



Development  
Progress

## Case Study Summary

*Urban poverty*

### COMMUNITY-DRIVEN DEVELOPMENT IN THE SLUMS: Thailand's experience

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Constructing new housing in Ban Naudom, Surin, Thailand. Photo: © Blue Delliquanti.

- Between 1990 and 2010, the percentage of Thailand's population who were living in poverty declined from 58% to 13%, and from 39% to 9% in urban areas. Over that period, the share of the population living in urban areas rose from 29% to 44%.
- Nationally, the share of the urban population living in dwellings made of durable materials increased from 66% in 2000 to 84% in 2010.
- While the fear of eviction ranked second on a list of concerns raised by slum dwellers in 1990, this had dropped to fifth place by 2006.
- The Baan Mankong programme, introduced in 2003, is one of the few programmes worldwide that addresses slum upgrading at the national level, using a community-driven approach: it has reached over 96,000 households in 1,800 communities to date, and provided secure tenure, access to utilities and improved housing.

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## Why explore ‘slum’ dwellers’ living conditions in Thailand?

Population growth, along with rural–urban migration, has contributed to the expansion of urban settlements. Over 90% of such growth is occurring in developing countries, adding an estimated 70 million new urban residents each year (UN DESA, 2014).

Given increasing urbanisation, and the proliferation of informal settlements or ‘slums’ in many cities around the world, it is important to take a closer look at countries that have made progress in upgrading slum settlements and improving living conditions in these settlements.

Since the 1980s, Thailand has achieved remarkable progress in economic growth and poverty reduction. Between 1990 and 2010 poverty fell from 58% to 13% nationally, and from 39% to 9% in urban areas (World Bank, 2014).<sup>1</sup> There have also been advances in non-economic indicators of wellbeing such as life expectancy, infant and maternal mortality, and literacy (Warr, 2011).

In the early 2000s, there was strong political support for pro-poor programmes, with electoral campaigns based on the promise of pro-poor policies. In 2003, the government introduced a slum-upgrading programme – Baan Mankong (‘secure housing’) – which is known for its national reach and strong focus on community participation. This programme has contributed to improvements in physical housing and the engagement of low-income communities in policy-making, and so offers useful lessons on the importance of community participation and collaboration among different actors to implement successful slum-upgrading programmes.

## What progress has been achieved?

### 1. Initial conditions

Thailand’s economic boom has been accompanied by increased urbanisation: the urban share of the population increased from 29% in 1990 to 44% in 2010 (World Bank, 2014). Coupled with insufficient planning to meet the demands for affordable housing for low-income residents, this has contributed to the creation of slum and squatter settlements, particularly in the Bangkok Metropolitan Region, which accounts for about 84% of slum settlements in Thailand (Pornchokchai, 2008).

In the late 1970s, the National Housing Authority (NHA) embarked on small-scale slum-upgrading projects. These project-based efforts failed to include communities in their design or to address many of their needs (such as tenure issues and proximity to work). As a result, many slum dwellers sold their land at relocation sites and returned to squat in the city.

The increasing pressure on land that accompanied economic growth aggravated slum dwellers’ fears regarding

## ‘With the Baan Mankong housing programme, the role of the community was transformed, becoming the key actor in the development process’ – Government official, housing sector

security of tenure and eviction. With increasing concerns about urban poverty, the Thai government introduced the Baan Mankong programme in 2003 (Box 1). It is one of the few programmes worldwide that addresses slum upgrading at the national level using a community-driven approach.

### 2. Physical living conditions

#### *Tenure security*

The high pace of economic growth has driven up land prices in urban Thailand, encouraging landlords to redevelop land for more profitable uses and threatening communities with eviction. The Baan Mankong programme responded to these concerns by providing tenure security for over 96,000 households between 2004 and 2014 (CODI, 2014). Security of tenure rose from 88% of the urban population in 1990 to 95% in 2010 (National Statistical Office, 1990; 2010). This progress is remarkable since it occurred in the context of increasing urbanisation. Perceptions data also indicate progress. Fear of eviction ranked second as a concern for slum dwellers in 1990, but had dropped to fifth place by 2006 (National Housing Authority, 1992; National Statistical Office, 2006).

#### *Housing and living conditions*

There have been considerable improvements in housing conditions. The share of the urban population living in dwellings made of cement, brick or a combination of wood, cement and brick increased from 66.2% in 2000 to 84.3% in 2010 (National Statistical Office 2000; 2010). Baan Mankong has helped to distribute materials and also makes money available for improvements such as levelling floors to prevent flooding, replacing rusted corrugated iron roofing sheets, and reconstructing houses.

Baan Mankong communities often identify particularly vulnerable community members (such as disabled or elderly persons) and build rooms or community homes for them. Upgraded settlements also often have rooms that can be rented, allowing those who cannot upgrade to remain in the community.

Moreover, communities can leverage Baan Mankong resources to construct community spaces such as meeting rooms, learning centres, libraries, and nurseries.

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<sup>1</sup> Figures relate to the national poverty line and national urban poverty line, respectively.

### Box 1: Baan Mankong 'Secure Housing' programme in Thailand

Thailand's Baan Mankong 'Secure Housing' Programme is recognised for placing slum dwellers at the centre of planning and financing housing improvements. To date, the programme has reached over 96,000 households in 1,800 communities (CODI, 2014).

The programme starts with a city-wide survey of poor communities. Subsequently, community networks along with NGOs, local government, academics and professionals plan and implement an upgrading programme. Communities acquire secure land tenure or ownership with financial support from their savings groups and by obtaining loans via the programme. The programme is characterised by its flexibility in terms of the types of upgrading options available – ranging from on-site improvement and re-blocking to reconstruction and even relocation – and the tenure arrangements they can secure. The land-tenure options depend on what people want and can negotiate (Table 1). Tenure arrangements under the programme are made with a collective land title, which helps to ensure that poor households retain the benefits.

The cornerstone of the programme is the principle of community-based financial mobilisation enabled by savings groups. To obtain Baan Mankong loans communities develop housing in a collective way, and must save 10% of the amount they borrow in a community savings account in order for the community cooperative to qualify for a loan.

The Community Organisations Development Institute (CODI), the agency managing Baan Mankong, provides housing loans to community cooperatives at 4% annual interest and allocates a grant to each community of 20,000 baht (\$570) per family. Cooperatives then on-lend to members, usually adding a margin on the interest rate to create a fund to cover cases of unsteady loan repayments and to fund other community activities, expenses and some welfare programmes.

**Table 1: Type of tenure for Baan Mankong projects (to January 2011)**

Type	No. of households	Share
Cooperative ownership (with title)	32,153	34.78%
Long-term lease	40,292	43.58%
Short-term lease (<5 years)	7,594	8.21%
Permission to use land	12,419	13.43%

Source: CODI website (<http://www.codi.or.th/housing/results.html>)

### Water, sanitation and electricity

The population of Thailand has enjoyed high levels of access to water, sanitation and electricity for the last 20 years. A study of people living in poverty in the Bangkok Metropolitan Region found that 83.4% had access to electricity in 1990, which increased to 99% by 1994 (National Housing Authority, 1990; National Statistical Office, 1994). Similarly, even in 1990 about 96% and 87% of the urban population used improved water sources and sanitation facilities respectively, which increased marginally to 97% and 89% by 2012 (World Bank, 2014).

These measures, however, ignore issues related to quality and affordability, which are often of major concern in slum areas. Previously, slum communities were often not eligible to be provided with basic services by utilities and would pay a premium to buy these informally (key informant interview: community representatives).

Communities have used Baan Mankong infrastructure grants to establish drainage systems, communal septic

tanks for sanitation, household connections for water supply and electricity, and in some instances grey-water treatment units. Tenure security has helped to secure legal access to water, sanitation and electricity and reduced their cost (UN Habitat, 2006; key informant interviews: experts on Baan Mankong and community representatives). An evaluation of Baan Mankong in 16 communities reported a 10% reduction in monthly expenditure on water and a 5% reduction on electricity (TDRI, 2014).

### 3. Wider progress

Baan Mankong has helped to achieve progress beyond physical living conditions. In 2011, an evaluation (TDRI, 2014)<sup>2</sup> found that residents of Baan Mankong communities recorded greater access to credit and increased investment in and income from businesses. Further, tenure security has helped some to gain formal employment as many employers require a formal address (key informant interview: community representative).

<sup>2</sup> Based on surveys of 745 residents from 16 communities in Bangkok and provinces of the country.

Households participating in Baan Mankong also recorded non-monetary improvements, which indicate multidimensional progress (TDRI, 2014). For instance, children in participating households were found to spend an average of about 3.6 hours per week more on studying and doing homework than those that didn't participate. Average education expenditure per child increased by 40%, with resources made available through community funds.

Importantly, communities participating in Baan Mankong have also seen greater social cohesion (key informant interview: community representatives; TDRI, 2014) as the programme has united members. Further, slum communities are now recognised as legitimate citizens.

## What are the factors driving change?

### 1. Community-driven slum upgrading

In the early 1990s the Urban Community Development Fund was introduced, which was managed by an autonomous unit within the National Housing Authority – the Urban Community Development Office (UCDO). Community participation was at the heart of UCDO's practice. It aimed to improve living conditions, support community development and increase the organisational capacity of the poor by promoting community savings and providing low-interest loans (Boonyabanha, 2004).

## 'The first and foremost factor is the community' – Community leader, Baan Mankong Programme

Introduced in 2003, Baan Mankong built on UCDO's community-driven approach in extending subsidised housing and infrastructure loans to communities, which became involved in all phases of slum upgrading. The programme includes a wide range of upgrading and land-tenure options to suit the needs of different communities. A flexible programme design, which enables communities to tailor it according to their needs, sets it apart from previous attempts in slum upgrading. In addition, with horizontal linkages between communities within a city, member communities often jointly negotiate for their tenure as this gives them more bargaining power, and also to learn from others' experiences. Baan Mankong's national reach also sets it apart from most other slum-upgrading interventions, which tend to be project-based and focused on a particular settlement or city. To date, about 930 Baan Mankong projects have been implemented in 320 cities/districts across 72 provinces, reaching 96,882 households with a budget of 6.5 billion baht (\$191 million) (CODI, 2014).



Upgrading in Bangbua canal community. Photo: © Cak-Cak.

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Grassroots pressure has also played a key role in developing a community-driven approach to slum upgrading. Since the late 1980s, communities of poor people have used community networks to stage protests and advocate for themselves. The Four Regions Slum Network, an umbrella organisation of several networks across Thailand, has been one of the most vocal in advocating for the rights of poor people through protests and demonstrations to campaign for land reforms, tenure security and wider civil rights issues.

## 2. Institutional and financial capacity

A key factor that has enabled the implementation of a nationwide community-driven programme has been the institutional flexibility enjoyed by Baan Mankong's implementing agency, CODI. This made it easier for the organisation to adopt an approach that sought to change the relationship between low-income communities and the state to enable pro-poor development (Yap and De Wandeler, 2010).

In addition, the composition of CODI's board seeks to institutionalise partnerships and bring different interest groups together. It includes representatives from government and community organisations and, importantly, community representatives selected through a People's Forum. The People's Forum, comprising five senior community leaders from each region, also functions as a Community Advisory Committee.

Importantly, given the need for flexible solutions that work for communities, some Baan Mankong functions that CODI used to carry out at the national level have been decentralised to regional offices. CODI works through two mechanisms. At the administrative level, it advocates secure tenure for poor communities, developing cooperation between communities and city governments through Baan Mankong sub-committees. At the community level, CODI's Baan Mankong community taskforce empowers community networks by mobilising community organisations, generating and strengthening savings groups, and coordinating upgrading activities with technical partners (including academics and planners, community architects, government agencies and NGOs) through city development committees. Further, the programme has gradually further delegated many of its community-level functions to the National Union of Low-Income Housing Community Organisations (NULICO).

CODI has obtained the necessary financial support to implement Baan Mankong, enabled by a period of strong economic growth, which gave the government fiscal space for such spending. Baan Mankong receives annual government grants to subsidise investments in communal infrastructure and services, and CODI's revolving mortgage fund which extends housing loans, amounting to 6,515 million baht or \$191 million over an 11-year period. Further, as a separate public institution, CODI can to some

extent avoid the shortcomings of bureaucracy. It can apply directly to the government budget rather than having to go through a ministry, and thereby channel money quickly and directly to community networks – thus avoiding it trickling through departments.

Baan Mankong also relies on payments from community members. Economic growth has benefited poor people, with the share of income held by the bottom quintile increasing from 5.9% in 1990 to 6.8% in 2010 (World Bank, 2014). This has increased poor people's loan-repayment capacity, which is important given Baan Mankong's financial model.

## 3. Political commitment and leadership

A programme like Baan Mankong would not have come into being without significant political support and a history of community-driven mobilisation. As early as the early 1990s, representatives from low-income communities participated in drafting measures to improve their living conditions in the Seventh and Eighth National Plans (1992–1997 and 1997–2001 respectively).

The development of such approaches took place in the context of political and economic instability. The 1990s started with a coup followed by a series of reforms culminating in the establishment of parliamentary politics, and ended with an economic crisis and further demands to strengthen political institutions, reduce clientelism and encourage citizens' participation in politics.

The following period saw the rise of populist politics introduced by Thaksin Shinawatra, whose Thai Rak Thai party (TRT) rose to prominence as public discontent with the incumbent government increased. In 2001, the TRT won by what was then the largest ever victory in any Thai election on a promise of universal health care, a farmer debt moratorium, community-level soft loans, and housing for the poor (Usavagovitwong, 2012). While Thaksin's administration has been criticised for its populist stance and corruption scandals, it opened up political space for underrepresented actors as he drew support from poor people in both rural and urban areas.

The TRT fulfilled its campaign promises and a number of housing and other social policies were introduced to benefit low-income households. It is under Thaksin's administration that Baan Mankong was founded. Importantly, government agencies that owned urban land, particularly the Crown Property Bureau and the Treasury Department, were amenable to leasing it to slum dwellers on a long-term basis (Yap and De Wandeler, 2010).

In the words of one interviewee: 'the government declared its battle against poverty, a very clear policy and endeavour to improve the quality of life of the poor' (key informant: policy-maker). Democracy in Thailand has been precarious in recent years, yet pro-poor policies such as Baan Mankong have been retained.

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## What are the challenges?

While there has been significant progress in slum upgrading over the past two decades, certain challenges may limit further progress.

### 1. Preventing new slum formation

The Baan Mankong programme is reactive to housing and tenure deprivations. It focuses on the existing slum settlements but does not help to meet the demand for housing by new entrants into urban areas or new low-income households that require affordable housing (Yap and De Wandeler, 2010). This limits its scope to prevent the creation of new slums.

Prevention of new slum settlements is dependent on effective urban planning, but the Urban Planning Division under the Ministry of Interior in Thailand has been relatively insignificant, subordinated to public works (Usavagovitwong, 2012). In the context of the need for preventive measures, the inability of macro urban planning to integrate housing into development plans poses a challenge.

### 2. Reaching the poorest

Baan Mankong has struggled to address challenges relating to inclusion both in terms of the communities that can obtain access to funds and the households that are included in upgrading. The qualifying requirement that a community first needs to establish a savings network and prove its saving capacity fails to recognise the heterogeneous nature of people living in informal settlements. There may be considerable differences in sub-groups' ability to save and in their preferences for tenure or upgrading options. The programme acknowledges disparities by encouraging households within a community to safeguard poorer and more vulnerable members, but, despite these provisions, it may be difficult for the poorest to obtain long-term secure housing. Moreover, in communities with a considerable share of households with low savings capacity, the entire undertaking could be jeopardised (Yap and De Wandeler, 2010).

In addition, the programme's reliance on debt mechanisms remains contested. The programme seems better suited to more homogenous settlements where households require only a little finance or technical support in order to purchase land or obtain long-term leases. Finally, while Baan Mankong works on the idiom of community and has created social cohesion among participants, community building can be a challenging

process. If residents are unable to work together they find it hard to participate in slum upgrading, and difficulties involved in organising can dissuade participation.

### 3. The scale and speed of change

While Baan Mankong sought to reach 300,000 households, so far it has benefitted about a third of this target (CODI website, accessed in February 2015). The very strength of the programme – collaboration between community and other actors – limits the speed and scale of change.

The implementation of a nationwide housing programme needs different capacities and skills, such as management, coordination, knowledge of finance and construction. Communities have to learn these skills in parallel with implementation, which can be demanding. The collaboration and support from other stakeholders varies by city, and poor coordination can delay project implementation.

Another barrier to the future scale and speed of change is the availability of land, which affects the type and number of houses that can be built. High demand for land for economic or commercial use has driven up prices (key informant interview), putting increasing pressure on land to house the urban poor.

### 4. Sustainability of Baan Mankong

There are concerns relating to the financial sustainability of the Baan Mankong programme. CODI's loan disbursement schedule exceeds repayments, sometimes resulting in cash-flow problems (Usavagovitwong, 2012). In 2008 CODI announced that it had cash-flow problems and requested additional government funding. Following lobbying from the Four Regions Slum Network, an estimated 3 billion baht (\$89.9 million) was injected into the programme (Yap and De Wandeler, 2010).

Current political instability could also jeopardise continuity if support for the programme weakens. While Thailand has a long history of political upheaval (Usavagovitwong, 2012), recent problems have been characterised by two camps – the red-shirts or the United Front for Democracy Against Dictatorship (supporting Thaksin), and the yellow-shirts or the People's Alliance for Democracy. Since Thaksin's government was overthrown by a military coup, each camp has sought to eject the other side from power. A further coup in 2014 has led to more political turmoil. Ultimately, the continuity of the programme and other pro-poor policies will depend on the new government's policies and implementation capacity.

## Lessons learned

Thailand is one of the few countries with a nationwide slum-upgrading programme with community participation at its heart. While Baan Mankong has a number of characteristics that are unique to the Thai context and difficult to replicate, policy-makers in countries dealing with the challenges posed by urbanisation can learn from Thailand's experience, particularly from a set of principles underpinning the key strengths of the Baan Mankong programme.

- **Progress in the living conditions of slum dwellers is rooted in putting communities at the centre of slum-upgrading programmes.** Bringing networks of slum communities together has played a critical role in addressing their specific needs, including giving them greater bargaining power when negotiating for tenure. Baan Mankong communities are not just beneficiaries but active participants in improving their circumstances, which in turn strengthens their voice as citizens.
- **Facilitating cooperation among different actors is key to the success of slum-upgrading programmes.** Another important lesson is the need for cooperation among different actors – the government, academics, and community architects. The programme brings together slum communities to survey and plan city-wide upgrading activities and facilitates networks to interact and learn from each other. Technical support from academics and professionals has helped communities to design effective upgrading projects. The principle of partnership lies at the centre of Baan Mankong's strengths.
- **Flexibility in design, institutional and funding arrangements can make a critical contribution to the success of participatory slum-upgrading programmes.** One of the reasons Baan Mankong is able to tailor solutions to

different communities is its flexibility in design and institutional and financial arrangements. The programme covers a wide range of upgrading and land-tenure options. Moreover, the managing institution, CODI, is a public organisation with flexibility in its operations and a decentralised system of regional offices that have considerable autonomy. This has enabled the programme to address the individual needs of specific communities through bespoke rather than pre-fabricated solutions.

- **In addition to slum upgrading, there is a need for preventive policies to minimise the establishment of slum settlements.** Thailand's slum-upgrading policies are mostly reactive; they improve the living conditions of existing informal settlements rather than planning ahead for urban expansion. While this weakness is hardly unique to Thailand, effective housing policies need both preventive and reactive approaches acting in tandem. This means both linking rural and urban economic and social development, giving prominence to access to affordable housing (e.g. developing a rental market for low-income populations) and setting mechanisms to deal with this issue and coordinate implementation at different government levels.
- **Notwithstanding its inclusive design, reaching the poorest and leaving no one behind is a challenge.** While Baan Mankong provides shelters for the homeless and most vulnerable, the fact that setting up community saving groups is a prerequisite makes it more difficult for those with lower repayment capacity and fund-management skills. This highlights the need to tailor housing solutions for different groups of poor people, particularly taking into consideration the needs of the most vulnerable.

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