City-wide community upgrading in Thailand and Asia

Presentation at the

World Bank

06/12/11
Slums and squatter settlements in third world countries emerge faster than solutions.
Problems with supply driven approach does not match with demand side – the targetted urban poor

Rethinking – How to make the demand side
Become main actors and drivers at the realistic scale of the problems with support from more friendly, efficient and accessible finance
## Differences of supply-driven and demand-driven approaches

<table>
<thead>
<tr>
<th>Supply-Driven</th>
<th>Demand-Driven</th>
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</thead>
<tbody>
<tr>
<td>• Government or developers plan and implement and select or sale to buyers</td>
<td>• Urban poor communities or needed people plan and implement together</td>
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<tr>
<td>• Govt. or developers control finance and implementation process</td>
<td>• Community implement process and manage their finance</td>
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<tr>
<td>• Beneficiaries or buyers buy and own housing units individually</td>
<td>• Community own and manage the units and the projects together or collectively together with social and economic self development</td>
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<tr>
<td>• Maintenance by hired companies</td>
<td>• Maintenance by community</td>
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Thailand City-Wide Slum Upgrading

In 2003 Thai Government announced new policy of one million houses for urban poor all over Thai cities in 5 years with 2 approaches:

1. Constructing of new low-income housing by NHA
2. Slum upgrading by CODI
CODI receives budget from central government then pass the budget directly to communities according to the consent of city development partners especially Local Authority and community network in each city.

CODI target 5 years slum upgrading achieving city without slums program in 200 Thai cities covering 2,000 slum communities.
Community Organizations Development Institute

- A Public organization under Ministry of Social Development and Human Security (It was semi-independent unit under NHA from 1992-2000)

- Managing Community Development Fund for urban and rural communities

- started with 40 million US$ as revolving fund in 1992 as UCDO

- merging with rural fund to be CODI in 2000 having total about 90 US$ million

- Government grant 100 US$ million more as revolving fund loan for housing development in 2010

- receiving government budget and subsidies each year for upgrading and other community projects such as welfare, environment, community strengthening, disasters, etc.,
Community Organization Development Institute


2. NGOs Service delivery.

3. Private sector banking system.

- Donors
- CDF.
- NGOs
- Bank
- Conditions of first world.
- Market.
- Company.
- Individual.
- Indi.
- proj.
- Com.
The new paradigm shift

For housing development by people in action

1. Community organizations are the **owners** of projects

2. Change from supply driven to “*Demand Driven by communities*”

3. Change the approach from construction management to **flexible financial management** allowing community and local partners to work together

4. **Urban land reform** for urban poor housing by land survey and community negotiation

5. **holistic upgrading process** to build strong and secured community organization and managerial capacity as a collective group for integrated physical, economic and social improvement

6. **City-wide** development process covering all communities in the city
Community Survey
all communities in districts and city

Community survey of all households
In the community and city carried out by community people
Community Saving Activities

Saving people, saving money, saving group managerial capacity
And building community financial system
for long term sustainable community and housing development
City-wide Survey in Samutprakarn Province
Bang Proang: Household Survey
Community planning process
นำบ้านจำลอง มาเรียนให้เด็กนักเรียนเพศหญิง........จากชมชนในแม่น......เรียนเข้าใกล้ความเป็นจริง!!
Working Together, build together

The actual price will be reduced construction cost capital
City-wide upgrading involving many possible city development actors and find various secured housing solutions for all communities in the city.
Charoenchai Nimitmai Reblocking Upgrading Community

Location: Bangkok
Land Owner: Cooperative
Situation: Eviction
Area size: 0.7 ha.
No. of Units: 81
Improvement: Reblocking
Size: 40-100 m²
Repayment: 1,100-2,000 baht (27-50 U$) per month

Project opening ceremony

Before Upgrading

After Upgrading
Ruam Samakki : Community Plan

Before

Land returned to Crown Property Bureau

After
Every house has its own water treatment and children/youth participation in water clean up
Community Welfare Activities
City Event for MOU Signing on City Wide Slum Upgrading Agreement Participating by all Development Actors in Udonthani City And The Upgrading March Across the city participated by communities in 10 cities
Whole sale loan from CODI to community cooperatives and Development of sub-groups in new com. management

Bonkai Community Credit Union

subgroups
• Group guarantee
• Help each other
• Collect repayment

Subgroup management
• Subgroup saving fund
• Daily savings collection
• Monthly meeting
• Help members who can’t pay

Community Cooperatives can lend to members at 5-6% interest using margin for community development, management and welfare
Providing Flexible Financial Support for City-wide Upgrading by Communities

1. Upgrading of Infrastructure and Social Facilities about 1,000 $/fa. x No. of Families
2. 5% of 1) for Community and Local Management
3. Direct housing subsidy 570 $ per unit
4. Support for Community Exchange, Capacity Building, Seminars, Coordination

Grant 2,600$ per family

Loans 4-5000$ /unit

From CODI Revolving Fund 80 Mil.$ (grant from Government)

Community Organization (cooperatives)

Banks

Members
Members
Members
Building new secured community

- **Collective land** ownership, or lease
- **Community savings and fund** (acting as community bank)
- **Welfare activities**: scholarship, children, youth, elderly, sick and advantaged, dead
- Active linking with **community network** and city organizations and regular meeting
- **Collective management**
- **Active citizen**, closer or regular link with local authority
Some Achievement and Impact:

- Community upgrading and housing development 850 projects in 270 cities total 92,000 families
- Community organizations and networks in more than 300 cities with information and partnership with cities
- City Development Fund as alternative community finance organize in 205 cities with welfare funds, income generation, insurance and housing development
- Change in the regulation, lower standard, attitudes from policy, land owners, cities and the public
Community’s City Development Fund

Community
4% 18,021 baht/month

ACCA Fund
1,000,000
networking 450,000

Local contributions
(Dam/Local library/Nursery center)

Total fund
29,000,000

Support fund
9,011 baht/month

Benefits
1% 4,505 baht/month

Management
1% 4,505 baht/month

Environment

Housing fund

Welfare/Livelihood

Condition – At present, the saving by 15 communities is 21,000,000 bath but there is no networking system. So, the mutual fund is established to support each other.

- There is system of assurance at all level; from the sub groups to local community and from the community to the city network.
- There is social welfare for members (birth / death), by collecting one bath per day from the members. There is also this welfare saving collected from community to the Bangkhen district network.
- Collective community maintenance budget: 0.50 baht/ square wah, 0.50 baht for district housing fund, and 0.50 baht for community housing fund.
Status of Land Tenure Security Improvement

- Cooperative ownership: 15,383 families (37.48%)
- Permission to use land: 4,302 families (10.48%)
- Short term security: 2,762 families (6.73%)
- Long term tenure security: 18,598 families (45.31%)

Legend:
- Blue: Permission to use land
- Yellow: Long term tenure security
- Maroon: Short term security
- Dark Blue: Cooperative ownership
Urban poor housing development is an investment, not only social expenses

Input:
- Government subsidy 2,000 $
- Loan for land/housing average 4,500 $ (to be repaid)
- Community contribution 500 $
- Other contribution 500s
  Total investment 7,500 $ (govt. less than 30%)

Output: For urban poor family
1. *Economic Assets* for the urban poor family more than 15,000 USD
2. *Legitimacy*, and security
3. Healthy environment
4. Community asset: Community organization, welfare, better social cohesion
5. *Political asset* of active community network and participation
Government paid 2,000 $ per family will get more return by

- Vat 7% of 7,500 = 525 $
- Land lease, property tax = 500 $
- Tax, fees, income tax, etc. = 500 $
- Other contribution, indirect gain from other relevant economic activities
- Reduce expenses on health, other poverty programs
- Healthy and more active citizen and community