EXCHANGE REPORT

SOUTH AFRICAN SDI ALLIANCE VISITS CODI, THAILAND

from:	to:	date	purpose
CAPE TOWN, SOUTH AFRICA	**BANGKOK, THAILAND**	**9 - 13 JUNE**	to learn about the CODI experience in the institutionalisation of development finance and creation of community organisations with the view of setting up a Cape Tow city fund

Exchange report:

The following exchange report was compiled by Walter Fieuw, representing Community Organisation Resource Centre (CORC) and uTshani Fund, and Melanie Manuel, representing Informal Settlement Network and the Federation of the Urban and Rural Poor. Together, these organisations make up the South African Alliance associated with Shack / Slum Dwellers International.

We visited a public organisation in the Thai government called Community Organisations Development Institute (CODI), under the supervision of the Ministry of Social Development and Human Security based in Bangkok, Thailand. The purpose of the exchange was to learn about the CODI experience in the institutionalisation of development finance and the creation of autonomous but recognised community organisations with the view of incorporating the lessons presented in this report in the development of a Cape Town city fund, with generous funding support from Comic Relief.

We acknowledge with gratitude the guidance and organisation of the exchange by the Asian Colaition for Housing Rights. The exchange took please from 9 to 13 June 2014. The programme was as follows:

	Monday	Tuesday	Wednesday	Thursday	Friday
Morning	Meeting with ACHR	Meeting with CODI Director	Project visit: Takok: Samutprakarn district + Muu sii: Samutprakarn district		
Afrternoon	Project visit: Klong lamnun, Meenburi	Project visit: Klong bangbua community: Bangkhen district	Project visit: Samhuang. Samutprakarn district	Meeting with Apiwat Ratanawaraha, Urban Design and Development Center	Meeting with Anna Brown, Rockefeller Foundation

About CODI

Background

The Community Organisations Development Institute (CODI) was formed in 2000 after a Royal Decree was enacted to merge the Urban Community Development Office (UCDO), founded in 1992 to address housing solutions as part of the National Housing Authority of Thailand, and the Rural Development Fund, a fund managed by the National Economic and Social Development Board. The amalgamation of these two funds meant an initiation capitalisation of THB 2,899 million (US$ 83 million), three quarters of which came from the UCDO. By 2003 the first ten projects were at different stages of development, and these became "learning centres" which upscaled community networks and proposals for city wide upgrading based on principles of community owned planning, design, finance, and implementation. CODI extended its services to provide the full range of support services. In 2005 the programme has grown to cover 200 cities with more than 285,000 households involved. By 2007, following a reshuffling in the government cabinet, CODI and the Government Housing Bank (GHB) signed a financial arrangement whereby GHB refinance CODI's Baan Mankong housing and resettlement projects from CODI up to THB 100 million, which was again adjusted in 2008 and increased to THB500 million, or US$14 million. CODI continues to apply for between US$ 5 and 10 million each year, and is allocated between US$ 4 - 8 million to recapitalise the revolving loan fund.

When CODI was established in 2000, a survey report noted 63,796 community organizations nation-wide. Over the years, 42,199 organizations have cooperated with CODI along with 2,798 networks. Today over 4.6 million members participate directly and indirectly with CODI's programmes (www.codi.co.th). Between 2003 and 2011, CODI's slum upgrading programme *Baan Mankong* has delivered 874 projects at a value of US$147 million (average US$185,392 cost per project), benefitting 91,805 families previously living in slum conditions. 286 cities in 71 of the 77 provinces in Thailand are involved in this extensive urban and rural programme. The average repayment of these projects are 15 years, at an average of US$30 per month (depending on a number of variables). Communities have organised in independent cooperatives and savings schemes and the 2012 balance of these decentralised city fund accounts were US$7.8 million.
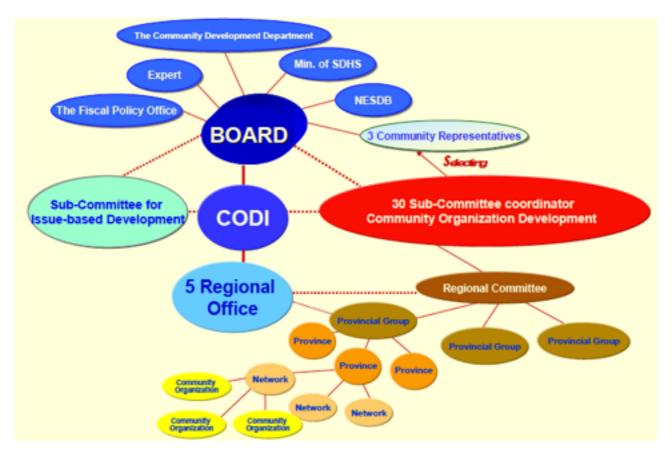
CODI's vision is that of a "public organization with a goal to build a strong societal base using the collective power of civil groups and community organizations" (www.codi.or.th). It's core business is to assist in the development of community organisations - formally recognised housing co-operatives, and informally recognised community-based saving schemes - and to play a critical coordination function with governmental and private agencies for such purpose to strengthen the cooperation among community organizations in all levels; local, provincial as well as national levels.

Governance and operations

- CODI's board of directors: is the primary governance structure. the Chairman is appointed by the Ministry, four members from different state departments (such as Fiscal Policy Office, Ministry of Finance, Ministry of Social Development and Human Security, National Economic and Social Development Board, Department of Community Development, Ministry of Interior), three representatives from community structures, two independent professionals, and the CODI director.

- CODI Sub-Committee: This committee consists of 62 representatives from provincial community groups. The role of this committee is to provide guidelines, set up development structure at the regional and the provincial levels, and act as advisory body to the CODI Board. There currently exists 17 sub-divisions.

- The Regional Board: This board consists of representatives from community organizations, NGOs, professionals and the other partners in the rural area. The Regional Board plays an important role in setting up regional development strategies, managing regional development, and advises CODI Sub-Committee on regional issues.

- Sub-Committee on Development Issues: This committee is responsible advising on issues-specific problems such as micro-credit, and village economy etc. Representatives in this sub-committee come from village groups, NGOs, the government, and experts.

CODI employs more than 300 staff, of which more than 70% are field workers, working from eleven regional offices (up from five offices just one year ago) of 20 staff each serving 6-8 provinces per office. The headquarters in Bangkok, which employs 100 staff, consisting of a large financial accounting department, research and policy development, and technical support such as engineers, architects, surveyors, urban planners, and other built environment professionals.

Programmes and strategies

CODI's work has primary address four main priorities:

1. Assisting in the creation and development of community organisations and their networks by promoting financial co-operatives, the central role of community organisations in social development, and public welfare

2. Build public acceptance and certification of community organisations and their networks by development innovative data and community systems, creating various support mechanisms and creating a shared knowledge base.

3. Developing communities of shared savings, credit, welfare and economy by creating credit systems which allow for greater autonomy and self-build, and boosting local economies by connecting producers to relevant markets.

4. Facilitating and integrating social development and multi-stakeholder cooperation between government, private sector and community based organisations.

To this extent, a number of important local and contextual innovations successes has been observed, including wide ranging partnerships between communities and government agencies / ministries, city mayors and officials, major land owners, government and private housing banks and lending agencies, universities and many others. In responding to CODI's vision, mission and strategies, and number of main programmes have been established, of which we were most interested in last mentioned, the Baan Mankong slum upgrading initiative.

- Poverty Alleviation (Supporting communities in savings, credits and loans and community development plan, etc.)

- Community Welfare (such as Natural Resource Management and Sustainable Agriculture,Villagers Welfare, Community Life Plan, Financial organization / solving debt problems)

- Technical support in setting up of Community Organization Councils and Housing cooperatives throughout the country

- Baan Mankong countrywide slum upgrading consisting of Land Tenure Security and Housing for the poor (generally excluded from state and market provided middle class housing and finance).

Baan Mankong programme

This learning exchange was centred around Baan Mankong projects in urban areas. 'Baan Mankong Program' (BMK) was launched in 2003 with an aim to solve problems of settlements and human security for poor communities countrywide. The program requires cooperation among concerned parties including local communities, government agencies, and private organizations with CODI acting as program facilitator and budget administrator.

The Baan Mankong Program (meaning "Secure housing" in Thai) puts Thailand's 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. CODI expressly attributes its ability to scale up to the networking that has been spurred between communities: "Baan Mankong has only been possible with the commitment by the central government to allow people to be the core actors and to decentralize the solution-finding process to cities and communities." (www.codi.co.th).

Baan Mankong Capital funding

Through the Baan Mankong programme, CODI facilitates two types of capital transactions.

1. An **infrastructure grant from central government** to each slum household to the value of THB 68,000 (US$1,900). This grant includes allocations for: upgrading infrastructure and social facilities, housing improvements, 5% for local management, and community exchanges and capacity building activities.

2. A **housing loan** lent at interest rates between 4-6% to borrowers, who are communities organised in housing co-operatives not exceeding THB 300,000 (US$8,500) per household. The housing co-operative, or the borrower, re-lends the loan at a nominal rate of 2-3% of the interest cost. The maturity term of the loan is set at a default of 15 years, and once agreed, the interest rate is fixed and not dependent of repo rate

fluctuations. CODI also requires a 10% deposit on the project amount, meaning that it will finance 90% of the total project cost at maximum. Land and buildings are mortgaged by CODI, and a guarantee is signed between the chairman of the housing co-operative, the committee, all the members and CODI.

Community learning visits

Between Monday 9 June and Wednesday 11 June, we visited five settlements in different metropolitan regions in Bangkok. We also had meetings with Ms. Samsook Boonyabanch, the Secretary General of Asian Coalition for Housing Rights (ACHR), the Director of Community Organisations Development Institute (CODI), Professor Apiwat Ratanawaraha, Director of the Urban Design and Development Centre, and Ms. Anna Brown, deputy director of the Rockefeller Foundation's Asia Regional Office in Bangkok and manager of the Asian Cities Climate Change Resilience Network (ACCCRN).

The report below follows a synthesis and documentation of the learning exchanges, and draws out some of the lessons generated in discussions with communities, CODI staff and director, ACHR staff, and professional agencies such as UCCD and Rockefeller Foundation's ACCCRN.

Monday, 9 June

Klong lamnun: Meenburi district, Bangkok

Ten years ago, a community of 48 families living along the Klong lam nun canal in the Meenburi district of Bangkok faced evictions by the State Treasury, who owns the land. The settlement is in a neighbourhood of significant metropolitan significance, considering the adjacent theme park and middle class condos (apartments). The community prepared a project plan, and approach Baan Mankong for financing and support. Once approved, the construction happened in phases, starting with the most vulnerable families. This project sheds light on the *land sharing* programme of Baan Mankong, in which the development "rolls over" onto a shared plot, which was later converted to community facilities such as a community hall, after school care, and early childhood development centre.

After drawing down the US$1,900 infrastructure subsidy the state provides to each poor household, and the revolving loan fund from CODI, the community continues to incrementally extend and improve their dwellings, a number of years after the development was completed. Sumruay and Suman, two community leaders we met, argued that the largest improvements in the community after the project has been: 1) the unity in the settlement enhanced by the conditions set by the housing cooperative, 2) the improved living conditions compared to slum conditions on the river canal, and 3) their ability to earn a better income.

We asked the community leaders what will happen when the housing cooperative dissolves after the loans have been repaid. They answered saying that they will continue to have community structures, which have proved invaluable to them. This platform creates conditions in the community to address community issues, both internally and externally. External pressures are significant: private sector developers have already made the community offers of ten times the construction cost to buy out the right to the land. Some community members considered selling out, but this was negated through sustained dialogue and consideration of the options. The community structure is also helpful for communities struggling to make the repayments. For example, Sumruay, the community leader and a mother of four, could not make repayments for a year long period. Her loan term was extended from 15 to 20 years, with no additional interest incurred.

Tuesday, 10 June

Klong bangbua community, Bangkhen District

Many of Bangklok's slums are located on river canals. In the Bangkhen district, more than nine communities on both sides of the river canal live on a ten kilometre stretch. In one of these communities along the ten kilometre stretch, the community of Klong Bangbua primarily aimed their social organisation at

finding solutions to the improvements of living conditions in the slums along the river. The river is still polluted and in a poor condition. At the initial stages, the community was not concerned about a housing development. They did however face evictions, as did many of the other communities.

The community was divided on the approach to development, and there was no agreement on the way forward. The group split into smaller groups to discuss more focused issues. They conducted a detailed enumeration to understand the various issues in the community better. This was also used to determine plot sizes. Once the community decided on a re-blocking project, a general plot was used for roll over purposes, and then later converted to a multipurpose centre and playground. No displacement happened, and the plot sizes were maximised through the new layout. Design of the house was supported by CODI's young architects. The project took six years to complete, which is not long compared to other Ban Makong projects. Factions in the community slowed down progress, and after the houses were complete, creches and day cares were set up.

In this CODI project, the housing loan was maximised by using local labour, and retaining the skills created in the community. These community-based building contractors are still supporting families in general maintenance, upkeep, and extensions. If there were no building skills in a family, these community building contractors would become part of the labour team. Home owner needs to pay for materials, but the service is for free. In its current built up form, the houses are all two storeys, but the foundations are deep enough to build up to a third storey. For these extensions, it is envisaged that community contractors will also be used.

The successful project implementation in Klong Bangbua spurred on meetings with the other nine communities along the canal. CODI has recently approved a number of project plans, which are all at different levels of completion. A learning network (called "Network for Bangbua Canal Environmental Development") aimed at addressing the issues along the river was created, and is still the primary vehicle for sharing lessons and action plans. A community based savings fund, here understood as a "City fund", was established drawing on all

communities' savings accounts while the application to CODI was pending. Other agencies like ACHR contributed to this fund. Each community delegated 3 people to the network steering committee, making up a team of 45.

The biggest noticeable improvement following following this wide ranging process has been 1) the community is recognized as people who is entitled to use basic services, water and electricity, 2) secure tenure and no more eviction threats (the land is owned by the National Treasury, and they have now secured a long term lease agreement) and 3) through these new networks and community connections, spurred instruments as a "city fund", children have access to better education and after school oversight, and social problems like drug abuse are decreasing.

As the Bangbua Resident Co-operative, which is the primary interface with CODI, they are facing negative aspects such as non-paying members. There were 229 families in the development, and 29 do not pay regularly. These tend to not join community activities. Resolving these internal issues is one problem, but community leaders also reflected on their uncertainty about the long term security of the settlement, and whether our children will be able to continue secure the lease from Treasury. They spoke about their concerns that the younger generations are not interested in building community, and the leaders are concerned about the general tendencies in Thai society. The younger generation do not understand the struggles the older generation went through.

The coop remains a strong institution, which currently represents 9 communities. All land and finance issues are still mediated by the coop. At the formation time, there were many meetings due to the conflict regarding the upgrading project. These days they don't have many general meetings, only special meetings are called to address specific issues. Agendas vary from solidarity and unity, to the importance of keeping up savings. They do have festivals from time to time, and do activities together.

On the third day, we drove outside the urban core of Bangkok towards communities located in industrial precincts. Our facilitator told us that many slums are located here, as rural migrants seeks close proximity to Thailand's industrial heartland, which is continually growing and expanding regional and international trade. Another form of insecure tenure is rental rooms in overcrowded buildings. We visited three communities, each with a different story to tell: Tarok, Muu sii, and Samhuang.

Takok, Samutprakarn town district

The Siam Commercial Bank (SCM), a large private bank in Thailand, owned large portions of the land on which the Tarok community settled. Nana, a large instant noodle factory owned by a large corporate, also owned significant potion of the land. After the community organised themselves into a co-operative, CODI negotiated with the private land owners seeking access and development rights to large plots of vacant and unused land. CODI was able to negotiate a purchase price much less than its market value. In some cases the corporation donated the land.

The need for housing here is great. At one stage the prospect of relocation to another area was very real. Ten years ago they divided into smaller groups and discussed the portioning of the current land they occupied. Presenting a new layout to the land, they were able to negate a plan to relocate the settlement to government owned pocket of land far away where they were settled. Negotiations took place, often mediated by CODI's institutional prowess, with the end result of the approval for the project.

The management of the land is now under the resident housing co-operative. They do not have a policy to divide the title to the land. Once they are registered as a co-operative, they work together to resolve issues. The co-operative board member's term is two years and the elected committee can not stand office for more than two times. Before the community registered as a co-op, there were seven groups, which the co-op has been

able to integrate into a community structure. The co-op, we learnt, was more than a legal and political platform, because it has spurred on a process of self-reliance by means of community-based savings, which is also aggregated into a "city fund".

In our conversations with the group of community leaders, they said that without CODI it would have been almost impossible to solve the housing problem. If the authority does not provide a channel for people to negotiate for well located land, pro-poor development would not be possible. Firstly, people don't have collateral such as upfront money deposits or assets to secure commercial loans. Secondly, they are not possible to negotiate with the kind of land owners, in this case two major corporations. CODI acted as middle person to deal with authority and connects them to other land owners.
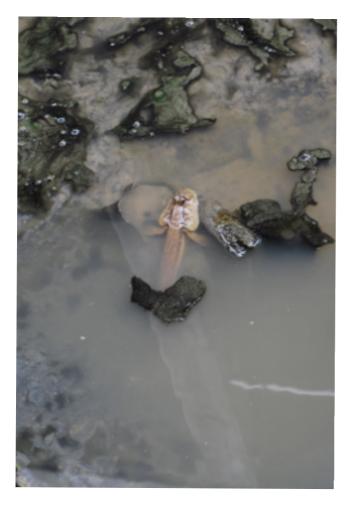
The task of CODI in this project, over and above its function as loan agency and technical support, is to catalyse a development by providing the right kind of institutional support. By brokering deals with public and private land owners, CODI was able to catalyse the project, and spur on community action. Hence, another dimension to this project was the sustained networking between communities. This project demonstrates that CODI is not able to upscale without the civil society networks that are fundamentally established through this process, and CODI therefore heavily relies on networks of people and communities to scale up its housing and property development functions.

Muu Sii, Samutprakarn town district

On the shore of the Gulf of Bangkok, a fishers community lived on this land for a few generations. Their economic activities are centred around a vibrant aqua culture and farming precinct, and they have had customary and negotiation rights to cultivate clams, shrimps and other fish products high in demand. The community is also located on a very sensitive mangrove, which is rapid disappearing in specifically in Thailand and more generally in South East Asia. When the community approached CODI for infrastructure and housing development support, they were adamant that any development had to go beyond limiting the impact on the mangroves. They agreed that for any one block of mangroves that had to be removed to accommodate the housing development, ten additional blocks had to be planted.

Many of the settlements in the Samutprakarn district that we visited we in close proximity to mangroves, and the impact of human habitation on the natural environment was devastating. But in the community Muu Sii, the mangroves were healthy and well kept. We were told that there are three signs to a healthy mangrove: 1) the return of a particular fish specie, 2) the return of a particular snake (non-venomous) and 3) the growth and flourishing of a specific tree (pictured below). The community has been successful in rehabilitating the mangroves, and see this achievement as one of the largest accomplishments of this re-blocking type housing development. We were also told that the community will be open to receiving tourists and eco-system students, and they have indeed received students before.

This project raises interesting observations about the role of CODI. From the design stages of the development, it became clear that the US$1,900 per household infrastructure grant would not be suitable for this kind of development. Deeper structural interventions and geo-technical specifications increased the required budgets. Even though community labour was employed throughout the projects, this saving still left a significant funding gap. A top-up loan was secured from the collective city funds, to which the community also contributed.

The first phase of this housing development has now been completed and the second phase is planned. Another challenge to this project is that the members in second phase will have to pay more for their houses, considering a recent increase in building materials. The community has resolved to solve all these problems internally, even if it means that the beneficiaries in phase 1 needs to contribute to the funding gaps. We were told that contextual problems like these necessitates a strong community platforms, from where problems are discussed and solutions are found. One community leader observed, "If I need to look back and observe myself that time to now, I have noticed a personal change. If we look back years before, these events have changed and shaped us". An example of such community solidarity is the case of Mr. Zombat, an older fisherman who is not able to make the repayments. The community have all contributed to his top-up loan to ensure that he has the same standard house that everyone else on the block. Another case is a woman who heads up her household since her husband passed away, and who is the sole provider to her four children. The community said this is a more difficult situation that will need more creative thinking and doing.

Samhuang, Samutprakarn town district

In the final community visit on Day 3, we stopped at Samhuang, a settlement more than four generations old. More than 60m of the community facing onto a busy industrial and freight road needs to be relocated after a settlements was issued by the Roads Department. The road will be expanded over more than 20km, making way for the growing industrial parks in the Samutprakarn district. The community has proposed a resettlement on an adjacent property owned by the Treasury. The community is not currently paying rent, but after the resettlement, the land lease agreement with Treasury might incur rental charges.

Take-out points

The learning exchange to CODI and housing projects by community co-operatives highlighted the synergies between organised communities with institutional capabilities to relate to state institutions via a people-centred conduit and public interface in CODI. We learned that the function the co-operative plays in the community gets imbedded as a social structure, even beyond the repayment terms of CODI's loan programme. The networking that happens around issue-based mobilisation and capacity development, on the one hand, and the sub-regional committees (which feeds into CODI's board of directors governance structure) has created innovative channels through which communities are able to negotiate and transact on urban land.

CODI's flexible structure of project management, community structures, and to a certain extent technical standards have enabled a range of creative problem solving projects, demonstrating the creative abilities of communities. It was observed that social processes, supported by CODI, has solved problems that market mechanisms and traditional state-driven housing has been unable to solve to date. Another very important feature of CODI's work has been that of land and property, which is understand in its social function, and social structures are able to hold assets. CODI's ability to negotiate with public and private land owners was evident in a few projects we visited.

The lessons learnt from the CODI example holds prospects for the design of the Cape Town city fund, which was the stated objective and purpose of the exchange visit to CODI. In particular, the South African SDI Alliance needs to consider the following intersecting and cross cutting themes to be integrated in the city fund's grant making, community and project support and policy development work.

- Strengthen community savings collectives and regional networks with the view of creating an institutional conduit and local capacity to engage with city decision making powers;

- Formulate a community centred approach to the social function of land and property, and a strategy for engaging with major land owners in South African cities, such as Metropolitan Municipalities, Provincial government departments, Transnet, Intersite, and so on.

- Augment and institutionalise a financing mechanism that is able to create a more conducive interface between communities and city government decision making processes, especially regarding regional issue based and community capacity development networks;

- Develop a range of grant making, project management support, financial solutions and shared learning protocols that entrench the meaning and importance of community processes in incremental slum upgrading projects;

- Understand local and regional developmental forces such as Transit Orientated Development, which is a stated objective for many cities following the lead of the National Treasury's Urban Network Strategy, and what the relationship is between "structuring elements" of cities, and informal settlements and under serviced townships;

- Develop policy alternatives that allows for infrastructure development and enabling financial instruments to allow for self-built in creative ways that give full meaning of the principles contained in part 3 of the National Housing Code, the Upgrading of Informal Settlements Programme (UISP).

The South African SDI Alliance wishes to thank all who made this learning exchange a reality.