the different land-owning agencies, *as a group*. Each community is no longer fighting its own fight in isolation, but they are all part of a large, district-wide group planning and negotiation process now, which is being carried out in close collaboration with the District authorities and other local partners (like the nearby Sripatum University).

BUT MANY COMMUNITIES HAVEN'T STARTED YET : There are still many poor communities in Bang Khen District - especially along the Bang Bua canal - that are still facing eviction and want to implement upgrading projects. But they are having a hard time getting started because of difficulties negotiating secure land tenure, and because of the dwindling availability of financial support from CODI (Thailand's main financial support system for the poor, which offers soft loans and infrastructure subsidies for community upgrading). So these communities have decided that it is time they developed some kind of communal fund which they can manage by themselves, and which will link together the funds that all these communities already have within their own savings groups.



SPECIAL REPORT ON BANG BUA : ACHR has produced a special report on the community upgrading process that is being planned and carried out by the network of 12 poor communities along the Bang Bua Canal in Bangkok. The report, called "A conversation about upgrading in Bang Bua," can be downloaded from from the ACHR website.

CITY INFORMATION :

URBAN POVERTY IN ALL OF BANGKOK

Total urban population	11 million people
Population in slums	327,990 households (1.64 million people)
Number of slums	1,266 settlements
% population in slums	15%

URBAN POVERTY IN BANG KHEN DISTRICT

Total urban population	35,412 households (177,062 people)
Population in slums	3,799 households (18,995 people)
Number of slums	18 settlements
% population in slums	11%
Latest survey conducted	2008

BAAN MANKONG in BANG KHEN DISTRICT

Total upgrading projects planned :	15 projects (2,515 households)
Total projects approved by CODI :	9 projects (1,879 households)
Total projects now finished :	3 projects

SAVINGS

Date savings started	1999
Savings groups	in 15 communities
Savings members	2,516 members
Total savings	US\$ 625,000
CDF started	May 2009

ACCA BUDGET APPROVED SO FAR :

Small projects (4)	\$ 10,000
Big project	\$ 30,000
City process support	\$ 3,000

NEW District-wide Development Fund in Bang Khen :

The Bang Bua Canal Network is now taking the "group power" of their network a big step further, and have joined with several other communities in the district to form Thailand's first district-wide community development fund, which was established as a collaboration between the community network and the Bang Khen District Authority, and to which each community contributes. The communities in Bang Khen District are already using this common fund to finance the continued upgrading of poor communities along the Bang Bua canal and in other parts of Bang Khen District, where 16 communities are so far linked together. The fund will also back up their negotiations with various public agencies for land tenure and assistance with infrastructure. The MOU was signed during the inauguration of the most recent Bang Bua Canal upgrading project, on May 25 2009, and was witnessed by the Minister for Social Development and Human Security.



A STRATEGIC FUND : The new city-funds that ACCA is helping start in Bang Khen District and Chum Phae are very strategic in a country where there are no city-based funds yet. And this fund in Bang Khen will be the country's first district-wide community fund to link all the urban poor communities to work together to implement district-wide upgrading, with contributions from communities and from other development organizations. The new fund began with the community network's own combined savings of US\$32,000, and when they added the ACCA budget of \$43,000, it added up to an initial lending capital in the fund of about \$75,000. They hope it will spread out and inspire other cities to move in this direction. In this way, the fund will bring in a new stage for CODI's Baan Mankong Upgrading Program, to build a city fund which can be responsible for that city's joint upgrading activities and can be sustained by itself.

WHY ARE CITY-BASED FUNDS SO IMPORTANT? The funding crisis at CODI in recent years made the community networks all over Thailand realize that even CODI - like all government programs and institutions - is also vulnerable to the fickle whims of national politics and that there are good reasons for communities and for cities to begin developing financial mechanisms which they control themselves, right there within their own constituencies. When cities have their own local fund, they can start their planned developments right away: no need to wait for the CODI loan funds to be approved, or they can start with their own funds, and then negotiate for supplemental CODI loans later on. City-based funds, which link together all the savings groups and housing projects in one city (or workable constituency) are not just a way of making locally-controlled financial systems for the poor, but of pooling local resources, of strengthening relations between the poor and their local governments, and of pulling other poor communities in the area to join together and to start their upgrading process. The launching of this new district-wide fund in Bang Khen District represents another important opportunity to demonstrate this important new development direction and help build a city fund movement in cities all over Thailand.

NEW FUND information :

FUND CAPITAL :

From the community network	\$32,800
From community members	\$63,450
From ACCA	\$43,000
From other community sources	\$23,450
TOTAL INITIAL CAPITAL	\$162,700

LOAN AND GRANT TERMS :

The Bang Khen District fund will make loans to communities (not to individuals) at 4% annual interest for housing construction, house repair, income generation, repayment of informal debts and education. The fund will also give grants for infrastructure and environmental improvement projects.

LOAN GUARANTEE SYSTEM :

The small groups (of 5-7 households each) will guarantee loans made to their individual members, and the communities as a whole will guarantee loans that come from the district fund.

HOW THE INTEREST IS USED :

25% of the interest earned on loans from the fund will go into a district-wide welfare fund, 25% will be used to support network activities and operation costs and 50% will go back into the district fund. The borrowing communities will then add a 3% margin on top of this 4% when they on-lend to their members, so that individual families will finally pay 7% interest on their loans. Communities will use this 3% margin to cover unsteady repayment problems and to support their own welfare funds and community activities.

FUND MANAGEMENT :

The Bang Khen District Fund is governed by a committee which includes representatives from 3 community networks: the Bang Bua Canal Network, the Bang Khen District Community Network and the National Community Network.



SMALL & BIG PROJECTS in Bang Khen District

SMALL PROJECTS : The Bang Khen Community Network is using the \$10,000 small project funds from ACCA to support four projects in the canal-side communities involving canal cleaning, environmental improvements and tourism promotion along the canal to link up communities to work together on a variety of development activities together. All these project funds are channeled through the new district fund.

BIG PROJECTS : Instead of supporting a specific community upgrading project, the \$30,000 big project funds from ACCA have gone into the new district fund to partly finance upgrading projects initiated by slum communities within Bang Khen District. The network has already prioritized four communities along the Bang Bua Canal as being most urgently in need of upgrading, and all four projects have already started :

- **Roon Mai Pattana Community.** Housing loans to 4 households: **US\$ 17,060**
- **Ruam Jai Pattana Tai Community.** Housing loans to 4 households: **US\$ 8,825**
- **Ruam Jai Pattana Nua Community.** Housing loans to 9 households: **US\$ 39,706**
- **Bang Bua Community.** Loan to the savings group to build a 2-unit welfare house: **US\$ 8,825**

