

# BAAN MANKONG

***Thailand's City-wide, Community-Driven Slum Upgrading and Community Housing Development at National Scale.***



**Community Organizations Development Institute  
(Public Organization)  
Ministry of Social Development and Human Security. thailand**





# Background

Urbanization in Thailand intensified after the starting of the first National Economic and Social Development Plan in 1961 which pushed forward this predominant agricultural and rice-farmer country into industrialized one. The survey in 2008 indicated that Thailand had some 6,300 urban poor communities with 1.6 millions low income families and over 720,000 families are in Bangkok, the capital city.

Similar to the experiences of urban poor housing management around the world, policy makers found it difficult to cope with the increasing housing needs of the poor with the conventional strategies with supply-driven development concept. The government build public housing and private sectors build houses for sell in the market and both sectors are not able to sell them to the poor, who are not affordable and have limited financial support. The poor in general do not like the isolated individual

housing in the high rise flat because they have lost the most important component of life which is "community". As a result, the poor cannot repay and cannot have enough income to pay for their daily transportation and high living expenses since the new houses are far away from their original occupation site, so they sold their houses, then return to the original encroached site or invaded new areas. The circle has gone on and on forever if there is no paradigm shift taking place to break this cycle.



# The Baan Mankong National Collective Housing Program

**T**he Baan Mankong Collective Housing Program was launched by the Thai government in January 2003, as part of its efforts to address the housing problems of the country's poorest urban citizens. The program channels government funds, in the form of infrastructure subsidies and soft housing and land loans, directly to poor communities, which plan and carry out improvements to their housing, environment, basic services and tenure security and manage the budget themselves. Instead of delivering housing units to individual poor families, the Baan Mankong Program ("Secure housing" in Thai) puts Thailand slum communities (and their community networks) at the center of a process of developing long-term comprehensive solutions to problems of land and housing in Thai cities.

This unconventional housing program in Thailand is the result of a process which has been developing over the past from accumulation and learning of scattered successful community-driven development experiences from Thailand and from other countries in Asia. It has started with building community saving activities around the country, then forming and strengthening large-scale networks of urban poor communities for various people-driven development and finally using these people's managerial skills to deal with housing problems at city scale. Baan Mankong has been possible as a national program. It is the way to institutionalize city-wide, community-driven approach into a national policy with commitment by the central government to allow people to be the core actors and to decentralize the solution-finding and implementation process to cities and communities.

The program is being implemented by the **Community Organizations Development Institute** (a public organization under the Ministry of Social Development and Human Security), poor communities work in close collaboration with their local governments, professionals, universities and NGOs to survey all the communities in their city and then plan upgrading process with attempts to improve all the communities in that city. Once these city-wide plans are finalized and upgrading projects are selected, CODI channels the infrastructure subsidies and housing loans directly to the communities.

By creating space for poor communities, municipalities, professionals and NGOs to work together on the housing problems in their cities, Baan Mankong is bringing about an important change in how the issue of low-income housing is dealt with: no longer as an ad-hoc welfare process but as an important structural issue which relates to the whole city and which can be resolved by new local partnership of poor communities, city government, academia and all other possible development organizations. The upgrading program is helping to create local partnerships which can integrate poor community housing need into larger city's development and resolve future housing problems as a matter of course.







# A Paradigm Shift on Housing for the Poor

Most conventional low-income housing strategies focus on physical aspects or mainly on construction of housing as an individual need, to be provided to each family Individually. The individual approach may work for better-off people, but not for the poor, whose position at the bottom of the economic ladder leaves them especially vulnerable when they' alone. But while the poor may be weak in financial terms, they are particularly richer in social terms since they have to help each other for their survival. So the new approach is to let poor people themselves to work together and bring their huge energy and their social force to the task of delivering secure, affordable housing to everyone.

The Baan Mankong program is now in its thirteenth year. Upgrading projects implementing in 1,900 communities are either finished or underway in 345 towns and cities, in 76 of the country's 77 provinces, providing legal entity, secure housing to 97,867 households.

Since the beginning, people in hundreds of different contexts have transformed situations of informality, insecurity and powerlessness into situations in which they are in control of their housing and their settlements, which are now clean, healthy, beautiful and secure, with social support systems, welfare program, that are stronger than before.

There is still a long way to go but after a decade of development, we see every clearly that this approach is not only feasible and affordable, but it is the right way to solve very large, very complex housing problems on a country-wide scale



# Key Elements in Baan Mankong City-wide Upgrading

**1. FLEXIBLE FINANCE:** One of the most important tools in this people-driven upgrading process is flexible, accessible finance, in the form of housing and land loans and infrastructure subsidies. Baan Mankong Program has designed the system of finance in such a way to allow community organizations to manage the program themselves. Financial resources can flow in a flexible way and people can see these resources are accessible to them, they will plan for what they really need and do what's right. Once they know this financial resource is available, people can see possibilities, can organize their savings groups, can search together for land, can start their land negotiations, can learn how to plan and develop projects with friends and their network in other communities, and can be free to develop their own unique land and housing solutions. Everybody in urban poor communities around the country knows this now.

**2. SAVINGS GROUPS:** To join the Baan Mankong program, communities have to have fairly well-established flexible finance can link

with people's collective financial base and to the money management skills they have already developed through their internal community savings and credit activities. When we put people's own collective resources and these collective management capacities together with this flexible external finance, it gives people a new power to change things.

### **3. COLLECTIVE EVERYTHING:**

Another important requirement to join the upgrading program is that communities have to find ways to do things together, and that everyone in the community (even the poorest) has to be included in the process, as a way of creating and strengthening their organizations.

This collectivity is tool to pull people together and create a new interactive strength within their group. Working together as a group is never easy, but it gives the poor, who usually have not much power, the strength and confidence to do all kinds of things they could never hope to do individually. Doing things collectively also creates an important balancing and proactive mechanism between

community members and various outside forces: collective land, collective finance, collective management and collective welfare.

**4. HORIZONTAL SUPPORT:** As more and more upgrading projects get underway, and as community people go for project visits, exchanges, workshops and new projects inaugurations, the Baan Mankong Program has made the whole country into one big university of housing and land options for the poor, offering learning opportunities for all levels. If people see their peers doing something, they realize they can do it themselves, and this kind of exchange learning from the real action are the most powerful inspiration and confident building. The program also open up big spaces for communities to work and to support each other, assessing projects, providing advice by communities in the networks and among networks in the country.

**5. TECHNICAL SUPPORT:** The Baan Mankong program also supports the involvement of a growing number of community architects, planners, architecture faculties and design students from many universities around the country to assist communities as they develop their settlement layout plans and housing designs. These professionals and students play an important role in the upgrading process. In a program which has to do with physical change, their ability to make alternative drawings and models helps communities to visualize new possibilities, and their professional presentations are essential ingredients in the success of the upgrading program.





# Budget & Funding Methods

There are two main source of fund in Baan Mankong program; subsidy grants for infrastructure total about 80,000 Bht per household (about 2,500 US\$) which divided into infrastructure, housing, capacity building and management cost at community, city and national level, And housing loans from CODI revolving Fund for both housing and land.

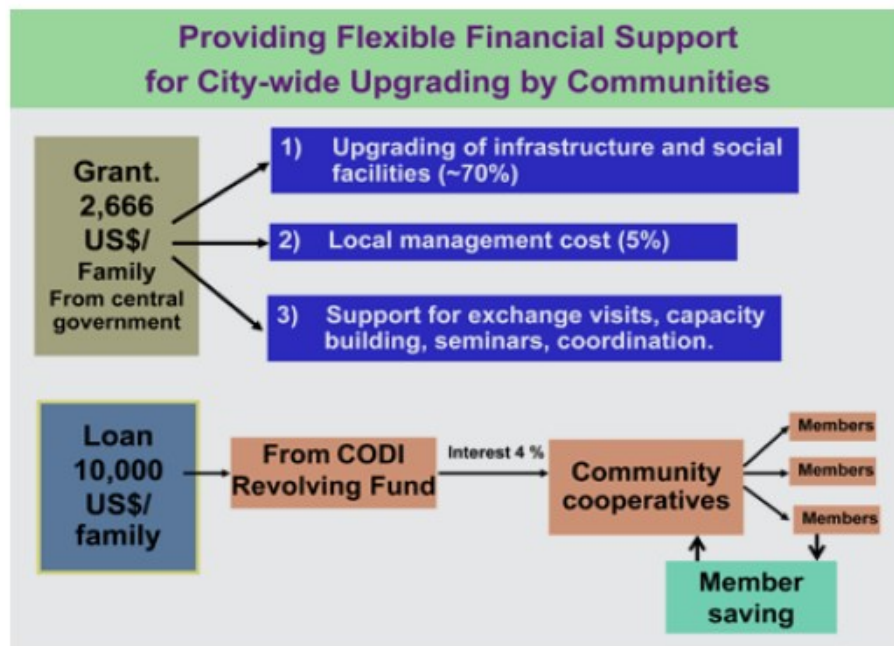
## 1. GRANT AND SUBSIDIES

### 1.1 Infrastructure Subsidies

- On-site Upgrading Subsidy: 25,000 baht (US\$715) per family for onsite communities upgrades/repairs. - Reconstruction Subsidy: 35,000 baht (\$1,000) per family for communities rebuilding their settlement on the land they now occupy or for communities relocating to different land and rebuilding there. This is the standard subsidy, but in special cases where the cost of filling land or infrastructure is very high, the per family subsidy can go up to 45 ,000 Baht (US\$ 1,285). - To landscape the newly upgraded settlement (20,000 Baht or \$600 per community), to liven up the visual character of the new community (200,000 Baht or \$6,000 per community), to construct temporary houses in case of fire or eviction (18,000 Baht or \$500 per community), or to construct a community center (150,000 Baht or \$5,000 per community)

### 1.2 Support for local coordination and Administrative expenses

A grant equal to 5% of the total infrastructure subsidy will be made available under the upgrading program to whatever organization the community (or the community network) selects to assist and support their local upgrading process. This could be an NGO, another community network, a local university, a group of architects, or a local government agency.



### 1.3 Capacity Building, Learning and national coordination expenses

This is the support provides for all the various activities that go with such a large national upgrading process, including exchange visits between cities, seminars at various scales, meetings, training, support universities and NGOs to work with communities, coordination costs, on-the-job training activities, support for the community network's involvement in the upgrading process and CODI expenses.

## 2. LAND/HOUSING LOAN

Soft loans are made available from CODI to families to purchase existing or new land (in case of relocation) and to improve or construct their houses. Interest rate from the loan- to the cooperatives is 4%.

The community coops. Usually add about 2-3% margin from CODI rate so the end members pay at around 6-7%.

This margin will allow the coops. The needy expenses as well as for other community development needs, take care of late repayment or default.

**The ceiling for land and housing loans put together is 300,000 Baht (\$9,000) per family**, however, average loan size is about 200,000 Baht (6,400 US\$) All loans are made collectively to the community cooperative, not to individual families. With both housing and land loans, the community cooperatives must have saved upto 10% of the amount they borrow from CODI.



*“Core of a land sharing process  
is the ability to translate conflicting needs  
and conflicting demands into a compromise  
which takes a concrete “win-win” form,  
and which is acceptable to all parties involved...”*



## 2. On-side REBLOCKING

Reblocking is a more systematic way of improving the infrastructure and physical conditions in existing communities by making some adjustments to the layout of houses and roads to install sewers, drains, walkways and roads, and to replan the plotsite. It is the physical adjustment with more systematic planning in ways which ensure the continuity of the community. Communities can then develop their housing gradually, at their own pace or reconstruct some of them where there is a need to shift. When communities opt for reblocking, some houses usually have to be moved and partially or entirely reconstructed. Some lanes may also have to be re-aligned to enable drainage lines, water supply systems or sewers to be constructed. Reblocking is often undertaken in cases where communities have negotiated to buy or obtained long-term leases for the land they already occupy. In both cases, the process of reblocking is an important step in the progress towards land tenure security and improved housing.

# Types of upgrading

## 1. On-site UPGRADING

Slum upgrading is a way of improving the physical environment and basic services in existing communities, while preserving their location, character and social structures. Usually upgrading means that the houses, lanes, roads and open spaces are improved, without changing or with adjustment in a layout or plot sizes. Besides improving the physical conditions and quality of life in these poor communities, the physical improvements can act as a springboard for other kind of development such as income generation, welfare and community enterprises.



ROW HOUSE: Two-storey Type 48  
sq.m. - 6,000 US\$/Unit



ROW HOUSE: Two-storey Type 86  
sq.m. - 6,400 US\$/Unit



SEMI-DETACHED HOME: Two-storey  
Type 64 sq.m. - 5,000 US\$/Unit



SEMI-DETACHED HOME: One-storey  
Type 44 sq.m. - 3,300 US\$/Unit





### 3. On-side RECONSTRUCTION

In this upgrading strategy, existing communities are totally demolished and rebuilt on the same land, either under a long-term lease or after the people have negotiated to purchase the land. The new security of land tenure on the already-occupied land often provides community people the needs and with a very strong incentive to invest in their housing, through rebuilding or new construction. Although the reconstruction option involves making considerable physical changes within the community and requires some adaptations to a new environment, the strategy allows people to continue living in the same place and to remain close to their places of work and vital support systems with totally new environment.



### 4. LAND SHARING

Land-sharing is a housing and settlement improvement strategy which allow both the land-owner and the community people to share the land and the benefit. The former slum land, after the agreement, always have to be divided into two portions. The community is given, sold or leased one portion (usually the less commercially attractive part of the site) for reconstructing their housing, and the rest of the land is returned to the land-owner to sell all or to develop. There's no rule about how the land is divided: the amount of land the people get and how much goes back to the owner is settled by negotiations. At the core of a land sharing process is the ability to translate conflicting needs and conflicting demands



into a compromise which takes a concrete "win-win" form, and which is acceptable to all parties involved. The people may end up with less area than they had before but with better conditions and to build their secure housing, and the land-owner may get back less-than-all of his land, but the trade-off is that the poor will no longer be squatters but the legal no longer or tenants of their land. And the land-lord finally gets to develop the land.

### 5. RELOCATION

The greatest advantage of the relocation strategy is that it usually comes with housing security in new environment which community can design and build without too much existing conditions. They can also get their land use rights, outright ownership or some kind of long-term land lease. Relocation sites can be nearby or sometimes be far from existing communities, job opportunities, support structures and school. In these cases, community members who want to keep their old jobs or attend the same school must bear the burden of additional traveling time and expense and must adapt themselves to a new environment. But in many towns and cities around the country, resourceful communities and finding

bits of land to buy or rent cheaply for their housing that are not far away at all.

In all cases of relocation - whether it is nearby or not-so-nearby relocation - communities face the cost of reconstructing their houses at the new site, and in some cases the additional burden of land purchase payments. But tenure security tends to be a big incentive to invest in housing and environmental development at the new community.





# Examples of houses built by community



## SELF-BUILT

US\$74/m<sup>2</sup>

These 2-storey detached houses at Klong Lumnoon offer 99m<sup>2</sup> of living space, and were built by three community construction teams for an average of 256,000 Baht (\$8,533) per unit. Average construction cost was 2,586 Baht (\$86) per m<sup>2</sup>.



## SELF-BUILT

US\$81/m<sup>2</sup>

These 2.5-storey rowhouses at Ruam Samakee offer 110 m<sup>2</sup> of living space, and were built by the community's own construction team for an average of 310,000 Baht (\$10,333) per unit. Average construction cost was 2,818 Baht (\$93) per m<sup>2</sup>.



## SELF-BUILT

US\$92/m<sup>2</sup>

These 2-storey rowhouses at Klong Bang Bua offer 100 m<sup>2</sup> of living space, and were built in phases by the community's own construction team for an average of 322,000 Baht (\$10,733) per unit. Average construction cost was 3,220 Baht (\$107) per m<sup>2</sup>.



## CONTRACTOR-BUILT

US\$192/m<sup>2</sup>

These 2-storey rowhouses at Kao Pattana offer 49 m<sup>2</sup> of living space, and were built by a private contractor for an average cost of 329,000 Baht (\$10,966) per unit. Average construction cost was 6,714 Baht (\$192) per m<sup>2</sup>.



## CONTRACTOR-BUILT

US\$206/m<sup>2</sup>

These 2.5-storey rowhouses at Suan Phulu offer 43.75 m<sup>2</sup> of living space, and were built by a private contractor for a cost of 315,000 Baht (\$10,500) per unit. Average construction cost for these units worked out to 7,200 Baht (\$240) per m<sup>2</sup>.







# Key Steps in Starting the Baan Mankong Projects

1. Identify the stakeholders and explain the program.
2. Organize network meetings which may include visits from people in other cities.
3. Organize meetings in each urban poor community, involving municipal staff if possible.
4. Establish a joint committee to oversee implementation. This includes urban poor community and network leaders and the municipality; also local academics and

NGOs. This committee helps to build new relationships of cooperation to integrate urban poor housing into each city's overall development and to create a mechanism for resolving future housing problems.

5. Joint committee holding a meeting with representatives from all urban poor communities.
6. A survey organized to cover all communities with information collected about all households, housing security, land ownership,

infrastructure problems, community organizations, savings activities and existing development initiatives. Doing the survey also provides opportunities for people to meet, learn about each others' problems and establish links.

7. From the survey, develop a plan for the whole city.
8. While the above process is going on, support community collective savings as these not only mobilize local resources but also strengthen local groups and build collective management skills.
9. Select Pilot projects on the basis of need, community's willingness to try them out and learning.
10. Prepare development plans for pilots, start the construction and use implementation as learning center for other communities and actors.
11. Extend improvement processes to all other communities, including those living on the fringe of society such as the homeless and migrant workers.
12. Integrate these upgrading initiatives into city-wide development. This includes coordinating with public and private land-owners to provide secure tenure or alternative land for resettlement, integrating community-constructed infrastructure into larger utility grids, and incorporating upgrading with other city development processes.
13. Build community networks around common land ownership, shared construction, cooperative enterprises, community welfare and collective maintenance of canals and create economic space for poor (for instance new markets) or economic opportunities wherever possible within upgrading.







Left: Before and after


## Basic facts: Baan Mankong Collective Housing Program. August 2016

Starting year	2003 with 10 projects and 1,525 families
No. of projects	984
No. of households	99,203
No. of communities participated	1,939
No. of cities of operation	348 in 76 provinces. (of the total 77 provinces)
Grant approved	6,670 mil. Baht (202 mil. US\$)
Loan approved	8,351 mil. Baht (253 mil. US\$)
Average loan/household	176,637 Baht (5,888 US\$)
Average loan/project	6.234 mil. Baht (207,814 US\$)
Return of payment within	180 months (15 years)
Repayment/month	500-2,000 Baht (16-66 US\$)
Community saving	236 mil. Baht (7.8 mil. US\$)





# How is this Different from the Conventional Approaches?

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1. Urban poor community organizations and their networks are the key actors and manage the funding and the overall management; they also undertake most of the building (rather than contractors) which makes funding go much further and brings in their own contributions.
  2. It is demand driven as it supports communities who are ready to implement improvement projects and allows a great variety of responses, tailored to each community's needs, priorities and possibilities (for instance communities choose how to use the infrastructure subsidy).
  3. It promotes more than physical upgrading; as communities design and manage their own physical improvements, this helps stimulate deeper but less tangible changes in social structures, managerial systems and confidence among poor communities. It also helps trigger acceptance of low-income communities in the city's larger development process as legitimate parts of the city and as partners.
  4. It works to develop urban poor communities as an integrated part of city; people plan their upgrading within the bigger city development framework.
  5. Government agencies are no longer the planners, implementers and construction manager delivering for beneficiaries.
  6. Secure tenure is negotiated locally in each case - and this could be done through a variety of means such as cooperative land purchase, long-term lease contracts, land swaps or user rights.



# CITY:

## CHUM PHAE

Khon Kaen Province, Thailand



Chum Phae is a small trading and manufacturing town in the fertile rice-growing region of Khon Kaen Province, in north-eastern Thailand. In the last two decades, the town has attracted increasing numbers of poor migrants from rural areas, who come looking for work in the town's tapioca and gunny-sack factories, or in its sweat shops making cheap shoes and clothing. Like bigger cities, Chum Phae has all the usual urbanization problems, though on a much smaller scale: rising land prices and housing costs and increasing commercial pressure on urban land – all leading to problems

of eviction and a shortage of affordable housing. As Paa Nang, the chair-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."



**SAVING, NETWORK, SURVEY AND UPGRADING STARTS IN 2004:** The city's upgrading process started from scratch just six years ago. The first community saving 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 major, 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 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 on 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 obtain 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 2011, 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.

### 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%

## 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 wakeup 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 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 need 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 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. Member 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
<b>TOTAL INITIAL CAPITAL</b>	<b>\$129,750</b>

### 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 3 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).

As a consequence to this, the Baan Mankong of Chum Phae Committee and the city committee were established and a goal was set by the city that all the poor in Chum Phae would live in a secure house of their own by 2012.

One possibility was to accumulate the communities' resources and establish a city fund, a supportive fund to strengthen the process to realize the citywide upgrading. Although the people attempted to depend on their combined fund, the grant of \$30,000 from ACCA accelerated the process and Chumpae CDF became one of the two pilot CDFs in Thailand. This CDF is in fact called "The Housing Development Fund" with its priority to support the process to solve housing problems for the poor in Chum Phae. Some of its main activities were to provide a loan to members.

At present the last Baan Mankong Project is underway and they could shift their focus on other activities such as community enterprises and two projects are being operated, The Communal Rice Farm Project and The Drinking Water Project. The Communal Rice Farm Project was embarked in 2010 with a loan from CODI for purchasing a plot of rice farm. The People who take their shares in investing the project from different communities also share their labour in the field to grow rice for their own consumption and to sell. This is to create a certain level of self-dependence: to ensure members always have rice, which they grow, for consumption. Recently, when the loan became small enough they decided to take a loan from their CDF to repay their last installments from CODI as the interest charged by CODI was higher than the CDF's.

Chum Phae CDF has all the essential factors for paving their way towards a successful CDF: it receives good collaboration from the local authority and it has different kinds of saving; it has good leaders who venture on new ideas and projects. The Chum Phae CDF has always been operated in an active and dynamic way. Numerous activities which were beneficial to members earned the CDF trust and the members' accumulations make the fund one of the largest CDFs at present.



## **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 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 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.





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