

SLUM UPGRADING IN THAILAND: CODI

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CONTEXT

Thailand's cities saw a large increase in the population of informal settlements in the 1970s. By some estimates, about 24% of Bangkok's population lived in informal settlements in the early 1980s. For most of the 1970s, the response of municipal governments in Thailand to informal settlements was eviction and demolition without resettlement. In this time, many community organizations and civil society organizations mobilized to oppose evictions. In the 1980s, the National Housing Authority (NHA) started a program to resettle residents of informal settlements into apartment housing on the outskirts of cities. The lack of access to employment in these locations caused many families to move back into informal settlements (Boonyabantha 2005).

Around this time, community organizations began experimenting with participatory models of upgrading, funded through savings groups. By the late 1980s, more than 60 community savings groups were set up, linked to each other through networks that shared learning about upgrading methods and financing schemes. Some of these saving groups were provided funding through UNICEF, which set up small revolving loan funds for them (Boonyabantha 2005).

The 1980s, Thailand's economy grew at a rapid rate. Accompanied by austerity measures during the oil crises of the 1970s, this created large reserves that the government channeled to social spending. The failure of the NHA's resettlement program, availability of state finance and the success of community-led upgrading efforts led to the NHA to set up housing grants for upgrading in 1988. While the grant program was not considered very successful, it set the foundation for other programs that worked with community-led programs (Boonyabantha 2001).

PROCESS

In 1992, the Urban Community Development Organization (UCDO) was set up under the NHA to provide communities interested in upgrading their settlements with technical help and soft loans, similar to how the UNICEF's revolving funds in the 1980s operated. The UCDO was granted \$50 million in funding from the national government and another \$1.5 million from international donors. Community or savings groups approached the UCDO with a project plan and a request for funds to plug any financial gaps through soft loans or low interest loans (Boonyabantha 2001).

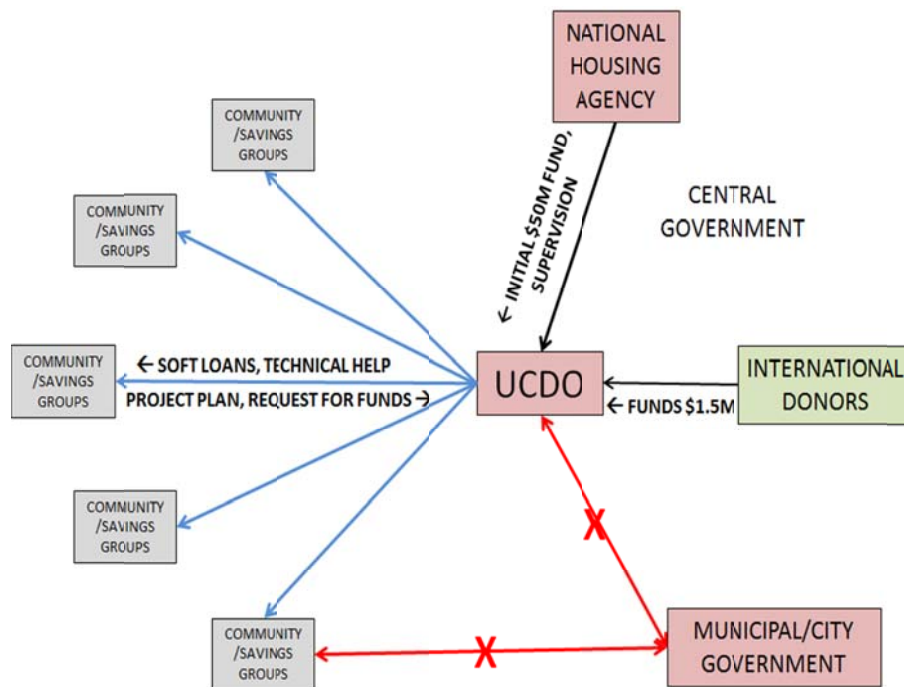


Figure 1: UCDO STRUCTURE¹

The structure and funding mechanism of the UCDO led to some critiques, including a lack of interaction with municipal governments while formulating plans and proposals limited the integration of informal settlements with the city's development plans. Moreover, operating under the National Housing Authority limited its mandate, as the NHA had other programs that overlapped with the UCDO's mission. Interacting with hundreds of local organizations and savings groups gave rise to concerns about reliability of groups, monitoring of loans and speed in allocating funds. In addition, the jurisdiction of the UCDO was limited to urban areas, excluding peri-urban areas from interventions. Finally, the scale of interventions was limited to the neighborhood level (Boonyabanha 2001).

In spite of these failings, the UCDO provided direction to formulation of newer programs. The UCDO's work provided a proof of concept for community organization-led informal settlement interventions. The incentive of access to UCDO funding was one of the factors that encouraged the formation of 950 community savings groups. The UCDO also encouraged the formation of over 100 community networks - larger collectives of community/savings groups. By 2000, the UCDO made housing loans for 47 projects involving 6400 households and infrastructure loans for close to 800 communities with 68000 households. Only about half its budget was disbursed as soft or low interest loans (Boonyabanha 2003).

CONTENT

¹ Derived from text in Boonyabanha (2003)

The UCDO was merged with the Rural Fund for Development (RFD) in 2000 to form the Community Organizations Development Institute (CODI). CODI operated as a separate agency within the Ministry of Housing, independent from the NHA. This expanded role of the organization mandates it to operate in urban as well as rural areas and run programs that provide savings and credit, housing loans and microfinance, among others (Boonyabantha 2003).

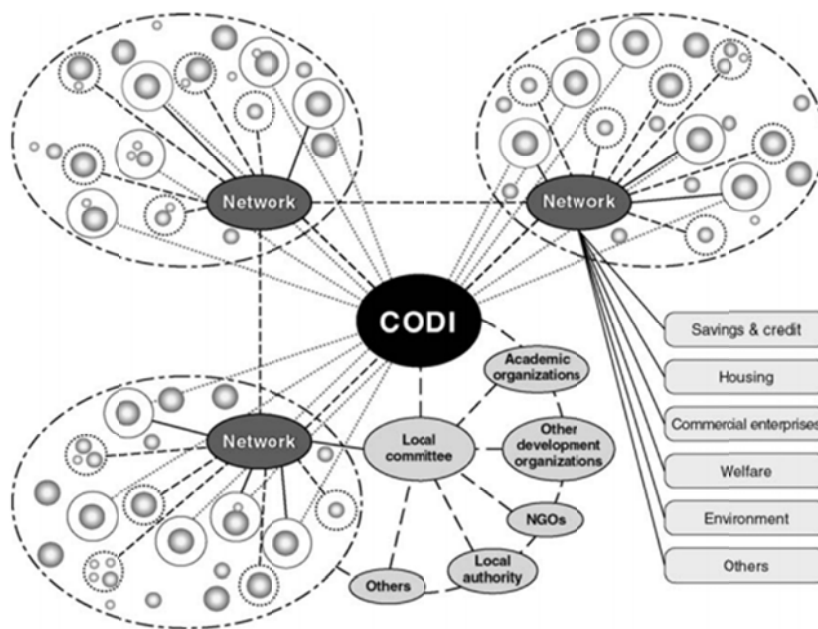


Figure 2: CODI Structure²

CODI's structure is based on UCDO's structure to a large extent, with some notable changes. Instead of working with individual community groups, CODI works with community networks in different cities around the country. The organization follows a nested hierarchy, with similar structures scaled up from the city level to the national level (Boonyabantha 2003).

At each level of the hierarchy, the organization is managed by a committee consisting of representatives from government agencies, academic institutions, community networks and NGOs who determine funding, coordinate with other agencies and landowners etc. City level offices of CODI coordinate with municipal officials to integrate upgrading plans into citywide development plans (Boonyabantha 2009).

Since the formation of CODI, the Thai national government follows a two-track policy for low income housing. It consists of two main programs: Baan Ua Arthorn: Under this program, the NHA constructs and sells apartments to low-income households on "rent-to-own" basis for payments of \$25-\$37 a month. Baan Mankong: Run by CODI, this program is

² http://www.unescap.org/pdd/prs/projectactivities/ongoing/housingurbanpoor04-05/timor/ppt_codi.pdf

aimed at upgrading informal settlements through the provision of housing loans and infrastructure grants (Boonyabanha 2005).

Baan Mankong is CODI's main program for upgrading informal settlements. While the program handles operational aspects of upgrading, CODI provides the financial support for carrying out upgrading programs. Baan Mankong's role in upgrading is to provide subsidies and grants for infrastructure and housing upgrades and to coordinating with CODI for the provision of soft loans and low interest loans (Boonyabanha 2005).

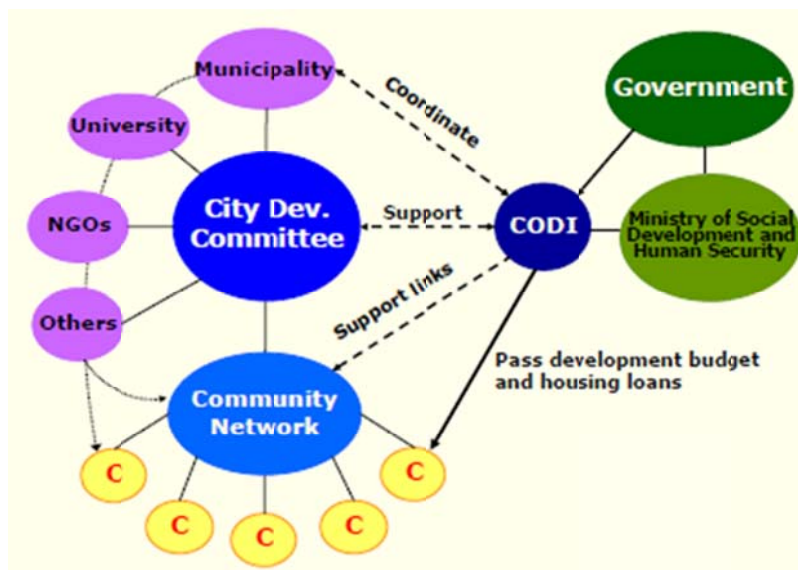


Figure 4: Baan Maankong operational structure³

The program facilitates the upgrading process through the following steps:

- 1) Coordination committees are set up at the city level with representatives from community groups, municipal agencies, landowners and tenant groups and civil society organizations.
- 2) Communities map their settlements and self-enumerate. Savings schemes are started within each community.
- 3) Communities devise their own plans for upgrading and these are integrated into the city's development plans with the coordination committees. This initial work is funded through the savings schemes.
- 4) If needed, pilot projects are funded through CODI loans.
- 5) Pilot projects are evaluated and decisions to scale up are made on the basis of this evaluation (Boonyabanha 2005).

³ http://www.unescap.org/pdd/prs/projectactivities/ongoing/housingurbanpoor04-05/timor/ppt_codi.pdf

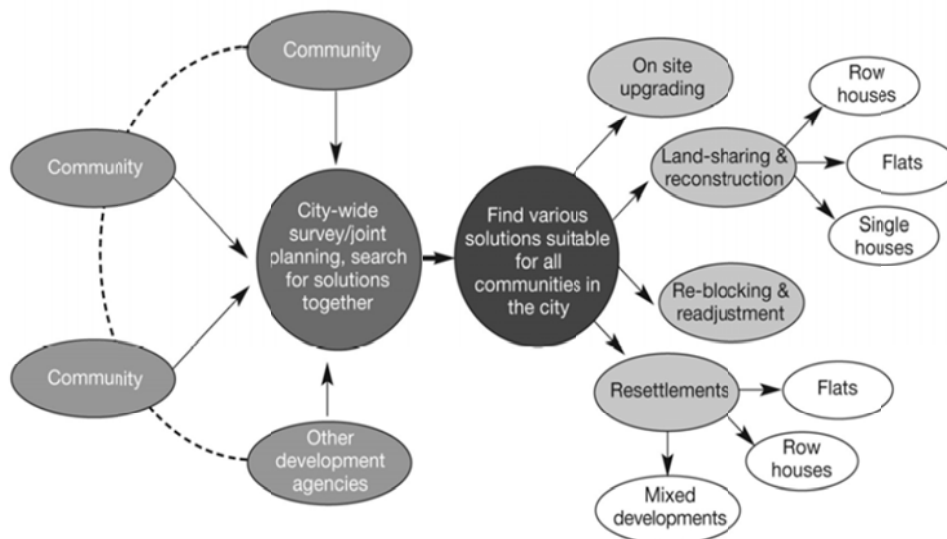


Figure 5: Integration of slum upgrading with municipal planning agency

As a central government agency, one of CODI's key roles is settling concerns about land tenure and tenure security. The strategies vary depending on whether the land on which the informal settlement is located is public or privately owned land. Since public land cannot be sold to private owners, CODI encourages the government agency owning the land to enter into long-term leases of at least 30 years with the resident community. The agency can choose to lease part or the whole of the land depending on the public amenities it chooses to add on that land. In some cases, land is leased to CODI that then sub-leases the land to the community⁴.

For private land, CODI encourages communities to obtain communal ownership. Private landowners are encouraged to sell their land at below market rate to communities in exchange for building incentives on other plots of land that owners might hold. Partial purchases, with the owner developing the remaining part with incentives, have also been coordinated. If the landowner is not willing to sell the land, alternative land is purchased or a long-term lease to the land is negotiated⁵.

CASE STUDIES/IMPLEMENTATION

Case studies of implementations in different communities illustrate distinctive elements of the CODI program:

- 1) Charoenchai Nimitmai: Reblock to bring in more families, lower cost per family
- 2) Bang Bua: Emphasis on communal land tenure
- 3) Samaki Ruam Jai: Kitchen waste water treatment; Community-wide septic tank; Community broadcast system

⁴ <http://www.codi.or.th/housing/TypesDev.html>

⁵ Ibid.

- 4) Klong Touey (Block 7–12): CODI mediates between community leaders and PAT to resettle
- 5) Bon Kai: Community forms cooperative, approaches CODI to mediate 30-year lease with government
- 6) Klong Lumnoon: CODI mediates land dispute in gentrified area. Some occupants want to stay. CODI convinces landowner to sell residents part of land at below market rates in exchange for others leaving.

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