

## What is UCDO?

In the early 1990s, Thailand was reaping the bounty of ten years of economic boom, but somehow, the urban poor were continuing to miss out on the prosperity. To find out why, a study team was set up under the *National Housing Authority*. The study brought together community groups, activists, slum federations, NGOs, civic groups, entrepreneurs and key government people from all over the country to develop a new process to address urban poverty.

It was a huge undertaking and represented an unusual degree of participation and pragmatism. The team analyzed the successes and failures of past experiences and identified potentials in ongoing initiatives at all levels. What they found was that poor community organizations in Thailand were doing a lot and had the potential to manage their own development. What was missing, though, was access to resources - particularly affordable credit - and a support mechanism to help link these efforts and support a large-scale community-driven development movement.

The study findings were presented to the government along with a proposal to establish a new program to improve living conditions and strengthen the organizational capacity of urban poor communities, through the promotion of community savings and credit groups.

The *Urban Community Development Office* was established in 1992 with an initial grant of 1.25 billion Baht (US\$ 34 million), as a special revolving fund to support urban community development activities and provide low-interest loans to community organizations for emergencies, housing and income generation. Though technically under the NHA umbrella, UCDO had it's own development process and a separate board of directors to allow the fullest flexibility.

This new fund was to be accessible to all urban poor groups who organized themselves to apply for loans for their development projects. Over half of Thailand's 2,000 urban poor communities in 50 provinces are now UCDO members, linked together into 103 networks through a broad range of community development activities, including housing, income generation, environmental improvement, community enterprise and welfare.

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# UCDO update

A publication of the Urban Community Development Office in Thailand • No. 2, October 2000



## Since when is an economic crisis cause for celebration?

How the urban poor and the UCDO are dealing with hard times :

On September 5, 1999, the Urban Community Development Office celebrated it's seventh anniversary along with a big crowd of community representatives from 35 provinces and 40 community networks, and with well-wishers from government, the private sector, NGOs and multilaterals, all of whom converged on the UCDO's Phetburi Road office for the occasion. Brightly striped awnings were set up in the parking lot under which upwards of 1,000 people ate, danced, talked and celebrated. There were speeches by community leaders and former prime ministers and cultural shows from all the regions with skits, dancing, drumming and mime. Many of the community people brought products from their income generation projects to sell: silkscreened T-shirts, wooden flowers, rush brooms and mosquito switches, hand-loomed *pakomas* and *sarongs*, bronzeware, dancing dolls. There were displays which enumerated the work of various cities and networks with savings, cooperative enterprise, environmental improvements, housing projects. And of course, being Thailand, there was plenty of food on hand - barbecued pork, noodles, fish curries, shrimp paste, savories, pineapple wine, guava juice, sticky-rice sweets.

You wouldn't think there was much cause for celebration after all the troubles that had assailed Thailand's poor communities in the two preceding years, as the effects of Asia's economic crisis had hit community savings and credit groups, causing incomes to dwindle, loan repayments to plummet, and crippling indebtedness to skyrocket. These had been troubled times for both Thailand's poor and for UCDO.

But when you ask just about anybody on the UCDO staff about the economic crisis, they'll tell you different versions of the same thing: Khun Sin calls it a "catalyst", Khun Jim calls it a "wake up call" and Khun Eet calls it an "opportunity". Are they all nuts? This is not blind optimism, but acknowledgement that the economic crisis has, in fact, profoundly challenged and galvanized the national community development process. After two years of crisis, and two years of intense struggle by the UCDO and the community networks to find ways out of all the problems the crisis has exacerbated, there is an almost universal sense that everyone is smarter now, that the savings groups are stronger, and that the whole system of credit and community networks has adapted and matured. But there's still a lot of room for development.

UCDO is still a relatively young institution - seven years isn't really very long. When any young group starts a new process, most likely they'll face some kind of crisis eventually. Crises are like examinations - they have a way of revealing the limitations in the original process and provoking a stage of change, like it or not. If you get stuck in that old process and cannot change, chances are the crisis will finish you. But if you can adapt, you'll move on to another level.

This is happening at an institutional level and at all the level of the community network process. Both staff and community members have come in for a shock over the past two years. The crisis has provided *serious training* for the whole institution and for the communities around Thailand it supports. So how did the UCDO and community networks turn a crisis into an opportunity? In this issue of *UCDO update*, we'll take a look at many kinds of things which have been happening as a result of - and in spite of - the crisis.

# 1

## What the economic crisis has meant for Thailand's urban poor communities

### Eating durian:

When people define their own poverty line . . .

Poverty standards are usually set by demographers or nutritionists in white lab coats in far-away offices, looking at graphs of per capita income and nutrition levels. The poverty lines they draw end up having a huge impact on policy, resource allocation and design of "poverty reduction" programs around the globe. It's hard to imagine a more *top-down* instance in which the lives of the world's poor people are reduced to a number - *and somebody else's number!*

In Thailand, where there's a lot more to life than 900 calories a day, poor communities are increasingly setting their own definitions of what constitutes basic human needs, and minimum survival requirements. Since the crisis hit, those definitions have been discussed, refined and formalized into a set of parameters for community-based welfare programs (see page 30).

An early stab at this was in 1997, when women's savings groups in the Bangkok vicinity got together with NHA's *Information Unit* to talk about how much is minimum and where you draw the line. The women divided basic needs into six categories - housing, meals, clothing, household goods, education and medicine - and looked very specifically at how much of these things, at the absolute minimum, a person needs to live decently in Bangkok.

They determined, for example, that at rock-bottom market rates, a man needs 333 Baht per year for clothes, which includes at least 3 new shirts (100 Baht), 1 pair of trousers (100 Baht), 2 undies (48 Baht), 1 sarong (25 Baht) and 6 pairs of rubber slippers (60 Baht). Women's annual clothing costs came out a little higher at 405 Baht. Similar minimums were determined for housing, meals, education and health-care - all based on such intricate, first-hand understanding, which poor people know best.

And what, on the other hand, makes a good indicator of well-being? One woman from a community in Phra Kanom did not hesitate: "Eating all the durian I want!" (Durian is Thailand's relatively expensive national fruit, so luxuriously creamy, squishy and sweet that some feel it's more like a French pastry than a fruit...)

Between 1997 and 1998, Asian countries were slammed by an economic crash which brought twenty "bubble" years of swiftly-increasing prosperity and lopsided development to a crashing halt. In Thailand, banks collapsed, stocks plummeted, government projects were suspended, the construction industry went kaput and the Baht lost half its value on international currency markets. The more affluent Thais lost half their spending power over-night. At the height of the crisis, newspapers offered a daily feast of lurid exposés about foreclosures, bankruptcies, corruption disclosures, executive suicides and millionaire financiers pawing their Mercedes Benzes and selling sandwiches from a cart in Silom Road.

But what about the poor? Lots of people still believe it was a crisis of the rich, and that the poorer 30% of Thailand's population has not been much affected by the crisis. Not so! Although the crisis continues to have an enormous impact on Thailand's middle and upper economic classes, its effect on the urban poor has been devastating. What has happened to the lives of those at the bottom of the economic ladder?

Since 1997, the poor have experienced loss of jobs and falling household incomes, while the cost of essentials like rice, vegetables, fish, transport, fuel, electricity and municipal water have risen 15 - 20%. People are making less, surviving on less and borrowing more to stay afloat. Virtual enslavement to informal loan-sharks has skyrocketed in the slums, as loan repayments to community savings and credit groups has plunged. Many who've lost their means of survival in the cities have been forced to take shelter with rural relatives, stretching already-stretched family resources. For those already living on the precarious edge of subsistence, with little or no margin of safety, these changes have amounted to a major crisis of survival.

One way of understanding the connection is by looking at the interplay of macro and micro scales. The crisis represents a very big issue talked about by very big organizations who had a stake in causing it, and who have what one observer calls "a long way to fall from very high." But all the government mismanagement, the financial sector monkey business, the bad business practices and cronyism, the reckless over-investment and over-building, the disastrous ebb and flow of global capital - all these *macro-level* storms have taken a heavy toll of victims down at the *micro scale*. Because ultimately what happens in the national economy affects the ground. The two are indisputably interdependent.

The threads of cause and effect blacken the chasm between those rich up there and the poor down here. For the poor, those macro-level storms high overhead have meant loss of jobs, rising living costs and increasing difficulties make a proper living, and that has in turn affected the saving groups. The problems accumulated in the first two years of the crisis, and the worst of it probably came last year, when many savings groups found themselves in crisis, and savings and loan repayment rates fell to their lowest point in UCDO's history. To put these struggles in perspective, while the poor's inability to repay their loans plunged UCDO's "non-performing loan" rate (NPL) to an all time low of 24%, at the worst point of the crisis, one of Thailand's largest national banks was recording NPL rates of 60 to 80%!

### One welcome sign: a respite from evictions . . .

*The collapse of the construction and real estate sectors, which have been among the most prominent and talked-about casualties of the economic crisis (or causes, depending on who you're talking to...) has inadvertently brought about what is perhaps the crisis' only tangible wind-fall for the urban poor: evictions have slowed way down. With over-supply and under-demand of residential and commercial space, and nobody having much money to invest, both the market for and the development of urban land has fallen off dramatically, so pressure on urban land has dissipated considerably.*



## Crisis survey :

Nobody in Thailand's poor communities is fooled when people speak about the economic crisis being a "rich man's problem." In order to measure just how hard they've been hit, the community networks analyzed their own economic conditions in the second year of the crisis. A special survey was launched with a big meeting in April 1998, in which leaders from networks around the country discussed all the issues the crisis had stirred up in their communities, and drew up a list of survey issues. They worked out a simple questionnaire with 15 key questions, and took this back to their regions. During the next four months, 10,000 households in 130 communities around the country were surveyed, 38% of which were savings group members. By September, an initial block of data on 5,745 households was submitted to UCDO to tabulate. Another big seminar was held to discuss the results and to find ways of using the data to better understand the problems and to set plans for tackling them. Here are a few numbers from the survey :



## The Numbers :

### The survey sample :

- **Urban poor population :** 41% of Thailand's 62.4 million people live in cities. Of those 25.8 million urban Thais, about 3.9 million (800,000 households) live in poverty. That accounts for about 15% of the total urban population. Half of these people live together in informal settlements, while the rest live scattered across the cities, in various conditions and in varying degrees of insecurity.
- **Survey sample :** 5,745 households (including 26,813 people) in 130 communities, in 28 networks were surveyed. About half of these households were in Bangkok, the rest in other cities. This sample group falls into the lowest 10% income bracket in Thailand.
- **Tenure :** 26% of the surveyed households own their own house and land, 26% own a house on rented land (average rent 383 Baht / mo.), 19% rent a house or room, and 21% own a house on land they are squatting on. The average period of residence was 19 years.

### Decreasing employment and falling incomes :

- **Number of income earners :** 8,260 persons (about 50% are women), earned an average of 5,756 Baht (US\$ 160) per month
- **Average household income :** 12,139 Baht (US\$ 340) per month. 50% households earned less than 10,000 Baht / month (US\$ 280)
- **Employment type :** 72% of income earners were wage-earners (including factory and construction workers and temporary laborers), 18% were small traders (including more than twice as many women as men). Only 6% had formal private sector jobs, and 7% of the "active working age" people were unemployed.
- **Less work since crisis :** 21% of the "active working age" people had less work than before the crisis.

### Falling household incomes :

- **Percentage of households whose monthly income has fallen between 1997 and 1998 :** 64% of the households
- **Average decrease in monthly household income :** 3,870 Baht per month (24% of pre-crisis average household income)
- **Reasons for loss of income :** 47% lost income because of the poor state of the Thai economy, 14% because of less available work or lower salaries now than before crisis, 14% because earning family members became unemployed or were laid off, 8% who are small traders had less business and fewer customers than before, and 7% because of higher costs increased household expenditure.
- **Households whose current income is insufficient to meet expenditure needs :** 56% of households
- **Average shortfall of household income needed to meet expenditure needs :** 3,000 Baht per month. (This average shortfall is 870 Baht less than the average decrease in household income since the beginning of crisis, suggesting that before the crisis, these households were able to meet their expenses, and even generate a small surplus - this has now been seriously undermined.)

### Increasing household debt :

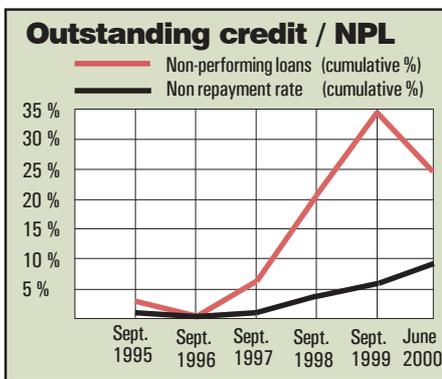
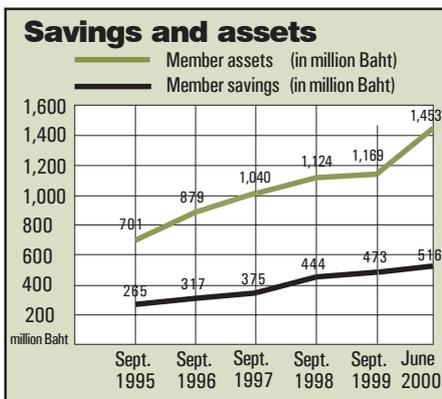
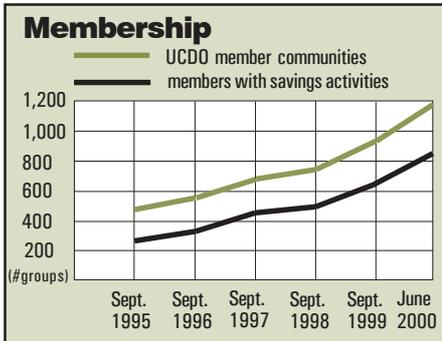
- **Percentage of households which are indebted :** 55% of households
- **Average household debt** is a staggering 72,142 Baht (US\$ 2,000), the equivalent of about 6 months' average family income.
- **To service this debt,** families are spending an average of 3,809 Baht per month (roughly equal to the drop in income due to the crisis).
- **Reasons for indebtedness :** 29% of households borrowed to meet daily household expenses or health emergencies, 17% to invest in small businesses, 12% to finance education expenses for children, 17% to buy land or houses and 6% to pay off other debts.
- **Source of borrowed funds :** 35% of households borrowed from private money lenders (at a whopping 180% average annual interest), 28% from savings groups (at 8% annual interest), 10% from friends and family (at 128% average annual interest), 10% from cooperatives, and only 14% from formal banks or government credit institutions (at 26% annual interest).

### Coping strategies to deal with economic problems :

- **Strategies :** In order to cope with this crisis in household economies, 49% of the households sought second jobs, additional part-time jobs or longer hours, 18% invested to start small side businesses and 24% survived chiefly by reducing household expenditures.

# 2

## How savings groups and networks are dealing with the loan repayment crisis



The ailing economy hasn't been the savings groups' only problem. Before the crisis, most groups were still struggling to balance this new savings and credit system with entrenched power structures in their communities, which often constrained their ability to manage money efficiently and equitably. This kind of strength and understanding takes time, but the crisis hit before this new process had a chance to put down roots and become strong. A crisis of such magnitude won't allow an inefficient system to function long, and this one gave the UCDO system a good shake, sped up the process of change.

Trouble has a way of peeling off layers and revealing deeper problems which need adjusting. When it happens that, for whatever reasons, money saved in the group is no longer safe (lost in a loan that's not being repaid, for example, or nicked by a crooked leader...), everybody in the community feels the crisis, not only those whose money has vanished. For an enterprising community worker, these make ideal conditions for changing the old leadership and the old system and reviving the group.

**“As an organization working for the poor, we have to revive the groups. When people are in a process where they're able to handle money and to make decisions about their own development, they can have pride about that and can grow stronger. If it has a sound system, the group will manage the money and you'll get your repayment. But if the system isn't working and the group collapses with that money, they're back where they started. It's our responsibility to do something to revive it. We have to keep reminding ourselves that our goal is not just the repayment or the money, but the people who are behind the money. This is something that our society has forgotten.” (Somsook)**

One difference between the UCDO approach and the banking system is that while banks loan to *individuals*, UCDO loans only to *groups* - to savings groups, housing cooperatives and community networks - which then on-lend to their individual members. When people can't repay the group and the group can't repay UCDO, the loan becomes what is called in finance jargon a *non-performing loan (NPL)*. To bankers, this is a diabolical term, a thing to be dreaded, but at UCDO, an *NPL* is a vital symptom and a first-step towards change.

Problem loans are a good indicator that there's something wrong with the *group* - with not only the financial management system, but perhaps with the political structure inside the community. If somebody wants to control power, for example, or there's a fight in the community, it will probably reflect on the loan repayments. Community credit systems are good indicators this way: you can measure the health and the strength of the group easily through the group's repayment performance. In most conventional community organizing, you never really know how strong or how healthy a group really is. A few good leaders may emerge and based on that you may conclude that the organization is strong. But this is speculation - you never know the real dynamics of the group. With savings and loans, you can measure it through the way people save, and the way they manage their repayment.

**Loan restructuring :** When there's repayment trouble, the first line of help is to understand the causes of the repayment problems and then to *restructure*. If you don't restructure the group's loan, the group won't be able to repay, the interest and late fees will pile up. As a kind of finance institution, UCDO could shout, threaten, slap on more fees or drag them to court, but this would only bring more trouble on an already troubled group. *Ultimately, it's not our business to make poor people worse off!* If people are made worse

off, then the savings groups, and the UCDO, will be worse off too.

But it's not only a matter of restructuring repayments. You can allow a group in trouble to repay only 5,000 Baht instead of 15,000 Baht a month, but if the system within that group doesn't change also, chances are the problems will resurface a few months later. These things always show. When you restructure a problem loan to a community, it implies that you have to restructure the community system. If you can restructure the organisational process, then you can understand the elements of the organization and can make it work better. In this way, the crisis has provided an opportunity for everyone to learn from a bad situation, to adjust their organization, solve the real problems and start over again.

### Business as usual :

UCDO's financial performance hit an all time low in 1999, as the cumulative effects of the economic crisis left many community savings groups with problems repaying their UCDO loans regularly. By September 1998, 65 out of 484 member groups found themselves in arrears on credit repayment. By June 2000, it was 58 out of 852 member groups, a reduction brought about largely by loan restructuring and daily saving.

Performance figures as of June 2000 :

(US\$1 = 40 Baht)

- Member savings organizations : 852 groups in 51 provinces (99,015 people)
- Total savings of member organizations : 515.74 million Baht
- Total Assets of member organizations : 1,452.71 million Baht
- Total of loans approved : 1,013.63 million Baht
- Households benefiting from loans : 36,308 households
- Total outstanding credit : 502.34 million Baht
- Groups with repayment problems : 58 groups (7% of total number of savings groups)
- Current non-repayment rate : 9.10 percent (57% related to income generation loans, 30% to housing loans.)

# A loan restructuring primer :

*Khun Eet works in UCDO's "Loan Development Unit" which is the upbeat name for the special team which helps savings groups in trouble to find their way out of loan repayment crises. In the past two years, this team has been working on overdrive, and has had lots of experience parlaying savings group repayment crises into stronger, bigger, more inclusive savings groups. Here are some excerpts from a conversation with Khun Eet about how they help groups get back on their feet :*

**1 TECHNIQUE : Rebuild the group :** Repayment problems usually begin when savings groups break down and people stop repaying the groups, so the groups can't repay. Maybe there were conflicts within the group. Maybe some didn't feel the group belonged to them, so weren't interested in helping the group when problems came up. Often the basic concept of helping each other wasn't strong. Our first task is to gather together any members with confidence in the group and *start again - to rebuild the group*. One of the best techniques we've found for building a new financial base and bringing the poor back into the leadership is to promote daily savings and daily loan repayment.

**2 TECHNIQUE : Analyze the problems together :** Once we've got a group, no matter how small, we'll sit together and look at why it got stuck. Was it problems with the management? Old leadership? Conflicts within the group? Was it because somebody wouldn't repay, or loans were being distributed unfairly? Had the savings group become like a private club, separate from the rest of the community? When this happens, things always gets stuck. I believe in *group power*. If the group is strong enough, they'll find a way to solve these conflicts and bring the non-payers back. Only community people can find ways of correcting these problems delicately, kindly, without anybody losing face. This might involve trying to rebuild lost confidence in a doubting member, or repaying a doubting withdrawer. When people see the group adjusting itself and improving things, they'll come back.

**3 TECHNIQUE : Restructure the loan contract between UCDO and the group :** Loan restructuring is a technique to buy time. If we agree, for example, to decrease a group's monthly repayments from 10,000 to 5,000 Baht, for six months, we'll use that time to rehabilitate, help them start again and rebuild their movement. If this *revival* is done, then we allow groups to pay what they can, and consider their loan repayments as normal - *it's not a default, it's not a pariah group*.

**4 TECHNIQUE : Restructure repayments within the group :** Groups can restructure their internal debts, too. If someone has taken a 50,000 Baht loan from the group, but can afford to pay only 5 Baht a day (which doesn't even cover the interest!) the group can lower the repayment to "buy time" to help that person get back on her feet, maybe find a new occupation or get more income somehow. People have lots of good suggestions in these circumstances, you'd be surprised! In Thai community culture, people stay close together with lots of kindness and friendliness. We try to use this community culture to revive the groups. It's like collecting people instead of money. When loans come too fast and communities aren't too ready for them, the money can separate people and undermine those delicate mutual-help relationships. That's why the group tries to give the opportunity to people who have problems and tries to find ways to help them.

**5 TECHNIQUE : Separate loan contracts within a group :** Most groups have several different UCDO loan contracts running simultaneously - occupation loans, revolving fund loans, housing loans. Repayments under one contract may be fine, while others fall behind. Another restructuring technique involves separating loan contracts within the same community and treating each contract separately. In this way, some communities can solve one or two of their contracts, maybe not all. This is a very sensitive technique because we have to look carefully at each contract: who are the stakeholders, who still wants to repay, who isn't paying, what are the problems?

**6 TECHNIQUE : Use the Revival Fund :** Savings groups often flounder when unpaid loans diminish their liquidity so there's no money for loans when people need them and people lose confidence. Injecting a little external capital at the right moment can often relieve this problem, increase confidence and get things going again. For this, UCDO has a special *Revival Fund*, which can loan up to 100,000 Baht to groups at 1% for six months to on-lend to members at very small levels. It's not big money, just enough to change attitudes. The revival fund is a tool for rebuilding groups, more flexible than other UCDO loans: it boosts income, rebuilds confidence, pulls in people.

**7 TECHNIQUE : Send in the new Community Loan Committee :** We've now established a special problem loan committee, made up of community people who are seasoned veterans of loan problems in their own communities. They can talk with the people who have loan problems and have a lot of ideas how to solve them. So far, we've used this team only in real serious crisis cases.

**8 TECHNIQUE : the social sanction :** One technique is to divide the group into those who intend to repay and those who don't, and then use the group process to help the first group find a way to repay, somehow. Those in the second group - the acknowledged non-payers - will lose their credibility, be isolated and have difficulty staying in that community. But this technique doesn't work so well in Thai society, where causing someone shame makes *everybody* feel bad. Maybe that's because as Buddhists, we believe if you do something wrong, you'll pay for it yourself - the group doesn't have to do that. In the Thai way, the group will help you if you want to help yourself.



## Unlearning : Crisis sends UCDO staff on a steep learning curve

Dealing with the repayment crisis has called upon all the organization's reserves of creativity and put UCDO's community workers in the hot seat. Over-time limits have been dropped, budgets for exchange and travel have been opened up, all the institutional stops have been pulled out to help savings groups get back on their feet. The crisis has given the staff a crash course in transforming how they think and work as supporters of a community movement.

When UCDO began in 1992, it was on a country-wide scale and staff requirements increased fast. Some were experienced, but many were recruited fresh out of university. Rather than sending all these young people to all sorts of serious training courses as other organizations might do, UCDO followed a *sink or swim* training strategy, in which workers plunged into work with communities and learned as they went along. So when the crisis hit five years later, UCDO's workers also had a crisis. They could set up a savings group, could facilitate a little, could help the groups a little, but when many of the savings groups started having serious internal problems, the workers found themselves out of their depth.

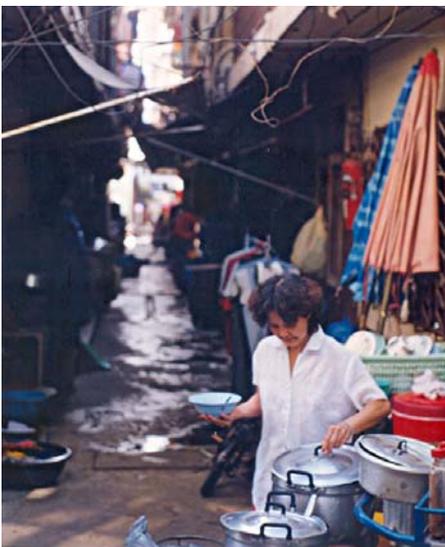
Besides finding techniques for helping troubled savings groups, the workers have had to reassess their own ways of thinking and working, and this has involved as much *un-learning* as learning: *un-learning* economic training which teaches you to be a banker or a policeman, and *un-learning* higher education which teaches you to fancy you know better than the poor. It's a pretty tough job description. Here is how Pi Eet describes the duty :

**"You have to believe the problems can be solved and be ready to work hard to find ways to rebuild the group. You're not a loan collector, you're there to help the group correct the problems and start again. And you have to be willing to learn from the people. You can't think of yourself as the expert with all the answers: it's got to be mutual learning or it doesn't work. And above all, you can never leave a group! No matter how many debts it has, no matter how much corruption and mismanagement is in the group, it can *always* come back. You have to consider these problems as something *normal*. If you can understand the causes and get it to start working again for a year, it will come back. This whole thing is elastic. You can withdraw for a while to make yourself a little clearer about what to do, *but never leave*."**

# 3

## Reaching the poorest by changing the way people save their money together

When you have savings and credit in communities, you have both money and the power of people: the two most essential elements in making changes in people's lives.



For the urban poor, organizing themselves into savings groups is a direct way of taking care of their immediate day-to-day needs. Community managed savings and credit activities bring people in a community to work together on a regular basis to make decisions together about concrete activities which affect their community and their day-to-day lives, through a mechanism that is grounded in simple, regular rituals which relate directly to the real day-to-day needs of the poor - as defined by the poor themselves. Savings and credit activities not only provide the urban poor with their own resource base but also create an on-going process of learning about each other's lives, about managing together and about relating to outside systems with greater financial strength.

But more than simply providing a channel for low-interest credit to the poor, savings and credit activities are an active community organization builder. They are a means to develop a more comprehensive *self-development* process in urban poor settlements, in which the poor themselves - and large networks of poor communities - gradually develop the confidence, the managerial capacity and the scale that is sufficient to link with the formal system and to become stronger players in the larger urban development process.

It's certainly possible for individual savings groups to take care of many of their community's internal needs. And it's also possible for community organizations without savings to link together, to exchange information and to organize people's power to a limited extent. But with savings and credit at the core of the process, *you have both money and power* - those two essential elements in improving poor people's lives.

Since 1992, the number of community savings groups has risen to 852 groups in 103 networks, in 51 provinces, representing more than half of the urban poor communities in Thailand. The 100,000 members of these groups have a total savings of more than 500 million Baht (US\$ 14 million). If you add to this figure all the money they've taken in loans, and the additional income generated on those loans in the period of five or six years, it's almost as much as the fund all over again.

The UCDO began by setting a savings and credit process designed to be the main strategy for building a community-driven development process. The system that was adopted was a compromising one: besides new groups, it made room for all kinds of already-existing groups around the country to join. The emphasis was on spreading this opportunity to a very wide scale by making it easy for people to start savings groups and easy to get access to loans from the fund. But many UCDO workers tasked with facilitating this community savings process brought with them the rhythms and culture of more formal credit union and NGO-led approaches (with monthly saving, monthly loan repayments due on a certain day and late fees, just like a bank). When the crisis hit, it showed everyone that this system had not grown as strong as it should have. There was soul-searching then, in UCDO and in the communities, about how to go deeper, how to find ways of making saving activities that are simple, but which go to the soul of the way poor people live.

### Dealing with large scale . . .

UCDO's attempt to provide a framework for poor people to work out their own solutions began with a push to get lots of people involved and to make it easy to start savings groups. Scale is critical for several reasons: the staggering scale of urban poverty calls for solutions at a matching scale. Plus, large scale activities generate more possibilities, more connections and more dynamism, as groups begin linking and learning from each other.

When you do anything on a scale that is too big for anyone to control, there's bound to be messiness: leaders taking advantage, exclusion, corruption, nepotism, political string-pulling, *the works* - but you're gathering the energy and laying the groundwork to tackle those problems *at scale*. Groups will all react differently to these problems as they emerge in their communities. If a support institution can open up the process so all these groups

have the freedom to experiment and innovate, they'll come up with a hundred ways of resolving them.

*Serious community problems can be solved*, but not through a limited, bilateral relationship between the institution and the group. One of the best interventions an institution can make is to support the growth of a horizontal problem-solving mechanism which links problems with the larger group, so that one group's struggle becomes a learning opportunity for many others. The connectivity which exists within large networks eventually drags problems, as well as good ideas, into the spotlight, so everyone can see them, learn from them and borrow their wisdom.

An institution can only do this if it believes that *having problems is not a problem*. People aren't stupid: they're struggling to find the right way, as we all are, and when things go wrong, they can understand, learn and adjust. Once they understand that there are other options, and once there's a new direction, they'll find their way. The institution's job, then, is to adapt itself according to these choices people make, and according to what comes up. This is a new way to form a community support institution.

**A lot of development interventions follow a highly disciplined model, in which carefully worked out step follows step, one, two, three and four. And it is usually professionals who select pilot communities and determine the form the pilot project will take, very carefully creating a new model, and then "replicating" it only after it's all shaped and perfectly running, in the way the professionals think it should be. It's like cloning! Sometimes it's as though we don't really believe in people's different ways.**

**And if we talk about rights, poor people have the right to determine what's good for them. And all the groups have the right to use all the tools, not just a chosen few. They may use them wrongly, but they have the right to struggle to be right - it's their right to try.**

# Daily Saving

**making the shift to a simple system that works for the poorest**

The idea of daily saving first came from poor community federations in India and South Africa, which have embraced daily saving on a national scale. Every time teams visited Thailand, year after year, they talked about their savings systems, explained the simple procedures they have adopted and razzed the communities they visited, "What's taking you guys so long?" The community people were interested, and groups in Khon Kaen and Nakon Sawan wasted no time in starting daily saving. But enthusiasm lagged behind within UCDO, whose staff were slow to understand the concepts, complaining "It's too complex, too difficult. How to do accounts, how to collect?" The gradual shift over the last two years towards promoting daily saving is a key part of the search for systems which support the urban poor and fit with the nature of their lives. In the past two years, the daily savings system has made big inroads into the networks, first as a means of dealing with the repayment problems, but now it has become a larger process. *Why does daily saving work?*



**1** Daily saving as a way of dealing with the repayment crisis

It was as a means of helping un-stick problem loans that the daily saving system finally got a chance to show its mettle in Thailand. When people are unable to make their hefty monthly loan repayments, it's bad news for the debtors who are disheartened, and bad news for the group which can no longer circulate that money in new loans. Paying back the loan in much smaller daily installments, according to the daily saving system, turned out to be a relatively painless way of getting the whole community credit process moving again. Even if they can't pay much each day, everyone is relieved to see their debt shrinking day by day - it gives a psychological boost to people doubly stressed by debts and by the severe economic problems which necessitated acquiring those debts in the first place. If you want to set a more efficient loan (or savings) collection system, it makes sense that whenever people have money in their pockets, they can make a payment. The system has to keep pace with the income earning patterns of it's members: if people earn their livelihood daily, you've got to grab it each day, while it's still in the pocket.



**2** Daily saving as a means of reaching the poorest

Daily saving came as something of a breakthrough, because it attracts the poorest and brings them into the process. For those with no hope of getting access to any other finance, daily saving offers an alternative, and once they understand the logic and the benefit, they come in strongly. The daily saving system is a way for savings groups to sink new roots in communities - roots that go much deeper than with monthly saving. With so much more transacting going on, so much more money changing hands, so much more activity and dynamism, the whole process has a much more substantial grounding. A monthly savings group is by comparison very static - *transact on one day, and sleep the other 29 days!* The spirit of saving changes. And daily saving tends to screen out the better-off community members, who lose interest because of the small money and big headache of all that daily transacting of deposits and loan repayments. For those who can save 500 or 1,000 Baht at the end of each month, five Baht a day is too small to bother with. But looking at it from the other side, daily saving groups are open to everybody and offer opportunities to everybody - even if they can only save 5 Baht a day.



**3** Daily saving as a simple system that matches life

The crisis brought out the essential clash between the realities in the life of poor communities and the savings structure, which wasn't fitting very well as a management technique. The question was how to find a simple management system that would engender broad participation, and in which everybody would do their bit, as a matter of simple routine, so it's not a burden to anyone. When we look at the lives of most poor people in the city, they are *daily* lives: for most, money comes in and goes out daily, not monthly. If you run the savings system weekly, or monthly, or try to systematize it too much, the poor will have a hard time being a part of that process, because it doesn't match their lives. When the *Mahila Milan* in India, for example, go out every day to collect the money in their small groups, door-to-door, all the members keep the money ready, one person makes the rounds and collects the whole group's deposits. It takes only an hour or less, it's not a burden, it's a part of your life, like brushing your teeth in the morning. But the Thai version of daily saving is a compromising one: in most groups, people can save daily, weekly or monthly, depending on what suits their earning pattern - it's not so strict. In some groups, the daily savers form their own sub-groups and transact savings and credit with the larger group once a month, but carry on their internal loaning, repaying and saving on a daily basis, with their own separate ledgers.



**4** Daily saving as a way of challenging old inequities

Savings groups often get stuck because of problems with old leadership patterns in the community. When UCDO first started savings groups in lots of communities, there was a kind of compromise: opening room for existing leaders to start, but with the hope that eventually, as more and more people come into the process, those old leaders will be challenged and a more democratic process will evolve. But those leaders have clung tightly to their control and to their monopoly on the benefits, and there hasn't always been as much evolution as everybody hoped for. Even when the repayment crisis hit, UCDO workers found themselves shut out if they proposed changing the leadership. But when they suggested daily saving to help people repay, that wasn't so threatening to the leaders. They began with small groups of maybe five or ten people, who started doing things together, started organizing themselves and making decisions together in their little groups. So pockets of independence emerged within the *old system*, without really challenging it. And it grew, new groups sprung up and only became a challenge to the old leadership at the point when so many groups were already in position to really challenge. It's a kind of back-door revolution. In this way, daily saving links simple daily rituals to the creation of a new political power structure in poor communities.

# 4

## Keeping light and flexible: experimenting with new institutional forms

Any formal organization interested in facilitating an urban poor community-driven development process, on a large scale, needs to be very cautious about how it sets up its institutional arrangements. If those arrangements make the support system too rigid, then the flexibility and openness, which are crucial ingredients in supporting an informal people's process, will not work. UCDO's most important and on-going struggle, from the beginning, has been to create a light, flexible and open administrative mechanism, in which money comes from government, but decisions about how those funds are used come as much as possible from a people's process. Here are some of the important structural elements which have shaped UCDO's institutional program and helped develop that community support process as it works now :

Development projects financed by UCDO loans - whether housing, community improvement or income generation - come as proposals from poor communities, through their savings groups or, increasingly, through community networks. It's their ideas, they do the work, they implement, they spend the money.

**1 Government institutional status :** UCDO's position as an institution with solid resources and government status is an important ingredient in making change. The organization's formal "muscle" is used frequently and strategically, in negotiations with other agencies, with aid organizations, bilaterals, other governments and high-level private sector organizations. This kind of legitimacy can open doors, through which resources and opportunities can then flow to networks and communities.

**2 Independence as a self-contained fund :** Government organizations are usually funded by direct yearly fiscal budgets, which are highly political, capricious and come with many strings attached. UCDO's bread and butter, on the other hand, is generated entirely by its own fund. As a self-contained, self-sustaining revolving fund, the entire operating costs are met by a tiny percentage of the income earned on the fund. This means relatively few strings attached, and relative flexibility with regard to changing administrative agendas. That percentage can be used without having to ask for too many people to verify, to approve.

**3 A participatory and open governing process :** UCDO's governing board includes a mix of people from poor communities, NGOs, academia, government and the private sector. Policies and decisions in most government organizations and private firms are set by a boss up at the top, or by boards made up of insiders who have certain ways looking at things. Here you have a group of people from all different spheres, with dramatically different perspectives, sitting together frequently and having a lot of discussion. In this way, transparency is built into the process - there are no secrets, no unilateral edicts coming down from above. And communities have access to all policy-level information all the time. As one staff member puts it, "It's easy for someone to scream up to the highest level at any time."

**4 A system in which the organization doesn't make decisions or initiate projects :** Most government systems start with a clear program of exactly what they're going to do, all worked out and blue-printed to the finest detail, before they even start. In that model, government plans, government implements and government spends the money. Development projects financed by UCDO loans, on the other hand - whether housing, community improvement, income generation - come as proposals from poor communities through their own initiatives, through their savings groups or, increasingly, through their community networks. It's *their* ideas, *they* do the work, *they* implement, *they* spend the money. All UCDO has to do is grant the loan. And a culture of *not saying no* has become a system, where problematic proposals are seldom nixed outright, but sent back, worked on and filled out until they become *approvable*.

**5 A culture of facilitating at many levels :** Most government systems are also set up according to principles of hierarchy and ultimate power to deny or approve. If we want transformation in poor people's lives and their place in society as a whole, we also need transformation in the institutional systems which support people's initiatives. *The transformation has to work both ways.* Developing a culture of *real* facilitation, and building relationships with communities that are *horizontal rather than vertical* - amounts to a full time learning process for UCDO and its NGO and government partners.

### The UCDO Fund : Growing investment and growing returns . . .

(August 2000 figures)

• Fund total in 1992	1.25 billion Baht
• Fund total today	1.7 billion Baht
• Total credit granted	1 billion Baht
• Total savings groups	852 groups
• Savings members	100,000 households
• Number networks	103 networks
• Total savings and assets	2 billion Baht

Additional funds generated by the process:

• Miyazawa	250 million Baht
• Welfare Aged Fund	80 million Baht
• Collaboraton with SIF	250 million Baht

### How UCDO funds itself :

In theory, the UCDO fund should earn an average of 7% on interest, of which 1% is reserved for bad debts, 2% goes back into the fund and the remaining 4% pays for running UCDO. That 4% includes overheads, salaries for staff members, as well as all the development support that goes to the community networks, including exchanges, travel expenses, meeting costs, training, seminars and food. In this way, that 4% financial gain is directly reinvested in strengthening the people's

process. In practice, it doesn't work out quite so neatly. Although interest charged on loans averages 7% overall, 60 - 70% of all the loans are housing loans at 3%. These are long-term loans and take the money out of circulation for a long time and that pulls the average total earnings down to about 5%. And non-performing loans during the crisis pulled total earnings down to just under 4%.

Before the crisis, when the financial market was strong, the portion of the fund which sat in the bank earned handsome returns of 10 or 11%. That income enlarged the fund over the years, and works now to cross-subsidize the low-interest charged on loans and to keep UCDO afloat during the repayment crisis, when interest income - and hence UCDO's bread and butter - has drooped a bit.

**"This isn't a business enterprise. We don't have to worry about earning profits, we only have to break even. This is a social investment - it's possible to measure social profit from the investment in the process as well. In eight years, we've given 900 million Baht in loans, one third of which has already been paid back. This process is going all over the country, people are getting organized, they're managing their own development, a lot of activities are going on. And we still have 1.7 billion Baht. What's the problem with that?"**



## Diversifying :

### Bringing about institutional change by making room for many systems to operate simultaneously

**D**espite the unconventional circumstances which blessed UCDO's inception with freedom from certain big-government pitfalls, problems emerged with the institution, with the loan system and with the relationship that system reinforced between communities and the institution. Set up to be Thailand's flagship financial institution for the urban poor, UCDO was the one setting the organizational structure, forming the loan system and sending people out to get things going in communities. Over the years, as communities have grown stronger and the network process has diversified into many layers, the working system has grown stiff in its response to complex demands coming from this growing movement.

This kind of stiffness happens naturally as most institutions evolve, and that can be changed. But when an organization starts protecting that stiff system, then bureaucracy increases, those who control resources start thinking for others and good work diminishes. Before you know it, that organization will be dead on its feet. But if we can be aware of this tendency and keep searching for proactive means of absorbing that stiffness, it's possible to turn a danger signal into new dynamism. It may be tempting to sweep away the old system when it gets stuck and start from scratch with something brand new. *But all systems have their limits, and no solution can work for all situations.* Chucking out old systems ruffles feathers, creates a lot of unnecessary resistance, and you risk throwing out something that *was* working along with what *wasn't*.

**U**CDO has opted instead to leave the old system alone, and to continuously supplement it with innovative add-on programs, which current jargon might call "windows". Behind this process lies a conscious management conviction that any institution wanting to respond to the diverse needs of a complex, growing community movement needs to build flexibility and diversity into its own system and institutional culture. It can't afford to get stuck in one limited system, but has to keep itself open to new possibilities. Because these *windows* each carry their own system, their own culture of working and their own funds, they add new layers of possibility and new flexibility to the institution, without any big revolution. In this model, the "old UCDO" is still there, but the "new UCDO" becomes an umbrella for all these different programs and approaches, some of which end up becoming so important that they eclipse the original.

The *Urban Community Environment Program* (see page 26), for example, uses UCDO office space, but has its own fund, and its tiny 4-person coordinating team operates completely on its own, linking with community groups and NGOs all over the country. They coordinate with UCDO workers and if those workers can adapt to the process, they go together - if not, they can wait. There are no restrictions, there is no need to wait for everyone to understand and reach consensus. In similar ways, the SIF, Miyazawa and Urban Community Foundation programs (see pages 26-27, 30-31) have tagged their particular systems onto UCDO, and led to gradual and profound transformations in the process.

a new acronym to memorize :

# CODI

While UCDO is undergoing internal restructuring all the time, here's a bit of news about some considerable external restructuring. On July 28, 2000, according to a Royal decree, UCDO was officially merged with the Rural Development Fund to establish the brand new **Community Organization Development Institute (CODI)**.

The linkages between poor communities in urban and rural areas will be a significant development in the future. The merger presents a chance to chip away at the urban bias that exists in a lot of development work, and to find ways of dealing with specific issues from a grounding in strong community organizations and in what they want to do. Most are expecting that the new CODI umbrella will make it easier to create a system that can really reach the ground. The merger gives CODI full, legal, independent status and opens up several possibilities :

- More freedom to mobilize funds and invest with community groups in creative ways.
- No more need to quibble about distinctions between rural and urban poor, which can be quite fluid, especially at fringes of cities.
- More flexibility to create rural-urban linkages and tie-ups for community enterprises.
- More chances to broaden networks along livelihood lines in rural areas and to develop province-wide programs in sustainable production, environment, cultural development, land use and welfare.
- More chances for communities to deal locally with the impacts of globalization.

The new CODI board, like UCDO's, will be progressive: one-third of its members will come from poor communities, one-third from government and one-third from outside organizations. The emphasis on decentralizing to communities and networks will continue as before. Here's now one UCDO staff member describes feelings about the merger :

**"The process we've been implementing has roots now. The people and the networks can speak out, and there's a clear strength in the process now which is not easy to change."**

### Resources in the new CODI revolving fund :

● Existing UCDO Fund	1,700 million Baht
● Miyazawa Fund	250 million Baht
● Existing Rural Fund	600 million Baht
● New Gov. support	500 million Baht
● New Elderly Welfare Fund	80 million Baht
<b>TOTAL</b>	<b>3,130 million Baht</b> <b>(US\$ 82.3 million)</b>

#### Fresh Air : Some of UCDO's independent "Windows"

- 1 Urban Community Environment Activities (UCEA)
- 2 Urban Community Foundation :
  - UN ESCAP Safety Net activities
  - JAICA study of community redevelopment processes at Huay Khwang and Din Daeng
  - Commuity-based school attendance project with the Thai Ministry of Education
  - OECF study of scavenger communities in Onnut
- 3 Miyazawa Community Revival Loan Fund
- 4 Elderly People's Development Fund
- 5 Collaboration with World Bank Social Investment Fund (SIF Menu 5)
- 6 Community Enterprise :
  - "Trading House" project
  - Links with the Bang Chak Petroleum Co.

There's another important principle at work here, which has become part of the institutional culture: **letting practice set systems instead of systems set practice.** A lot of good ideas get squashed to death in the consideration phase, before they ever get a chance to be tried. The idea is to not talk and speculate too much, just start working and see what happens, what works and what doesn't! If an idea seems reasonable, is not too expensive, and is grounded in people's own sense, then start with the group of people who are ready and develop little by little. *The rules will come from practice.*

# 5

## Strength in numbers : the emergence of community networks in Thailand



Without the smaller individual units which keep a firm connection with the ground, and the larger collective units which bring the force of numbers, you can't hope to make real change - structural change - at any significant scale.

### What is a network?

It's no easy matter to describe a concept which the Thais are as reluctant to define as they are determined to keep as open as possible to variation. The word *network* was chosen as the best English equivalent of the Thai *krua kai*, (which conjures up images of fishing nets...) and was deemed loose enough to be flexible, without actually implying it *has* to be loose. This soft-focus leaves the door open for fresh interpretations and new models of what a network might be, or how it might operate, and allows many quite dramatically different processes to run at the same time, all of them still being *networks*. Networks have developed according to the interests and capabilities of the groups involved, according to their own changing circumstances. They could have a tight structure, or be a loose assembly of groups. They could be a specific task-force or a national federation. But the common thread is a process in which people gather together in larger groups to learn and do things which they cannot do as individuals or as single communities.

Networks come in all shapes and sizes. Some, like

From the beginning, UCDO set out to establish and strengthen savings groups in poor communities as the central unit of change and as the vehicle for channeling credit to the urban poor. The relationship was a direct link between UCDO and the individual community savings groups, through the UCDO workers. This has changed substantially in the past few years. The emphasis now is on strengthening the networks, which are gradually assuming responsibility for managing loans and development processes in their member communities. The emergence of community networks, which are expanding by leaps and bounds, in number, size, and capacity, has been one of the most important developments of these past turbulent years.

The "s" in networks is an emphatic plural. This is not one federation or one network, but a vast and constantly expanding amalgam of groups, and *groups-of-groups* who find that there are clear benefits in being together. All have their own cultures, their own agendas and their own ways of working together. The lack of sameness and absence of rules for membership are likewise emphatic. UCDO's primary development strategy is to encourage and enable, in all possible ways, myriad forms of community networks to set themselves up, to get involved in the credit programs, to strengthen their managerial capacities, to find ways of multiplying their activities and to begin working in partnership with other organizations in the same city.

Scattered, small-scale savings and credit groups, as they develop and mature, almost inevitably link with other groups and form networks with some kind of connected financial or organizational base. Networks provide horizontal support to individual communities, and opportunities for exchange of experience and learning from each other. They also create possibilities for pooling resources. This kind of collaboration provides groups with access to greater financial resources, a greater sense of solidarity and enhanced clout when it comes to negotiating with the state and with other actors on the urban scene for entitlements and resources. Collaboration also brings many other benefits and leads to other concrete collaborations.

This process has political implications, since the stronger status of networks makes it possible for the poor to deal with larger, structural issues related to their problems - issues that were beyond their capacity before, as small, isolated community organizations. Networks put poor people in a stronger bargaining position, and show a workable, self-managing community development process capable of doing at city or district scale what the existing systems and institutions have been unable to do.

There are now more than 100 community networks in Thailand, which have begun working with cities, provincial governments, private sector and local organizations on issues vitally related to their lives such as land rights, housing, welfare, community enterprise, community environment and health care. When these community processes connect with a good credit system, poor communities can access external financial resources which further support a development process being managed by people.

A few years ago, most of these networks didn't exist yet. At the clumsy beginning, many weren't quite sure what to do with these larger gatherings. In many districts, small things sparked off bigger things: maybe

three or four organized groups linked together and undertook some kind of concrete, joint activities. When these proved to be useful, the next step was usually to conduct a city survey. The survey not only defined a constituency, but was a chance to make contact with many other poor groups which were not yet organized, and to pull them into the process. Eventually, people began doing things that were "*more than what we are.*" In these ways, the network process gradually takes off.

Some complain about looseness in the network process, but as more and more concrete activities are taken on together, the process naturally tightens itself up. And if those activities involve a money relationship, as with Miyazawa and SIF, they automatically lead to more discipline and greater systematizing than before. All this involves increasing capability, increasing management savvy and increasing maturity. One observer, after speaking to leaders from the Khon Kaen network, put it this way: "*These people have grown to such a level that the way their network functions and the way their activities fit together into a larger whole goes beyond what we could ever have imagined. They could do it this way because the power is in their hands.*" A lot of work remains, though, to keep a productive balance both within networks and between networks and other local organizations.

the networks of under-bridge communities in Bangkok, communities on Crown Property, along railway tracks and beside *klongs* (canals), have common tenure or landlord problems and come together to find joint solutions and negotiate for land rights and entitlements as a block. There are networks of communities in the same city and the same province, which use collective strategies to negotiate with city and provincial authorities, to carve out a place for themselves in the larger planning process, and to work together on specific problems of housing, welfare, livelihood or access to basic services.

Occupational networks like the Taxi and *Tuk-tuk* Cooperatives and the different community enterprise networks use group-system clout to deal with sharks in finance and private sector institutions and to lobby for large-scale municipal contracts. There are networks in which people pool their community savings and base their relationship on common financial or credit goals, and there are networks of communities which develop their own cooperative housing projects.

# Networks : five big changes



*Community networks in Thailand have become a collaborative development mechanism belonging entirely to the poor, which can develop solutions to problems they face. Networks have initiated innovative collaborations with other urban stakeholders in city-wide development projects and joined forces with other civil groups to influence broader city-development directions. Networks have come a long way towards bridging the gap of understanding which exists between the urban poor and the formal system, and balancing this crucial political relationship in several ways :*

## 1.

**Changes in the scale of the community movement :** In the network model, individual communities are the smallest structural unit, and represent the most local constituency, but once they link together into networks at city, provincial, regional or national levels, they become a political force. Without these two elements - the smaller individual units on the ground and the larger collective unit with the force of numbers - you can't hope to make structural change at any significant scale. A network can negotiate on behalf of a community for things which that community may be unable to get - *it's too small*. This speeds up the change process. The collectivity of networks is perhaps the most powerful element to push the community process beyond the activities of microcredit. In a strong network process, savings and credit activities provide a tool for learning, a resource in hand and a means for making constructive change as a group.

## 2.

**Changes in how problems of poverty are addressed :** In most development, the state, NGOs and development agencies have control of the resources and call the shots. People have little choice but to obediently follow the track others lay out for them, or else risk having the goodies withdrawn. Here, people have the freedom to learn as they want to learn, explore alternatives and make choices in ways that make sense to them. Community networks provide a powerful platform for larger scale development and involve a synergy of learning, sharing of experiences, boosting of morale and inspiring each other. The networks have given Thailand's urban poor groups confidence, negotiating power, information and many more tools to deal with pressing problems around them. Networks have led to broader acceptance of community-driven development processes in their own constituencies and at the national scale.

## 3.

**Changes in the way communities relate to each other :** When UCDO began, the primary links were direct ones between the scattered community savings groups and the institution. When problems came up, it was up to each group to work it out themselves, or for the institution to intervene. The lack of horizontal linkages or mechanisms for communities to help each other meant that people were dependent on the institution for help. When the huge loan repayment crisis hit, everyone could see this fragile system wasn't up to the task. Through all the meetings, workshops and exchanges that were organized to deal with the crisis, at all levels, the networks emerged as a deep source of problem-solving ideas and experiences. As an information channel, networks allow people to learn from each other and capitalize on the learning of a few. Whenever one community has developed some alternative which works, all the others in the network will learn about it as a matter of course. No need for a community worker or NGO to be sole agency to spread the news or tell people what they should do.

## 4.

**Development of internal balancing mechanisms within communities :** The network system has also expanded the tools communities have at their disposal to resolve internal problems and provided the checks and balances vital to sustaining a balanced, equitable community-driven development process. Without this, there is always the danger of community leaders taking advantage, monopolizing power and channeling benefits from the process in corrupt and excluding ways. It's no different than in the larger political arena, where new dictators emerge all the time and have to be continually reined-in through a process of political balancing. In the past, if one community had problems of a dictatorial leadership, it tended to get stuck at that level. But the way networks operate now, people link together in many ways, and these issues generally come out on a larger platform - they'll somehow end up in the beam of the spotlight. That community and those leaders will ultimately face the heat of outside scrutiny. When groups get to know each other and see each other often, there's a lot of talk and it's hard to hide things! Opening up becomes a vital control mechanism, a way of balancing things, diffusing tensions and un-sticking problem situations. And people living in poor communities know how to approach these issues in very delicate, face-saving ways.

## 5.

**Changes in the way the institution relates to the community movement :** An old joke in the region pokes fun at UCDO, "*The government credit fund that wanted to build a people's movement!*" Most large-scale people's movements in India, South Africa and Philippines, for example, began on the ground and only later amassed the strength and scale to lobby for resources, as federations. But in Thailand, first came the fund, which then used finance as a tool to build a large scale people's organization and network process. This topsy-turvy history has made for as many difficulties as opportunities, but began with a high degree of well-intended institutional interference and push at the start, *and a desperate wish to devolve!* Devolution can take many forms, and UCDO's version meant finding a light, thin management structure which allows people to work in their own ways, and which channels the resources directly to these efforts, especially through the network process. In this version, decisions and leadership are gradually taken on by these emerging networks, while the institution continues to support, link and nudge, but interferes as little as possible and says no almost never. And as people's strength provides increasing direction to the work and builds its decision-making capacity, the institution should try to step back into a supporting, advocacy role.

In UCDO's early years, when everybody was dashing around starting savings groups, it was the workers who made plans, doled out budgets, carried ideas and spread around news. As the networks have grown, they've increasingly taken over management of their own movement, and all the planning and linking which that involves. Networks are now the chief promoters of new savings groups and administer their own special fund which pays for many of their own network strengthening activities. When a networks links several communities together, it creates a process with a life all its own, in which lots of people are involved, meeting all the time among themselves. UCDO workers, now robustly outnumbered, find it rather difficult to lead or to dominate. Some get nervous when information flies between communities and between regions faster than they can possibly keep track of. Others celebrate this transformation, and take it as an invitation to shake off the burden of management and start supporting and facilitating.

# 6

## A few snapshots from some busy community networks around Thailand

There are about 2,000 poor communities in Thai cities. About 1,000 of these are part of over 100 networks, representing over half of Thailand's urban poor population. Some are city-based or province-based networks, some come together to negotiate with the same landlord, some are issue-based networks (such as communities under traffic bridges, communities living along klongs) and some are occupational networks, such as the uniform-making network. What they all have in common is that their large numbers make them a political and development force. What makes a network become a network? It's different in each city and each province, but usually it takes a common problem or need to ignite a network, or some kind of crisis to rally around. UCDO's support for building community networks is an important development strategy and involves consciously building conditions into the working process which help form and firm up networks. Here are a few snapshots of some of the networks and some of the problems that got them going...

### 1 Bangkok Cooperative Housing Network

People in this network of communities that have built new housing projects are veterans of poverty, evictions and confrontations with police, government and landlords. They came together to compare notes on sustaining the new communities they have built and to deal with common problems. Since the crisis, many cooperatives with outstanding loans from UCDO have run into trouble as members fell behind in their housing loan repayments.

Sapnukul community is part of the cooperative network and a pioneer in the cooperative housing movement. When faced with the threat of being evicted from the rental community at Yenarkad, where they had lived for decades, about 100 families negotiated for a land-sharing agreement. The landlord refused, but was finally persuaded to provide group compensation, to buy alternative land for the community's resettlement, which the people searched for and chose themselves, in Bangkok's suburban Bang Khunthien District. The land cost 10 million Baht. With support from the *Build Together Foundation*, the community registered as a cooperative, negotiated with the NHA to provide infrastructure at the new site and got housing loans from UCDO (200,000 Baht per family) to build 2-story townhouses.

At that time, these were all precedent-setting breakthroughs, and Sapnukul became a leader in a new resettlement movement and an experienced guide to communities in similar predicaments interested in negotiating resettlement plans. Panthip is leader in Sapnukul: "When people can't pay their loans, it puts their homes and security in danger. Single communities can't solve these problems alone, so we came together to solve them as a network." With a 3 million Baht Miyazawa loan, the network has been able to help 200 families repay their cooperatives, and provided a small fund to help people set up enterprises to boost their incomes.

- **Set up** October 1994
- **Member groups** 17 groups
- **Total members** 14,265 households
- **Total savings** 190,000 Baht
- **Activities** Support to new housing cooperatives, welfare activities, income generation projects

### 2 Buri Ram Community Network

Buri Ram is a poor city in the poorest region of Thailand, the Northeast, and members of the one-year old network include the city's poorest recyclers and market vendors. Since the crisis hit, the perennial problem of crippling indebtedness to money lenders has become the network's number one focus.

They began by making a detailed survey of people with informal debts. They found people were paying 5 to 20% monthly interest (that's 60 - 240% per annum!), with an average debt size of 20,000 Baht. They also found that 270 people, with informal debts of about 3 million Baht, were paying the money lenders 4 million Baht a year, most of that interest, without even beginning to touch the principal! The figures were staggering. *People were like slaves*, they couldn't save, couldn't repay their loans, so money stopped flowing in groups. Many tried to solve problem through their groups, but funds weren't nearly enough to tackle a problem on this scale.

So the network assembled a list of the worst cases and made a 5 million Baht Miyazawa proposal for a 5-year loan to refinance these debts and help people get back on their feet. Members can borrow up to 30,000 Baht to repay the money lenders, and can repay the network at 3% interest (instead of 240%). When the first batch of rescue loans are repaid, the money will revolve to help more informal debtors. The amount of money people will ultimately save on interest in five years runs into the millions.



- **Set up** March 1999
- **Member groups** 11 groups
- **Total members** 928 households
- **Total savings** 921,898 Baht
- **Activities** SIF community welfare activities, income generation, community enterprise activities

### 3 Bangkok Taxi Cooperative Network

Members of the *Krung Thai Taxi Drivers Cooperative* have all taken UCDO loans to buy their taxis and to buck the exploitative system of renting taxis on a daily basis from big operators, who end up with most of the profits. The cooperative has passed many benchmarks in its 5-year organizational life. The economic crisis has meant fewer fares, higher gas



prices, longer hours, shrinking incomes and trouble repaying their taxi loans. To tackle these problems, as well as mismanagement and corruption in the cooperative

leadership, they began daily savings and loan repayments, which helped quietly rebuild the cooperative and reorient its leadership.

The latest pot on the bubble is a plan to open a new petrol station, as a franchise of Thailand's progressive gas company, *Bangchak*. A special people's company was set up to manage the station, with 70% of the board members being taxi drivers, and shares being sold only to community organization members. Bangkok's first poor-people-owned, taxi-driver-managed pump will open in November, 2000.

The cooperative has also taken a Miyazawa loan to set up a special profit-making *taxi clinic*, attached to the petrol station, which will offer repair services and spare parts to members (at a discount) and to the public (at full rates!). They also have plans to provide all the cooperative members with a full taxi check-up and repair, to make sure their investment is in the best shape.

- **Set up** January 1993
- **Member groups** 4 zones in Bangkok
- **Total members** 214 taxi drivers
- **Total savings** 497,347 Baht
- **Activities** Bangchak petrol station community enterprise, daily savings and loan activities, taxi "clinic"



## Greasing the network wheels : Community exchange learning in Thailand

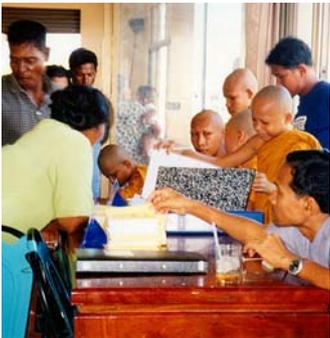
Community-to-community exchange has become the most important tool for transferring and upscaling knowledge within and between the community networks around Thailand. Exchange is now an inherent feature of how the networks operate and how people learn from each other's experiences. It's a potent network-builder and is now so deeply ingrained in the day-to-day operation that nobody thinks of it as anything special or a "program" at all. People move around a lot and news about what's happening in networks around the country travels very fast, by word of mouth, from the southern tip of Songkhla,

to the extreme north of Chiang Rai. The networks all have their own small budget from the UCDO for exchanges and travel, which each network decides how to use. Those budgets get stretched very far, with no per-diems, no frills, and minimum travel costs. Most times, people bring their own food, find cheap accommodation and eat with their host communities. When problems come up in one place or if a group gets stuck, the first solution is to send that group to another place, to get some distance and to see how another group has dealt with similar problems, in various circumstances.

### 4 Chantaburi Community Network

Savings groups in the Chantaburi Provincial network haven't had big repayment problems, but they have experienced deepening poverty during the economic crisis. Rather than apply for external capital to deal with repayment problems, the network has opted to use resources from the Miyazawa fund to set up a special revolving fund within the network, to spread out the opportunity through as many teeny-tiny loans to as many poor people as possible.

The network's 4 million Baht Miyazawa proposal outlined a system which is not too heavy with lists of particular recipients, but sets up a clear system for spreading the money to the different savings groups, with a loan ceiling of 3,000 Baht per member. A lot of better-off community members won't be interested in such small loans, *but the very poor will*, and that's precisely the idea behind their scheme. Besides the low ceiling, they also proposed a quick repayment schedule of less than one year, so that the money can turn over very quickly and revolve several times within the five year period.



The network calculates that with this system, they will be able to reach 700 people in the first round, and about 3,000 within three years, with those tiny 3,000 Baht loans, for income, emergencies, school fees - anything. The plan calls for some money to remain in the community groups, and some to come back to the network to circulate among other groups.

- **Set up** May 1995
- **Member groups** 7 groups
- **Total members** 3,248 households
- **Total savings** 20.2 million Baht
- **Activities** Environmental improvement activities, SIF Menu 5 welfare activities, network rice fund

### 5 Bangkok Daily Savings Network

Since the crisis hit, many groups have found daily saving an effective way to help people repay their loans and to bring poorer community people into the savings process. More recently, several groups in Bangkok have taken daily saving principles many steps further, and set up an alternative saving system, running parallel to already established savings groups.

In the daily saving network, people save very small amounts of 2 - 5 Baht each day, in small groups of no more than five people, which manage the money themselves. All the power is in these small groups, which keep their own accounts and set their own rules for how to manage this money. If one community has ten daily savings groups, there will be ten sets of rules for managing them!

Members can save some money with the group, with a special daily saving fund and with the network. All these funds are interlinked and the groups all share funds. Members can also withdraw from the daily savings group to repay debts to the monthly group. Some members save in both groups.

The system also offers additional loan sources, from the small group, from the daily saving fund and from the network, which has taken advantage of low-interest Miyazawa loans to increase their lending capital. Because everyone saves equally in this system, everyone has equal opportunities to loans. Unlike "stock type" loans in most savings groups, loans here are not based on *how much* you've saved, but *how long* you've saved. This is a way of beating the system in which the benefits of saving tend to flow to the better off. The system is new and very much in process, but lots of communities are showing interest. The network's slogan is a bit long, but it sums up the philosophy pretty nicely: *"Work hard together and think together with unity, truth, sincerity, discipline, courage, dignity and self reliance!"*

- **Set up** January 2000
- **Member groups** 6 groups
- **Total members** 604 households
- **Total savings** 150,000 Baht
- **Activities** SIF Menu 5 community welfare activities, daily saving, special loan program, refinancing high-interest informal debts

### 6 Khon Kaen Community Network

The *Saha Chumchon* network in Khon Kaen is one of the strongest of all the networks, and comprises some of the poorest people. Most members live in squatter settlements along the railway tracks, and many earn their living as informal waste-collectors called *sa-leng* (describing the 3-wheeled carts they pedal around the city collecting waste materials). Two years ago, the network used a UCEA grant to develop a recycling centre to buy recyclable materials at fair prices from the *sa-leng*, and to provide health care services and a profit sharing in the business of selling recyclable material to industry.

**Malion is Saha Chumchon's secretary:**  
*"The sa-leng have an isolated struggle, They work alone, they are at the mercy of buyers who cheat on weights and pay the lowest prices. We wondered how to organize so people could work together to develop their lives in every way: working conditions, income, health, housing. We don't have much experience yet, but we decided to just start."*

Since then, the network has built another recycling centre and are now deeply involved in Miyazawa loans and implementing a community welfare program through the SIF Menu 5 program.



- **Set up** January 1995
- **Member groups** 21 groups
- **Total members** 1,206 households
- **Total savings** 3.34 million Baht
- **Activities** Garbage collection, health program, SIF Menu 5 welfare, infrastructure, house registration, housing construction, income generation

# 7

## Linking smaller networks into larger networks at regional and national levels



As networks explore these larger platforms, they are searching for collective mechanisms which support what people are doing - without obstructing it. It's a political process, and like any political process, there are as many potential pitfalls as there are benefits.

Over the past two years, the process of disseminating loans and resources from the UCEA, Miyazawa and SIF have given networks increasing opportunities to use regional and national forums to brainstorm, to set plans, to cross-check and to strengthen their decision-making process. As in any large-scale collective process, there are many levels of grouping in Thailand's growing community movement. As networks explore larger platforms beyond their own constituencies, they are searching for collective mechanisms which support what people are doing - without obstructing it. It's a political process, and like any political process, there are as many potential pitfalls as there are benefits.

### 1. Regional platforms . . .

The Thai networks divide themselves into seven regions: northern, northeastern, central, southern and eastern Thailand, as well as Bangkok and the vicinity of Bangkok. Since the Miyazawa program was launched in March, 1999, regional network forums have helped networks from specific cities to refine their Miyazawa loan proposals. When the networks open up their plans - in great detail - to public scrutiny at these regional forums, there are lots of people listening, asking questions, pointing out problems, helping improve the proposals. This opens the community process to checking by a broader peer group. And because people are among friends, with language, culture and ways of thinking in common, sharing is easy and comfortable.

This kind of *self-checking* at several levels is crucial in a people's process. It's much more important than just having a committee which looks at people's proposals and pronounces approval or not. When the process of considering community proposals develops this way, among people, it provides learning by comparison with different cases and different situations and it helps resolve problems and balance people's sometimes-bumpy ways of doing things. In this way, the project consideration itself becomes a people's process booster.

### 2. Issue based networks . . .

People facing similar problems in wider areas have also begun to explore the advantages of linking into larger networks. The network of communities on railway land, for example, has brought together communities from the southern tip of Thailand to the extreme north, to negotiate as a national block with the Thai Railways and with government for tenure security and development rights. The community enterprise network in Chiang Rai District has brought together over 200 rural and urban communities and used their rural-urban linkages to set up a large-scale production and supply units for milk, fertilizer and rice. The network of communities involved in the school uniforms project has used the power of numbers to negotiate contracts with the Bangkok Municipal Administration and to streamline the production of over 150,000 uniforms.

### 3. National community council . . .

The idea has long been discussed that there should be a people's council to act as a kind of "user group," to swap ideas, to balance the UCDO and to say what they like and don't like. Two years ago, the networks decided to experiment with the formation of a *community council*, made up of representatives from each network, to be a national forum for sharing and making decisions regarding the UCDO's urban community development process. The form this council took gave a few representatives power to make decisions on

behalf of many others. In the case of the new council, some community representatives soon began acting like members of parliament, dominating the representation in the consideration of budgets and proposals, even adopting a very grand speaking style in the meetings, "Mr. Chairman, may I speak?"

At that time, the networks were all extremely busy with their own activities, with housing projects and credit problems. They soon realized that when you create a central structure and the pace of community activities is too fast for that structure to keep up with, the council loses its relationship with fast-changing realities on the ground and may even contradict the principle of decisions being made by people. In addition, many networks were not interested in being part of the council process, and from the very beginning this was creating divisions in the movement into council and non-council groups. Whenever you set up a mechanism which draws lines of inclusion, you'll automatically create some exclusion. In September 1999, the networks conducted an evaluation of the council and decided to dissolve it, allowing the process to go back to the ground - so each group and each network could do their own thinking, make their own decisions. Since then, a much looser national process, with representation from the networks, has continued to provide a platform to work together on crucial issues such as housing, welfare and community enterprise.



# First all-Thailand survey of the urban poor :

Community networks team up with NHA, UCDO and NGOs to conduct Thailand's first-ever community-managed national survey of urban poor people in 310 cities



## When people carry the clipboards . . .

**“Surveying is not something mysterious and difficult, as officials try to show. You don’t need a computer or a degree in statistics. It’s a natural process of asking questions and finding out things about our communities, our friends, our city. And when we walk around our city, finding settlements, writing things down and talking to people, our eyes are open to many things others might miss.”**

## And when people do the counting . . .

*The urban poor are almost always undercounted. When municipal plans, budgets and entitlements are decided on the basis of official statistics that are inaccurate, it’s bad news for the poor and for the city as a whole. Here are a few dramatic statistics from five cities which show the difference between what cities counted and what people counted :*

City	Official survey	Community survey
Nakhon Sawan	19 slums	53 slums
	3,500 houses	9,950 houses
Ubon Ratchathani	6 slums	23 slums
	1,432 houses	5,450 houses
Khon Kaen	7 slums	23 slums
	1,210 houses	5,977 houses
Nakon Ratchasima	17 slums	26 slums
	3,215 houses	5,309 houses
Ayuthaya	28 slums	53 slums
	1,475 houses	6,611 houses

There is no shortage of data on the urban poor in Thailand. Many surveys of poor settlements in various Thai cities have been conducted over the years, by government agencies, NGOs, academics and private research foundations, many of them quite professional, within their specific lines of inquiry. But because these surveys were done at different times, according to wildly differing systems and agendas, and using widely diverging definitions of what is and is not a poor community, they have not added up to a comprehensive picture of urban poverty in Thailand at any given time. Plus, largely missing from these data gathering efforts was the involvement and the viewpoint of those poor populations they targeted. Accurate information on the lives and living conditions of the country’s urban poor continues to be vitally needed to inform the process of planning for housing, health, environment and access to credit.

In an effort to obtain a clearer country-wide picture of urban poverty, the community networks teamed up with NHA’s information unit, UCDO and several NGOs around the country to conduct a survey which covers every poor community in 310 of Thailand’s cities. This enormous collaborative undertaking, funded by the Miyazawa program, is scheduled to be completed in December 2000.

Conditions of poverty in Thailand vary dramatically from place to place. In some cities, land management policies have indirectly compelled the poor to find shelter in squatter settlements, while in others, they lead to many more housing options for the poor, who have been absorbed almost invisibly into the city fabric. In many larger Thai cities, where there may be little cheap land to rent or vacant land to squat on, there tend to be a lot of cheap, informal rental rooms around factories and industrial areas, to absorb poor migrants who come to work in these sectors, many of whom leave families behind in the village. In many of the smaller cities, on the other hand, where there tends to be a lot more vacant land available for renting or squatting, the poor are more likely to find homes in informal settlements of various kinds. The survey set a target of covering all these communities in all these situations.

Over the past five years, several networks have experimented with using enumeration as a means to better understand the problems and realities of their larger constituencies, to establish links with communities not yet involved and to bring new members and new ideas into the network process. The national survey represents a considerable scaling-up of this process. The survey has broken ground on several fronts: this is the first time that the whole country’s cities have been surveyed at one go, and the first time that the survey has been conducted by poor communities. Without the networks, such a wide-scale, community survey process would not have been possible. More than a data-gathering exercise, the survey has been a powerful community and network builder, bringing new members and new communities into the process, broadening the scope and building the organizational strength of networks that already exist and starting up new ones. Each network found its own ways to manage the gathering of such huge quantities of data.

The survey process has opened up new platforms for dialogue between communities and municipal and provincial officials, has tightened relations between all the local development players and provided deep learning and hard facts for everyone. The survey is also a key element in the Thai Government’s policy of promoting “sustainable cities” in the Ninth National Plan, which covers the years 2001 to 2005.



## The high cost of being poor :

There’s a rumor that the poor are freeloaders, using the city’s infrastructure and services which the better-off taxpaying public pays for. As all poor urbanites well know, and as the national survey reconfirmed, *nothing could be farther from the truth :*

- **Work longer hours at lower pay, with more family members working :** Not only do the poor provide the low-paid labor, skills and services which cities depend on to function (thus subsidizing the whole city’s access to these things, through their sweat) but they pay more than everyone else for just about everything necessary for survival. And the costs go up and up the more vulnerable you are.
- **Pay more for electricity and water supply :** Because most urban poor people stay on somebody else’s land, they lack the legal status necessary to get official connections to metered electricity and

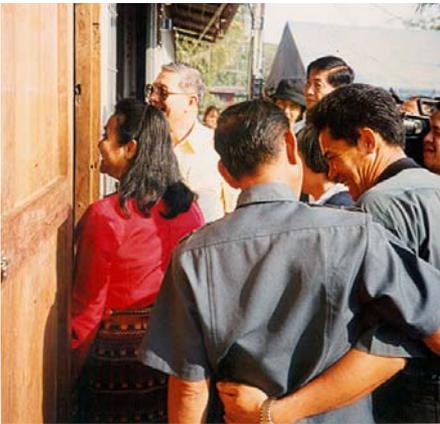
municipal water. As a result, they have to get their water and lights informally, through private, informal arrangements with nearby houses and shops, which charge them up to ten times the official rates.

- **Pay higher unit prices for food :** Because they live cramped spaces without storage room, the poor buy food in tiny quantities for daily use at much higher unit costs - fish, salt, vegetables, rice, oil.
- **Pay higher interest for credit :** When they need credit for emergencies, their only option is informal money lenders, who charge higher interest rates than any bank or credit card.
- **Pay higher rent :** When the poor rent tiny shanties in informal settlements, they often pay rates that are higher than middle-class housing, when you calculate by rental cost per area per person.

# 8

## Joining forces to mainstream community driven development processes

“There are three kinds of power: the power which communities have built within themselves, the power which comes from creating support from outside communities, and the power which comes from cooperating together. The task is now to build these three kinds of power at as many different levels as we can.” (Khun Paiboon, former director of UCDO)



**W**hen you attend most UCDO and community network events - whether it's a klong-cleaning jamboree, a housing project ribbon-cutting or a national seminar on community welfare - you'll always find people from all sorts of different organizations and different backgrounds in evidence. When the eight community-built houses were inaugurated in Uttaradit last February, for example, besides hundreds of community people from networks all over Thailand, there were visitors from the NHA, the Bangkok Municipality, the NESDB, the Government Savings Bank, the Asian Coalition for Housing Rights and from NGOs who came to see what's going on, participate in discussions and learn.

They were brought along not just for friendship's sake, but for strategic reasons. Big events like this are a prime chance to spread news, make new allies and ensure the learning capital from small local breakthroughs can have an impact at national levels. From the beginning, integrating a community-driven approach into mainstream development practices has been one of UCDO's most crucial objectives, and setting up links and collaborative arrangements with other development agencies to support community action is part of this.

Thailand is a small country and in the community development scene, everybody knows each other. Community networks, NGOs, government officials and academics work together here with more ease than is imaginable in many other Asian countries. It's not that there aren't conflicts, of course, and clashing development theories, but the much-celebrated Thai ability to compromise provides undeniable grease for the wheels of collaboration and partnership. Joining forces with other development agencies and other development actors is crucial. If you want to make change and create a common development path which works for the poor, people and institutions at many levels need to be involved and need to have a shared vision of what is possible. Communities can't do it in isolation, government and NGOs can't do it alone - it takes *partnership*.

Collaboration with many different actors in the development scene is inherent in the way UCDO was set up, the way it is governed and the way it operates, working with as many organizations as possible - at local, national and international levels - as potential development partners. There are many tools which help do this: informal training and discussion sessions in communities, joint-venture pilot projects, surveys, national workshops, seminars, exchange programs, exposure visits and model house exhibitions. The idea behind these activities is to initiate and nurture operational partnerships, wherever possible, between community networks, government agencies and NGOs involved in housing development, especially in those projects which involve local authorities and other local actors.

### Joining forces . . . with government

*The new Thai constitution makes room for a much more democratic atmosphere, the ninth national social economic plan emphasizes community and people, and many of Thailand's development policies are quite progressive. These are encouraging conditions, but deep structural problems still keep government institutions from keeping up with changing social realities and urban poverty. In the past few years, though, many positive urban partnerships have been forged with government agencies and opened up new ways to bring community-driven approaches into development practice:*

#### 1 Collaboration with the Bangkok Municipal Administration :

- **On income generation** : UCDO has helped negotiate many of the large municipal subcontracts awarded to community cooperatives, and supported several small contractor cooperatives seeking BMA work.
- **On housing** : UCDO helped form the BMA's special housing loan fund, and assists the fund's management and operation.

#### 2 Collaboration with the Central Cooperative Department :

UCDO assists groups in the process of registering cooperatives for housing and entrepreneurial purposes, and also helps established cooperatives with internal problems, by starting savings groups, giving loans, refinancing stagnant loans and facilitating links with other urban groups.

#### 3 Collaboration with the National Community Savings Forum :

UCDO and the networks link with many other kinds of community-based savings initiatives around the country (including village banking, credit unions, community savings and credit groups) in monthly forums, to compare notes on the role of community savings and credit in development.

#### 4 Collaboration with the NESDB :

- **On UCDO board** : The National Economic and Social Development Board is represented on UCDO's governing board, whose work has become part of the NESDB perceptions for policy change.
- **On the national plan** : The NESDB drafts national plans, and UCDO is one of the resource organizations, providing information and ideas for the plan's models for urban development and community planning.

#### 5 Collaboration with Municipalities :

- **On devolution** : As part of the new Thai constitution, a central government committee has been set up to decentralize power to the municipalities, and UCDO is a supporter to that committee.
- **On local partnerships** with community organizations exploring new ways to bring people's processes into urban development in several cities.

#### 6 Collaboration with the National Housing Authority :

- **On housing projects** : NHA provides infrastructure subsidies to many UCDO-financed housing projects, and in several of NHA's relocation schemes, UCDO provides housing loans, helps set up savings and livelihood programs.
- **On city-scale housing development** : In several cities, UCDO and NHA are exploring new approaches to solve urban poor housing problems by supporting city-wide development plans worked out and implemented by local community networks and actors, rather than on a project-by-project basis. This new, local housing development direction will be extremely important in coming years, as power to control local development devolves from the center to local governments and to local development actors.
- **On Miyazawa Fund** : 250 million of the 1 billion Baht Miyazawa Fund goes through UCDO and 750 million through NHA, as grants for community improvements, income generation and welfare programs. UCDO sits on the committee administering NHA's part of the fund, collaborates on projects in many cities, and administers 80 million Baht of this fund for elderly welfare.
- **On surveys and information** : (for details see page 15)



## Joining forces... with NGOs

To create and expand locally-based development processes, UCDO supports *Joint Development Projects* in several Thai cities, which subcontract the task of helping organize city-wide saving and credit activities. The system is open to a wide range of participants and the idea is to create space for community organizations and NGOs already active in those areas to continue their work with the network process and to join in the learning process. When an NGO or group proposes to work in an area, it must first set up a committee with other local actors, such as municipal officials, academics, monks and other NGOs, to prepare a proposal. Through practice, this local multi-party committee becomes a medium for coordination with on-going programs and activities in the area, and provides an internal checks and balances system.

Joint development partnerships are undertaken with the clear goal of building a strong community-driven movement which will eventually administer the development process on its own steam. In the past three or four years, as the community networks have grown in size and capacity, more and more resources are flowing directly to the people. Community networks in many cities have begun applying for assistance directly, some even including in their proposals contingencies for hiring local NGOs which offer specifically needed skills to communities, on a subcontract basis.

While this shift represents a huge breakthrough for the network process in Thailand, and the fulfillment of the goal of joint development partnerships, it also calls for some big adjustments in the relationship between communities and their support organizations. A clash between two systems is inevitable: on one side are those whose vision and ways of working have been shaped by formal education and on the other are those whose less-formal training comes through the hard-knocks of poverty. One system has traditionally dominated development practice, but the roles are changing, calling for professionals to adjust their understanding of people's processes in order to facilitate the growth of those processes. NGOs provide a much-needed counterbalance to the politics of community processes, but the challenge is for NGOs to find ways of doing that delicately, without taking charge. Changing this takes a lot of work, but as the networks get stronger, they are increasingly renegotiating these relationships themselves, demanding changes from their supporters.

### Tough changes in old power equations :

The city of Khon Kaen, in Thailand's Northeast, makes a good illustration of how complex and how difficult this transformation of roles can be - for the growing community organizations and for their NGO partners. The *Saha Chumchon* network in Khon Kaen comprises squatters along the railway tracks, many of whom collect garbage for recycling and are the city's poorest citizens. Here's how Khun Malion, one of *Saha Chumchon's* leaders, describes what's happening:

"When we first started the process, the NGO came to us with the power of knowledge. We had the physical and the mental power, but we didn't know what to do, in the beginning. Then, as we started working, we found out a lot of things. We grew more and more. But our friends in the NGO didn't grow along with us, they just stayed where they were. So their usefulness to us was not as much as in the beginning. When we started to do many more things in our communities, the NGO still didn't move with us. Sometimes they came in the way, and so we went ahead without them. This was the basic problem. As friends, we could still talk, but about the work it became more and more difficult to talk. Now we look at this NGO, trying to see how we can help our friends feel better about all this."

## Joining forces . . . with groups in the Asia region

**SDI :** UCDO's broad links with community organizations around the country have made it possible to connect Thai communities to *Slum Dwellers International*. Through SDI, slum-dwellers from Asian and African countries have participated in activities in Thailand, and Thai groups have gone to other countries for exposure visits, model house exhibitions, secure tenure campaigns and meetings.

**Cambodia :** Links with the *Solidarity and Urban Poor Federation* and *Urban Poor Development Fund* in Cambodia are strong. UCDO sends teams to Phnom Penh regularly to support UPDF's management. Over the years, there have been many exposure visits both ways, many involving mixed teams of community leaders, government officials and professionals. Being close neighbors means it's usually no problem finding Khmer speakers in Thai communities, or Thai speakers in Cambodian communities.

**India :** The close collaboration with the *National Slum Dwellers Federation*, *Mahila Milan* and *SPARC* in India has involved many years of exchanges. Teams of UCDO workers, NGOs and community leaders have gone to Bombay for training in daily saving, and *Mahila Milan* have participated in meetings on the role of women in Bangkok.

**Indonesia :** Because it has experienced problems similar to Thailand's during the Asian economic crisis, many groups from Indonesia, including teams of community leaders, NGOs and World Bank officials, have come to Thailand to explore aspects of the UCDO / community network process, especially the techniques for reviving crisis-hit communities.

**Lao PDR :** The close collaboration between UCDO and the *National Women's Union of Lao (Sahapan Mae Ying Lao)*, and the *NGO Foundation for Community Development* began last year. UCDO supports the community development process in Vientiane's Pak Ngum area specifically by helping start community S & C activities. 30 community women from the area recently got in a van and crossed the Mekong into Thailand, where they visited networks in Udon Thani and Khon Kaen. This first exposure gave a big boost to these new groups, and by August, membership was up to 850 members and savings crossed the 40 million Kip mark.

**Philippines :** Exchange visits between Thai network leaders and the *Homeless People's Federation of the Philippines*, and the *Payatas Scavengers Association* have been happening for three years now. UCDO supports the Philippines Security of Tenure Campaign, to be launched in November 2000, and has continued to coordinate and exchange with the *Community Mortgage Program*.

**South Africa :** Ties with the *South African Homeless People's Federation*, and its NGO partner *People's Dialogue*, go back seven years, and have involved countless exposure visits both ways and joint ventures. As part of South Africa's search for new ways of financing urban poor groups, many delegates have come to Thailand to understand the UCDO model and visit community network processes. Visiting teams have included ministers, government officials, NGOs, bankers, consultants, financial professionals and community leaders.

# 9

## Some more network snapshots from processes in cities around Thailand



Although a huge chunk of the nation's resources pours into Thailand's capitol city Bangkok, a lot of things are happening in smaller cities, where you can sometimes do things with speed and clarity and relative ease that would never be possible in a mega-monster city like Bangkok. UCDO is now operating in 50 provincial cities in Thailand. In most of these cities, UCDO's intervention to help build communities and networks has begun with promoting savings and credit groups, then following up with UCEA environmental projects, surveys, and Miyazawa and SIF programs. All these activities, along with access to finance, have put poor communities and their networks into a stronger negotiating position to propose their own alternatives to eviction, and their own initiatives for making the city a better place - for themselves and for the city as a whole. The object is to use people's strength in all these cities to change the structures and patterns which make the lives of large numbers of their citizens illegal and insecure, to work with all the local stakeholders to rebuild the city and to participate actively in its management.

### 1 Ayuthaya

**Carving out a place for poor communities in a historical city**

UNESCO has designated the old Thai capital city of Ayuthaya a "World Heritage Site." That's good news for historic preservation, but a big problem for the city's poor, who are now in danger of being evicted from their city. On the oldest "island" part of Ayuthaya, where the monuments are and where the tourists go, most land is government-owned and the poor's only housing option is in squatter settlements.

The network in Ayuthaya has linked communities around the idea that poor people and historical monuments *can* cohabit in mutually beneficial ways. After carrying out a survey, in which they counted 53 informal communities in Ayuthaya (6,611 households), the network is preparing for a city-wide seminar to present their survey information and to begin exploring city-wide collaborative solutions which make room in the historical city for housing the poor, as in Nakhon Sawan. UCDO has been coordinating with NHA, the Municipality and the Department of Fine Arts, which looks after the country's historical monuments, in order to promote this idea.

In the mean time, the communities continue their work with saving, credit, welfare and environmental improvements. The *Sala Poon* community, built on flood-land near *Wat Pranomyong*, recently used a UCEA grant to construct a concrete "floating walkway" to connect their houses. The project gave a big boost to the whole network, and the community is now planning new house construction. Another community at *Arkarn Songkroh* is working with two young architects to prepare a pilot housing reconstruction project on the same site.



- **Set up** March, 1998
- **Member groups** 10 groups
- **Total members** 458 households
- **Total savings** 664,960 Baht
- **Activities** Community survey, housing construction, environment improvement activities, SIF Menu 5 welfare activities

### 2 Chiang Mai

**Consolidating their right to stay by taking care of city canals**

The northern city of Chiang Mai is divided into 4 districts, each having a different nature and set of problems. In some districts, people in informal communities enjoy secure land tenure, while in others they are mostly squatters. Chiang Mai's two community networks divide themselves along these lines, one focusing on savings and credit activities, the other on land tenure and community improvement.



Once-vital canals in Chiang Mai, as in other Thai cities, have become open sewers filled with garbage and factory pollutants, and poor settlements which line

them are often blamed for causing the pollution. In the past two years, canal-side settlements along *Klong Mekhaa*, in Mengrai District, have taken big steps to clean out the heavily polluted canal they live beside, and made improvements in their settlements - boardwalks, walkways, drainage lines.

The network has used a UCEA grant to carry out a multi-community, high-profile *klong* cleaning project to show the city that they are *canal keepers*, and have consolidated their right to stay there in the process. In some communities, the houses have voluntarily moved their houses back from the klong edge to make way for the city's de-silting barges and have developed the klong margins and as green playgrounds and walkways. The process also included exploring community-based "green" water-filtering systems, reducing upstream pollution through negotiations with municipal and private sector polluters and making trips to see how communities in other cities have taken over management of their *klongs*.

- **Set up** July 1997
- **Member groups** 26 groups
- **Total members** 3,180 households
- **Total savings** 13.9 million Baht
- **Activities** Housing construction, environmental improvement, SIF Menu 5 welfare, income generation, community enterprise

### 3 Chiang Rai

**Reviving waterways and selling lots and lots of milk**

The network in Chiang Rai works as an umbrella for community groups in two municipalities and surrounding rural areas, including a women's network. The network's first joint effort was a survey. Chiang Rai has an ancient system of man-made lakes and waterways, which over the centuries have silted up and become polluted. Many are lined with poor settlements. Taking a cue from the klong cleaning in Chiang Mai, the Chiang Rai network used a UCEA grant to revive one of the lakes, as a pilot. The big project involved 13 communities, and included dredging the lake, stocking it with plants and fish to bring the water back to life, landscaping the edges, building a new road and re-opening the old waterways so water actually flows, as it used to. Besides creating a public amenity, the project consolidated the people's right to be there, as the lake's caretakers.

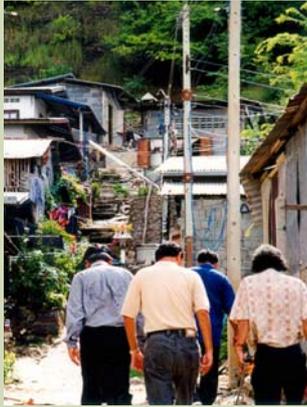
The network has also been busy setting up a dairy enterprise, which links urban communities with dairy farmers in surrounding rural areas to produce and sell milk in the city. Normally, dairy farmers in Chiang Rai sell their raw milk to companies in faraway Chiang Mai, which bottle it and send it back to Chiang Rai.



Some savvy entrepreneurs in the network wondered why not do it themselves in Chiang Rai? With a 4 million Baht Miyazawa loan, they established a company, in which community members are the shareholders. It's a large-scale operation, involving 200 communities in two provinces, Chiang Rai and Payao, and is now exploring the possibility of diversifying into production and marketing of fertilizer and rice.

- **Set up** June 1998
- **Member groups** 18 groups
- **Total members** 885 households
- **Total savings** 595,400 Baht
- **Activities** Community enterprise, milk production, SIF Menu 5 community welfare, environmental improvements

## Provincial cities in Thailand :

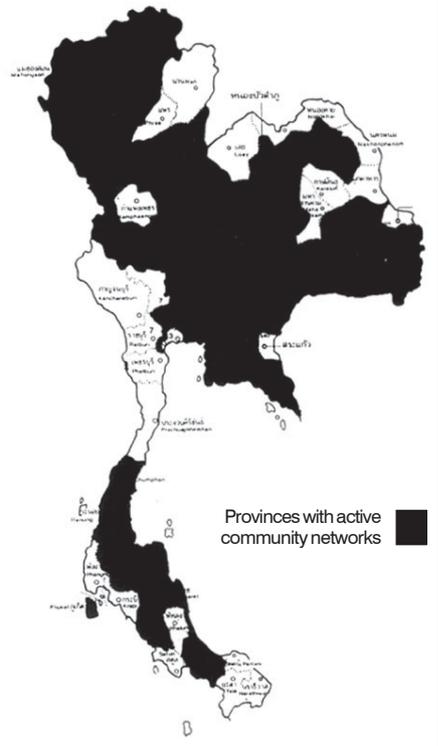


There are about 2,000 informal settlements in urban Thailand. Out of this total number, about half are in Bangkok, and the other half are shared almost equally between provincial cities and the 5 cities surrounding Bangkok. UCDO membership now includes 852 savings groups in 50 cities.

- **Bangkok** has about 30% share of the urban population, while it is 18% in the **northeastern** provincial cities, 31% in **central** provincial cities, 25% in **southern** provincial cities and 22.5% in **northern** provincial cities.
- The number of families living in established slum communities in urban Thailand is now about **400,000 families**.
- However, the total number of urban poor living in various kinds of arrangements, both inside and outside established communities, is about **800,000 families**.

## Areas . . .

where community networks are active :



### 4

## Sawan Kalok

When a municipality becomes a community savings organizer

The community network in Sawan Kalok, which is part of the Sukhothai Province, has taken a very interesting shape as a result of being actively patronized by the city's supportive mayor and strong links with the formal system. He took up the issue of savings and credit, and has brought all the support of the municipality to bear on building and strengthening savings and credit groups in the city's poor communities.

In the Municipality's Community Development Section, staff members have become staunch supporters and promoters of this savings process, and have helped establish savings and credit groups in all the low income communities of the city. The mayor himself goes around and joins all the groups, depositing 100 or 500 Baht in each, so as to become an official member of all the city's savings groups. The city also facilitates the saving and loan activities by sending staff to help clear up and strengthen groups' management and accounting procedures.

A lot of people are wary of a community process which had its roots in a municipal initiative and operates under the patronage of a prominent political figure, and pose serious questions about ownership of the process. But as the activities in the communities expand and strengthen, and as links with other community networks bring communities in Sawan Kalok into the national network picture, a natural process of *claiming these activities* is happening in the communities. And the full support from the municipality ends up being not a hindrance to people's process, but a strategic support. There have been several spin-offs from the savings and credit groups, including the development of many community enterprises, housing projects, welfare projects and environmental improvements.

• <b>Set up</b>	March 1998
• <b>Member groups</b>	10 groups
• <b>Total members</b>	1,552 households
• <b>Total savings</b>	3.86 million Baht
• <b>Activities</b>	Community enterprise development activities, SIF Menu 5 community welfare activities

### 5

## Ubon Ratchathani

Carving out a place for poor communities in a historical city

The city of Ubon Ratchathani, in the extreme east of Thailand, is less than two years old, but has taken a particular shape, partly due to its strong involvement with the *Forum of the Poor*, which brings the various problems of poor people from around Thailand, both rural and urban, onto a common platform, to campaign en masse for entitlements, for policy changes and for answers from government to their lists of demands.

But the network in Ubon Ratchathani has balanced confrontational politics with a vigorous process of internal development, through a range of activities. In most other city networks, saving and credit activities came first and were the springboard for other development activities which came later. In Ubon Ratchathani, savings and credit has played a less important role as a network-builder, and is only one of a complex set of community activities, including garbage collection, SIF social welfare fund planning, youth programs and training activities.

Through the UCEA program, the network has developed several income-boosting community enterprises, including a city-wide garbage recycling project which upgrades the work of the city's *sa-leng* (informal waste collectors who ply the streets in 3-wheeled carts). The network has also set up several occupational sub-groups. There are poultry farming, fish raising and vegetable growing sub-groups. There are also several garbage related occupational groups set up by *sa-leng* workers, in which old appliances are rescued from the bin - refrigerators, washing machines and boilers - and refurbished for sale as working second-hand appliances. Another group uses discarded bicycles and scrap steel to fashion carts for selling the popular roasted squid snacks. Another group has set up a skilled carpentry service.

• <b>Set up</b>	February 1999
• <b>Member groups</b>	13 groups
• <b>Total members</b>	224 households
• <b>Total savings</b>	66,250 Baht
• <b>Activities</b>	Environment improvements, garbage collection, youth program, labor center, housing construction, community enterprise, SIF welfare

### 6

## Bangkok Districts

Carving out a place for poor communities in a historical city

There are 20 district networks within the sprawling Bangkok metropolis which link poor communities within their districts into the network process. Many of these have similar histories, beginning with savings and credit activities, then planning some UCEA environmental improvements, and more recently developing Miyazawa loan proposals, SIF Menu 5 community welfare programs and many income generation projects.

Because Bangkok is so huge, linking all these communities - or all these networks - into a single city-wide network would be difficult, so the city has been divided into four zones. Networks in each zone come together for regular meetings and discussions, and to find ways of using the network platform to share ideas and develop certain activities together. During the UCEA's first phase, several networks, such as the one in *Bunghonglang District*, developed close links with the municipality during the course of implementing community improvements - links which led to close working collaborations with the BMA and access to additional funds from the BMA coffers to further develop their communities.

• <b>Member groups</b>	25 networks (190 groups)
• <b>Total members</b>	14,865 households
• <b>Total savings</b>	79 million Baht
• <b>Activities</b>	Savings and credit development, housing projects, environmental improvements, community enterprise, income generation, SIF welfare

# 10

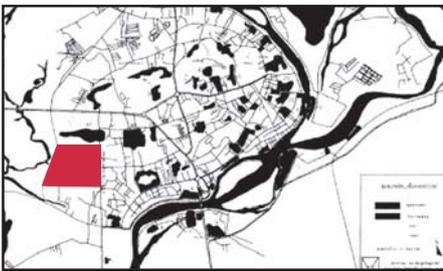
## Community networks and cities tackle housing problems all at one go

Thailand's Ninth National Plan covers the 5-year period from 2002 to 2007, and there's a lot of fanfare about the plan's promotion of more participatory urban development processes and "healthy cities for all." This may sound like wishful sloganeering, but three of Thailand's provincial cities, Nakhon Sawan, Uttaradit and Ayuthaya, are rising to the challenge, taking steps to make city-wide changes that will mean better lives and secure shelter for all their poor families. The two cities make good examples of how small problems can push networks and cities into tackling much larger, structural problems of the whole city. In Nakhon Sawan, it took an eviction to begin exploring the land policies which forced 35% of the city's population to live in squatter settlements, and in Uttaradit, it took a problem loan to set off a process of planning for the whole city. Most community development approaches are still implemented on a project-by-project basis, some covering more area than others, but almost none of them cover entire cities. Here are two cities trying to deal with housing problems on a city-wide scale . . .

### 1

## Nakhon Sawan

A partnership between the community network, municipality, central government, NHA and UCDO leads to a city-wide redevelopment strategy for ensuring all the city's poor are living in secure housing and well-served communities.



▲ **We're here!** This is the city map on which the precise boundaries of all 53 informal settlements in Nakhon Sawan have been plotted, made official and color coded as to type: rental, squatter, government, etc. It's hard to make out at such a tiny scale, but the red blob in the western side of the city is the 16-hectare site for the new "People's Town."



### Slums in Nakhon Sawan :

Total population of city . . . . . 100,000 people  
 Total number of slums . . . . . 53 slums  
 (10,030 households)  
 Slums on private land . . . . . 23 settlements  
 (3,939 households)  
 Slums on government land . . . . . 24 settlements  
 (5,148 households)  
 Land ownership in city :  
 79% public owned  
 22 % privately owned  
 Have to move to new land . . . . . 6 communities  
 (856 families)  
 Land required per family . . . . . 80 - 100 s.m.  
 Total land needed for resettlement . . . . 32 hectares

The city of Nakhon Sawan has always been an important junction, first as the confluence of four rivers and port-of-call for barges and steamboats going downriver to Bangkok, and more recently as the junction of several major highways. Nowadays, poor migrants coming into the city to fill the increasing demand for labor can't find affordable land or housing, even though the city is filled with vacant public land, most under central government control, and find themselves trapped in the old cycle of squatting and eviction.

**Centralized control in provincial cities is a big problem in Thailand. Despite legislation on devolution and a progressive new constitution, citizens and local governments still find themselves excluded from important planning and resource decisions being made in faraway Bangkok, which affect their lives and their cities. About 80% of Nakhon Sawan's land, for example, is under government control, most under the Finance Ministry, and the NHA has sole authority over housing the city's poor. The results are land-management which can't keep up with the city's growing needs and urban Thailand's highest percentage of squatters (35%).**

In the past three years, the community network in Nakhon Sawan has mushroomed from eight savings groups to over 50, most of them in squatter settlements and all strongly women-led. With support from the Municipality's Social Welfare Department, these women have plunged into a variety of activities in environmental improvement, health and credit. It was the constant threat of evictions which eventually brought the network and the city to seriously examine the particular land-use problems behind those evictions. In early 1999, along with municipality, NHA and UCDO, the network embarked on a collaborative process in Nakhon Sawan to provide healthy, secure housing for all the city's urban poor at at one go. *Here's what they did:*

■ **Surveyed :** The network first surveyed and mapped the city's slums, in collaboration with the municipality, identified tenure conditions for each and inventoried open land in the city. At that time, the municipality officially recognized only 19 of the 53 slums, and the idea was to create a common understanding about the slum situation. With 47 slums being on public land, there was good scope for planning at a city-wide level.

■ **Prepared city-wide strategy :** A big workshop was held in August involving all the community people and the spectrum of local development actors. The task was to find ways of using information from the survey and land inventory to draw up a city-wide plan for providing secure housing for *all the poor* in Nakhon Sawan, so there would be no more squatting in insecure and squalid conditions. For almost everyone involved, this was a new thing: looking at all the communities in the city as a whole, rather than individual projects.

■ **Decided who stays, who relocates :** It was agreed that people in settlements with no land problems would get secure tenure and redevelop *in-situ*, and people in settlements on flood-land, facing eviction from private land or in the path of development plans would relocate to a "People's Town" which they'd design and develop themselves, on land they chose. For both *in-situ* and relocated development, the NHA will provide infrastructure, the UCDO will provide housing loans, the central government will provide land, the city will provide secure tenure and trunk infrastructure, and communities will build houses and manage the process.

■ **Found land :** For the new *People's Town*, the network and municipality identified 16 hectares of open land in the middle of town, under Finance Ministry ownership, reserved in the development plan for a prison. They took advantage of a regulation which opens for other uses public land left unused for 20 years.

■ **Developed their plan :** The network women invited two young Bangkok architects to help them sketch out their dream community, to include schools, market, playgrounds and room to expand. Once everyone agreed to the plan, the work of filling in details and getting permissions began. All this required lots of co-ordinating between countless central, provincial and municipal offices to keep things moving, each step involving careful political timing. The whole process was kept open, marked at frequent intervals with meetings.



## Seizing opportunities :

These two models for city-wide low-income housing planning in Nakhon Sawan and Uttaradit can be adapted and used in other cities, but the convergence of people and events which ignited them are not so easy to duplicate. There are opportunities to be found in every situation, but they take many different forms, and when they come, you've got to be ready to recognize them as opportunities, grab them and *run*.

In Nakhon Sawan, it was evictions which opened up the land issue and set things rolling. The city's small size meant there were fewer groups to complicate things and everybody knew each other, so it was easier to do things. (In Bangkok, where

everything is so big, and there are so many players too close to the central government, things quickly get stuck and are slow to change.) In Nakhon Sawan, there was also a solid community network in place, with strong women's leadership and very good savings. There was a good governor, an enlightened mayor, a good social development officer in the municipality, good provincial officials.

In Uttaradit, it was a problem loan that sparked off the process, but there was also the energetic and forward-looking Khun Prakaikao Ratananaka, who first as a social worker, then as provincial Governor's wife, and finally as mayor of Uttaradit, kept pushing the process and did a lot of behind-the-scenes politicking to help it keep moving forward. And there were two fresh, enthusiastic young architects, so things came together and moved very fast.

# 2

## Uttaradit

Using a collaborative approach, planning microsurgery and the enthusiasm of young professionals to spark off new ways to provide secure land and decent housing to the city's 10% population who live in insecure and degraded environments.



City plans in Uttaradit, as in most Thai cities, are beautifully colored maps showing parks go here, housing over there, parking here and commerce on that side. It all looks lovely on paper, but the reality of the city is not like that at all. Like other cities, Uttaradit has squatters and serious housing problems, but there's no color in the key for squatter settlements. Until recently, the city's poor were not part of the city planning process, and it was a problem loan which finally opened up the issue on a city-wide scale.

Several years back, one leader in the *Jarerm Than* community started a savings group and took a loan. A year later there were repayment problems. Since this was the city's first savings group and seen as a model to stimulate others, UCDO staff made lots of trips up there to try to solve the problem, but the group stagnated. On one trip, the team took a walk around the settlement and found lots of poor squatters living in the lower part of the community along the flooded canal-edge. Although they had immediate problems of very poor housing, they were not part of the savings scheme and these problems were not being addressed.

So the team started meeting with these and other canal-side squatters, set up daily saving groups and used the issue of saving for better housing to begin building a parallel community process in the city. A survey of all the poor settlements in Uttaradit helped link the groups together and began building a community network. By the time there were ten savings groups, the process swung back to *Jarerm Than*, and this time it was a broad network that brought those leaders to account and helped resolve that problem loan - *finally*.

As part of the survey process, the people made some maps of their own, using one map to mark all the slums and pockets of squatters and identify land owners, and another map to indicate slums that can stay where they are and slums that need to relocate. Two young architects came up to assist, along with Khun Prakaikao Ratananaka, who, first as the wife of the provincial governor and later (inspired by her work with communities) as the city's mayor, was the network's most enthusiastic and strategic ally.

To find sustainable solutions for the 1,000 families in the city with housing problems, they began looking at the city as a whole and developed plans which made room for all those families, within the fabric of the city. As in Nakhon Sawan, some families will stay where they are and redevelop their communities *in situ*, and others will relocate to new settlements nearby. They calculated that they'd need about 12 - 14 hectares of land for those families (not all in one piece, though, like in Nakhon Sawan). To find that space, they're exploring a range of tried and tested planning techniques: land-sharing in one area, reblocking in another, relocation here and *in-situ* upgradation there. Plans are ambitious and include infrastructure improvements, urban regeneration, canal-cleaning, wasteland reclamation, park development, and the creation of amenities which will be enjoyed by the whole city. It's planning microsurgery on a city-wide scale.

Work began in *Jarerm Tam*, with plans to move 30 families up from the canal to a resettlement area on higher land, creating space for community kitchen gardens and a canal-side park in the flood area down below. But getting everyone to agree was taking time, so rather than wait, eight families went ahead and worked with the young architects to design and build solid 2-story rowhouses for themselves at the unheard-of cost of just 40,000 Baht each, while the houses left down below reblocked. UCDO approved the loans in September 1999, and the houses were officially inaugurated in February in a seminar on "*Liveable Cities*" which brought together government housing officials and community leaders from networks all over Thailand. As work continues in *Jarerm Than*, pilot redevelopment schemes are being prepared in three other communities:

- **Kasem Raat Community** close to a big big fresh market, will be reblocked and redeveloped *in situ*.
- **Longlo Plachon Community** will be redeveloped as new housing plus a public riverside plaza.
- **Boong Kook Community** : In this squatter area, a land-sharing agreement will utilize part of the land for housing, and part for a large public garden with special areas for vendors from the community.

## Imagining tools :

To help the house design process in Jarerm Than, architects Tee and Baan made beautiful drawings and scale models to show different options. The people smiled politely and said yes that's nice. It was hard to tell what they felt about those sketches or how much they understood. But when the architects proposed building a life-size house model, it unleashed a storm of fine-tuning. That big model (made of 4,000 Baht of old boards, bamboo and blue cloth somebody got at a discount) became a three-dimensional imagining tool for people unfamiliar with the abstraction of scale drawings. As the model went up, the people pulled out boards, nailed things up differently, changed this, argued about that. Measurements altered, ceiling heights were raised then lowered, window positions shifted, bathrooms and kitchens swelled and shrunk.

# 1

## Injecting varieties of credit into a comprehensive development process

### All of us borrowers . . .

In the Thai language, the word for housing, *tiyuasai*, carries the sense of a place you inhabit, not a thing that you actually own. The belief that we are all ultimately borrowers, that we can only use the things we need during the course of our lives and then turn them over to others when we die, is a very Buddhist way of believing. Another Thai saying, *mai biedbian*, extends this ethic, cautioning against taking or using things we need in ways which cause disturbance to other people, or to the environment.

In this sense, savings and loan activities are something deeply important. The cycle of borrowing what we need to improve ourselves, and then returning it, so that others can benefit, matches the sustainability and communality of this ethic. When people put their hard-earned savings together, lending to and borrowing from their neighbors, that money ceases being a thing that is "owned" by a particular someone, and becomes a common good, an open resource that is there to help whoever may need it. And after people have used the money to improve their lives in small (or in not-so-small ways), they return it. The resource is thus replenished for others to use.

**M**oney is the rare resource in poor communities, the non-abstract thing that everyone needs, that everyone has to manage intensely each day in order to survive: there's nothing theoretical about buying rice or paying rent. The poor (and especially poor women) are talented and resourceful handlers of money - *they have to be*. When poor people save their money together, it's serious, people concentrate. And when they make loans to each other from their savings, it's even more serious.

There's an unspoken conviction running through formal development that money is somehow *dirty*, that care must be taken to keep poor communities away from its corrupting influence, that decisions must be made on their behalf about how money is to be spent, that because they lack the know-how to handle money themselves, they must be "trained" and told what to do. A lot of rhetoric affirms "*the poor can do it*", but when they are allowed to manage development funds, it's usually in extremely limited ways, and according to the development organization's terms, not the people's. UCDO takes the position that development is all about how resources and money are managed, and that proper management of money has direct bearing on changing people's lives. If poor communities are to take charge of their own development, they need to learn how to manage their financial resources as communities and as larger networks. So UCDO set out to use finance as an instrument to kick-start development by the people. The money is just a tool, but a very powerful one.

UCDO offers several kinds of credit to community organizations, which make all the decisions about loans to individual members and manage the repayment. Credit brings people together, and being together in a group brings out an entirely new spectrum of possibilities. Savings and credit activities are a first step in a process of building in poor communities the knack for managing money collectively, and for taking care of their own development needs, first on a very small scale using their own collective assets, and later on a larger scale, as they access external credit. Access to loans, in increasing quantities, helps people tackle problems of increasing scale, and becomes a means to build the group's strength, capacity and self-determination.

Using credit as a mechanism in this way puts communities in the role of initiator, organizer, planner, manager, and main actor in implementing development. Their systems for managing credit will gradually change the quality of their community organizations to become strong, independent development units, increasingly able to deal with other formal systems external to the community.

**C**redit, and the community fund, make efficient use of limited resources - much more efficient than conventional service-delivery or welfare development aid. As money lent to families, communities and networks gets repaid, it goes back into the fund, where it starts revolving again, financing more housing and livelihood projects. In this way, the money ultimately serves many purposes. In eight years, UCDO's initial capital of 1.25 billion Baht has supported the creation of assets and increased earnings that are directly in the hands of Thailand's urban poor. It has helped build a stronger, more confident, more equitable and more self-reliant community development movement, and a more balanced, productive working relationship between the city and the poor. And at the end of the day, the fund is still there - in fact it's grown much larger. Compare that to conventional project funding where the money goes *whoosh*, and it's gone.

### Some grand totals on UCDO credit

- Cumulative total of loans dispersed up to June 2000: **1,014 million Baht**
- Beneficiaries of UCDO loans, as of June 2000: **36,308 households in 418 communities**
- Housing loans constitute **57 percent** and income generation loans constitute **20 percent** the total cumulative value of loans disbursed

	Interest rate	up to September 1996	up to September 1998	up to June 2000
1. Housing development loans	3% and 8%	343.33 million Baht	424.01 million Baht	470.32 million Baht
2. House improvement loans	8%	44.84	102.99	110.93
3. Income generation loans	8%	109.32	163.25	200.86
4. Revolving fund loans	10%	45.59	73.80	79.95
5. Revolving network loans	4%	-	-	5.39
6. Community enterprise loans	4%	-	-	18.22
7. Bank guarantee Loans	varies	-	-	0.50
8. Revival loans	1%	-	-	3.41
9. Miyazawa revival loans	1% - 2%	-	-	124.05

#### Total credit dispersed

**543.08 million Baht**      **764.05 million Baht**      **1,013.63 million Baht**

• Total credit repaid	103.22 million Baht	225.85 million Baht	333.67 million Baht
• Total credit outstanding	382.82 million Baht	498.12 million Baht	502.34 million Baht
• Number savings groups (# groups)	355 groups	484 groups	852 groups
• Total number saving members (# people)	47,959 people	65,940 people	99,015 people
• Total UCDO member savings (million Baht)	317.27	444.28	515.74
• Total UCDO member assets (million Baht)	879.42	1,124.05	1,452.71

# UCDO loans

**Credit products currently on offer to poor communities through UCDO :**

*People's lives, and the lives of the communities they live in, are complex and many-faceted. When communities talk about needing better incomes, better houses, access to secure land and access to credit for emergencies, they're talking about needs which are vital parts of an interconnected whole: each part affects the others. An effective community development strategy, then, has to find ways to deal with all these diverse needs. UCDO's **Integrated Credit System** is in fact a collection of discrete credit programs, each targeting specific aspects of that complex whole, each offering loans in particular ways, in direct response to those needs. The idea is that the parts add up to a broad-ranging (and continuously expanding) community development credit package. Here's the current credit line-up :*

- 1 Housing development loans**  
*3% or 8% annual interest, 15 years maximum term, repayable monthly.*  
Housing project loans are available to groups of families facing immediate shelter problems and involved in various kinds of collective housing processes. Loans can be used to purchase the land they occupy or land nearby, to build houses or basic infrastructure, or to participate in the NHA's "rent-to-own" housing schemes. 3% interest is charged on loans below 150,000 Baht, and 8% on loans above that.
- 2 House improvement loans**  
*8% annual interest, 15 years maximum term, repayable monthly.*  
These housing loans are available to individual families who want to invest in their shelter, but are not part of a collective housing process. Loans cover house building, house repair and extension, installation or upgrading of infrastructure facilities.
- 3 Income generation loans**  
*8% annual interest, 5 years maximum term, repayable monthly.*  
Income generation loans are available to support as wide a spectrum of income generation projects as possible, organized and operated by individuals entrepreneurs. Many loans finance the purchase of stock, equipment, vehicles or raw materials needed for individual small trading, service or production enterprises. Some borrowers pool their credit to collectively lease a market stall and share the retail space.
- 4 Revolving fund loans**  
*10% annual interest, 3 years maximum term, repayable monthly.*  
Revolving fund loans give a boost to savings groups which need more liquidity or which haven't yet built up enough of their own capital to meet the credit needs of their group members, by injecting additional lending capital into the group. Some groups combine their own savings with the UCDO capital and on-lend to members. Others keep the external fund and internal savings separate and only lend from the revolving fund. Loans are used for such things as emergencies, school fees or repaying higher-interest debts.
- 5 Revolving network loans**  
*4% annual interest, 5 years maximum term, repayable in 6-monthly installments. Networks can take three loans over the 5 year period, up to a ceiling of 2 million Baht.*  
Loans to community networks were introduced in 1998 to allow the networks that were emerging around the country to borrow up to 2 million Baht not more than three times during five years, so the networks have to plan how they'll use this special resource. There were two main objectives: to help groups get loans quicker and to stimulate the process of communities working together in a network. Loan repayments need only be made twice-yearly, allowing networks great flexibility in how they manage these funds. The 4% interest rate, which is very low, is crucial. It allows networks to add a margin of 4 - 6% percent when they on-lend to their savings group members, so people still get their loans at rates comparable to other UCDO loans at 8%. A lot of work is now being done by networks. The lower interest rate allows networks to support this work them-selves *with dignity*.
- 6 Community enterprise loans**  
*4% annual interest, 7 years maximum term, repayment varies according to the nature of the business or contract.*  
Community enterprise loans are made to community organizations, cooperatives and community networks to help them set up group-run community enterprises, of many kinds and many scales, which provide income-earning opportunities to community residents. Loans are used to buy stock, raw materials and equipment, and to rent, buy or build retail, workshop or storage space. *(more details on page 28)*
- 7 Bank guarantee loans**  
*2% over the current savings bank interest rate, payable in full at the end of the contract.*  
When community organizations try to get government work subcontracts, they are usually required to put 10 - 20% of the contract amount in the bank as guarantee. It's a conventional rule, but in the past it has excluded community groups without access to this kind of capital from bidding for road construction, urban maintenance and supply contracts. UCDO guarantee loans allow community enterprise organizations to borrow this bank guarantee capital and repay it when the subcontracts are finished.
- 8 Revival loans**  
*1% annual interest, 5 years maximum term, repayable in 6 monthly installments with 2-year grace period.*  
Savings group revival loans are made to savings groups facing internal financial difficulties to restructure their internal debts or re-organize their credit activities through a strategy that is determined by the group. Groups can obtain up to 100,000 Baht at extremely low interest for 5 years with flexible six-monthly repayment terms. Group revival loans were just introduced in May 1999.
- 9 Miyazawa revival loans**  
*2% annual interest to community groups, 1% to networks, 5 years maximum term, repayable 6-monthly, with a 2-year grace period, during which only interest is due. Ceiling of 500,000 Baht per group, whether individually or part of a network, up to a ceiling of 5 million Baht per network. (more details on page 31)*  
The Miyazawa loan process built on lessons learned through the network and revival loan processes, taking advantage of a special low-interest loan funds from the Japanese Government's economic aid package to Thailand. Miyazawa revival loans help savings groups facing financial difficulties as a result of the economic crisis, to restructure their internal debts or re-organize their credit activities through a strategy that is determined by the group. A special 1% interest is charged if loans go through the networks, but even the 2% charged to individual groups allows them to on-lend at higher interest rates, adding 5 - 6%. This margin goes into welfare funds in the communities. The 2-year grace period, during which groups only pay the small interest, and the 6-monthly repayment schedule thereafter give enormous flexibility in how networks manage the loan capital, and allows them to revolve the money many times. Networks have taken Miyazawa loans to support community enterprise projects, bail out problem loans, repay informal debts, help stagnant savings groups, and boost revolving fund loans within member savings groups. Decision-making about who gets loans, and how much, becomes a process internal to each network, which must develop it's own systems for ensuring that process is open, flexible, transparent and participatory.

# 12

## Housing loans : supporting poor people's own shelter strategies

“The major role of credit for habitat is to support the people's own housing process, to further strengthen that already-existing potential in an organized way.”

### UCDO Housing Credit :

Out of a cumulative total of 1,013.63 Million Baht of all UCDO loans disbursed up to August 2000, 581.25 million Baht (57%) has gone into housing loans, including 470.32 million Baht for housing development and 110.93 million Baht for house improvement loans. These loans have helped to securely house 4,028 families in 292 projects in 162 communities around Thailand. Of this total amount lent for housing, 179.25 million Baht has been repaid and 402 million Baht is outstanding, representing 72% of UCDO's total outstanding credit.

The NHA calculates that at least 13% of Thailand's urban poor households are under imminent threat of eviction. Assuming a total urban poor population of about 800,000 families (in settlements and in isolated shelter circumstances), that means 104,000 families, are in immediate danger of becoming homeless. That figure doesn't include the millions of families living in precarious room rental and land rental situations, or those squatters who haven't yet been targeted for eviction. The 1998 community network survey found that two out of every three poor families have some kind of housing problems. Land and housing insecurity continues to be the most serious problem for Thailand's urban poor. Yet housing, perhaps our most urgent need, has been given a phenomenally low priority by governments and aid agencies.

Before 1992, several community-initiated housing developments had yielded innovative solutions such as land sharing, housing cooperatives and relocation with landlord compensation. But these breakthroughs were scattered, happening only after long and arduous struggles, and there was no financial mechanism to help scale up such efforts by poor communities. When UCDO entered the scene and many groups facing eviction could get loans to buy land and build, housing loans were understandably a big attraction. After a lot of experiments and housing projects in the early stages, the community groups and UCDO took a break to evaluate the housing process thus far. They drew several conclusions :

- 1 **That when people face eviction**, there must be a process communities go through to deal with it - negotiating with the landlord, saving, looking for alternatives, bringing people together, preparing.
- 2 **That land and housing are highly speculative**; housing the poor cannot work like real estate. Projects have to take into account the needs of all the people in the community, *even the poorest*. When standards are too high, they often exclude the poorest, because of the price, the location or the process.
- 3 **That instead of everybody seeking their own solutions in isolation**, there is a need to link communities with housing problems into a city-wide process managed by the networks, so they can learn from each other and negotiate as a group for more comprehensive, city-wide housing solutions.

A small unit was set up within UCDO to coordinate housing activities with other units, and link housing loans with a wide range of outside groups, including other community federations like USDA, various networks such as underbridge, railway and canal-side community networks, with teams of young architects and engineers interested in working with communities, and with NGOs involved in housing (such as POP, HSF, Duang Prateep, HDC) . Here are just a few of the different kinds of housing projects supported by UCDO:

### UCDO offers two kinds of housing loans, both with 15-year maximum repayment terms :

- **Housing development loans** : (3% for loans below and 8% for loans above 150,000 Baht) are for collective housing projects on the same or alternate sites, to purchase new or already-occupied land, to build infrastructure or to participate in NHA's "rent to own" schemes.
- **House improvement loans** : (8% for all loans) are for individual families who want to improve their shelter but are not part of a collective housing process. Loans cover house building, repair or extension, installation or upgrading of infrastructure facilities.

### 1 Shop-houses in Thonburi

This community of 56 families at Wat Jan Pradit Tharam, purchased new land and built 2-story houses, at a cost of 368,610 Baht per house. Community designed the houses and layout, hired a contractor to build.

- **Loan for house and land** : 323,470 Baht
- **Total loan to community** : 18.1 million Baht
- **Area of each house** : 60 - 88 sq. mt.
- **Construction system** : 2-story reinforced concrete frame with masonry infill walls. NHA provided infrastructure with resettlement subsidy.



### 2 Townhouses at Samut Prakan

151 families in this housing cooperative came from informal settlements elsewhere in Bangkok, bought land and built houses with UCDO loans. Their community layout includes two-story rowhouses in 2 sizes, built by contractors, with families finishing the insides themselves.

- **Cost per house** : 244,000 Baht  
428,400 Baht
- **Total loan to community** : 41 million Baht
- **Area of each house** : 40 - 100 sq. mt.
- **Construction system** : 2-story reinforced concrete frame with masonry infill walls. NHA provided infrastructure with resettlement subsidy.



### 3 Raft houses move to dry land

230 families who formerly lived in floating "raft houses" on the Nan River in Pitsanulok moved to dry land, onto free land provided by the city. Families took UCDO loans to buy the ready-made, architect-designed and contractor-built houses, in an NHA-planned development.

- **Cost per house :** 151,234 Baht
- **Total loan to community :** 9.35 million Baht
- **Area of each house :** 60 - 80 sq. mt.
- **Construction system :** 2-story reinforced concrete frame with masonry infill walls. NHA provided infrastructure using the relocation subsidy of 80,000 Baht per household.



### 4 People's Town in Nakhon Sawan

About 1,000 families are in the process of relocating from squatter settlements around the city to a "people's town" they are designing on land in the centre of town provided by the central government. NHA will provide roads and infrastructure, people will build their own houses with UCDO loans.

- **Cost per house :** 150,000 Baht
- **Total loan to community :** 22 million Baht
- **Area of each house :** 42 sq. mt.
- **Construction system :** 2-story reinforced concrete frame with masonry infill walls.



### 5 Reblocking at Chatuchak

This canal-side community near Chatuchak in Bangkok, took a loan to buy the land they had been squatting on for 22 years, and then re-blocked the settlement to regularize plot sizes and make room for adding infrastructure, with planning help from young architects. 78 families built new houses together.

- **Cost per house :** 261,650 Baht
- **Total loan to community :** 18.6 million Baht
- **Area of each house :** 40 - 80 sq. mt.
- **Construction system :** 2-story reinforced concrete frame with masonry infill walls.



### 6 Cooperative land at Prekasa

After being evicted from settlements elsewhere in Bangkok, 43 families formed a housing cooperative, took a UCDO loan to buy land in Samut Prakan, and built their own houses individually, using some new and some salvaged materials, and a lot of ingenuity and whimsy.

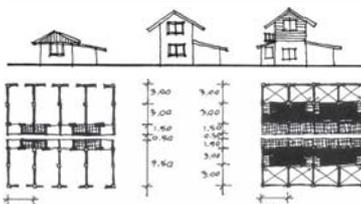
- **Land cost per family :** 108,800 Baht
- **Total loan to community :** 4.13 million Baht
- **Area of each plot :** 88 sq. mt.
- **House construction :** Construction materials include timber, steel, block, reinforced concrete. Community built roads, drainage and water supply systems.



### 7 The "15-Baht-a-day" rowhouse

Eight squatter families in Uttaradit move from canal edge to higher land on long term lease from a temple, use full-scale house model to help design a solid, inexpensive shop-house, which they build themselves for only 40,500 Baht. Loan repayment works out to just 15 Baht per day.

- **Cost per house :** 40,500 Baht
- **Total loan to community :** 324,000 Baht
- **Area of each house :** 48 sq. mt.
- **Construction system :** 2-story steel frame with masonry infill walls, sheet roofs, timber loft. Doors, windows and materials from old houses were salvaged and used in the new houses.



### 8 Under-bridge model houses

Members of the Bangkok Under-bridge community network held a public exhibition of 3 three extremely low-cost house models they developed with a team of young architects, in preparation for their move to 3 relocation sites later this year. The houses incorporate wall-panels made from thrown-away bottles, cans and paper.

- **House model costs :** 11,000 - 25,000 Baht
- **Area of houses :** 24 - 42 sq. mts.
- **Construction systems :** mostly timber frame with a variety of masonry and recycled infill panels. Network plans layouts; NHA provides infrastructure.



# 13

## Environmental improvements kick-start a larger development process



**Boardwalk at Tung Pattana** built by a small squatter community on the banks of a municipal drainage canal, which can be raised up and rebolted during flooding.



**Klong cleaning in Songkhla** happens each year along Klong Samrong, when 5 communities get together to show the city they are canal-keepers, not canal-spoilers.



**Sa-leng Recycling Center** in Khon Kaen was built by informal waste collectors, buys recyclable waste at fair prices and provides members with health care and assistance.



**Central water supply system** provides piped, metered water connections to all families in the squatter community at Ban Mai, in Chiang Mai.



**Walkway at Bang Na in Bangkok** turned garbage into land-fill under a new concrete walkway which connects 140 houses in this swampy squatter settlement.



**Moving houses back from the canal** at the community near Chatachak in Bangkok helped make room for the city's canal-dredging barges to clean out the canal.

**U**rbans Community Environment Activities (UCEA) is a program that was launched in 1996, with a grant of US\$1.3 million from the Danish Government. A special fund was set up to channel small grants to urban poor communities to improve infrastructure and common amenities in their settlements, by building wells, drainage lines, community centers, walkways and cleaning canals. The project operates all over the country, but is administered by a tiny staff, in such a way as all decisions about how the money will be used (what projects, where, how much) are made by national and local community networks.

When communities plan and propose their own environmental improvement projects on such tight budgets, they're dipping down into the deep well of their own resourcefulness for building ideas, cost-cutting tricks, solutions nobody has even dreamed of yet. This is the un-tapped source most upgrading programs ignore: the UCEA program has yielded many low-cost innovations even the engineers hadn't thought of. And when people work within large networks to make decisions about how to divide these limited resources, they are learning to negotiate, to compromise, to prioritize, to see themselves as part of a larger whole.

It all starts right in the communities: people come together, talk about problems they face and consider how they can work together to solve them. When they've decided what they want to do, they work out a detailed plan, calculate how much money they'll need and prepare a project proposal to bring to the community network for more discussion. The only rules are that projects cost less than 100,000 Baht (US\$ 2,300), be built entirely with contributed labour, benefit everyone in the community and involve at least 20% cost sharing from the communities, in cash or labor. Proposals from communities are screened in big meetings by local network and provincial committees (which include a majority of poor community members, along with representatives from the municipal and district governments, NGOs and academics), in order to weigh each project in terms of urgency and feasibility. The idea behind these mixed committees is to exchange ideas, to bring different perspectives into the process, to draw on internal and external experience from several sectors and to lay the basis for local collaboration on other issues besides environmental improvement.

**B**udget ceilings for each network ensure that there's a lot of discussing and weighing of priorities, since there generally isn't enough money for all the proposals. By the time proposals come to the national committee in Bangkok, which is also mixed, they've already been screened by the networks, and about 98% are approved, the rest sent back for adjustments and approved later. In this many-layered consideration process, the actual approval is less important than the mechanism of learning, cross-checking and collaboration which each of the steps builds and consolidates.

The UCEA program was carefully studied during the formulation of the *SIF Menu 5* and *Miyazawa* programs, and became part of the model for these programs, which brought much greater resources into the process and allowed communities to develop much broader and larger scale community development activities. By the end of the UCEA's first 3-year phase, the networks had nurtured stronger working relationships with city governments through earlier UCEA projects and were now negotiating for local resources, planning on-going projects and scaling up the whole process. So everyone felt the program's approach could shift a little in the second phase, from an emphasis on small projects in individual communities, to a more strategic emphasis on demonstration projects at larger and more complex scale, which had policy implications.

### "A special kind of fertilizer"

Nobody would claim 200 small UCEA projects have made more than a small dent in the massive problems of under-served, degraded living environments in Thailand's informal settlements. But environment is an issue nobody objects to, and because these projects have taken direct action to improve the environment, without necessarily stirring-up hot issues like land rights, the UCEA process has been able to quietly set off a process of change in the way communities are improved, and the way poor communities and cities relate to each other. It's been in many ways what Somsook calls "a special kind of fertilizer".

- **Building the networks** : by getting people to talk, think, work and manage resources together, and to move from isolation into collective strength. UCEA has begun to create an urban management approach in which the poor are no longer passive recipients but key actors in the process of change.
- **Decentralizing the process** of improving poor

settlements, making local communities (and local partnerships between poor people and local actors) the designers, implementors and financiers of community improvement, instead of central agencies.

- **Building working partnerships** between poor communities and other urban actors from the municipality, NGOs, private sector and academia that will mean more resources for community-managed improvements in the long term. When communities have alternative sources of funds under their control, and sit as equals in committees with government officials and civil society representatives to make project decisions, the balance in the urban power equations shifts a little. Communities have used these small resources to leverage more funds for their plans from the city and to spark off other, larger-scale environmental improvement projects.

- **Helping redirect the UCDO process** : from a model based on direct links between the institution and hundreds of individual communities, to one in which the institution links with the communities together, as a network. The network gradually takes over management of the UCEA process and UCDO takes on a support and coordination role.

### UCEA Project :

<b>Phase One :</b>	<b>3 years, 1996 - 98</b>
Total budget	26 million Baht
Total projects	196 projects
Community contribution	8 million Baht (32%)
Project grant support	18 million Baht (68%)
Coverage	40,588 households in 220 communities in 48 networks
<b>Phase Two :</b>	<b>4 years, 1998 - 2002</b>
Total budget	54 million Baht

# UCEA Phase 2

## Three special demonstration projects :

*The first year of UCEA's second phase saw a more consolidated environmental management by the network. In the second phase, the emphasis is on promoting special demonstration projects in squatter communities, in order to give these poorest and most marginalized communities more scope for working with the local authorities, NGOs and other actors, and to help cities link with citizens it has had no relationship with at all.*

### 1 Eco-development for Underbridgers



Over 800 families live in damp, squalid conditions under 68 traffic bridges in Bangkok, in constant fear of eviction by succeeding municipal administrations, which have been unhappy with this highly visible manifestation of poverty in their capitol city. They earn their living as laborers, vendors, junk collectors or garland sellers and are among the city's poorest. Five years ago, these communities joined forces and formed the **Under-bridge Community Network**, with support from two NGOs, the *People's Organisation for Participation (POP)* and *Human Settlements Foundation (HSF)*. The network set up savings groups under each bridge, surveyed all the city's under-bridge settlements and negotiated first for household registration, electricity and water connections and then for alternative land for resettlement. As part of the landmark resettlement agreement, the network selected the three sites, the central government bought the land, the NHA developed roads and infrastructure, UCDO will provide housing loans and families will build their own houses using innovative, low-cost building materials made of recycled garbage materials like bottles, cans, newspapers. In April, 1999, the network held a model house exhibition to showcase their house building ideas in front of the Bangkok Municipal Corporation building. They will move sometime later this year.

A UCEA grant of 3 million Baht will support a 3-year project to help the former under-bridgers develop their three new settlements as experimental "sustainable communities." Plans include an ambitious array of organic vegetable growing, fish-farming, tree-planting, natural water-treatment, composting and garbage recycling activities. As part of the project, the three sites will become laboratories for groups from other communities to come see and learn from, through exchanges and special seminars.

### 2 Recycling ideas in Ubon Ratchathani



Like so many cities around Asia, Ubon Ratchathani in Northeastern Thailand generates more garbage than it's municipal collection systems can handle. The informal waste-collectors who ply the streets on three-wheel carts (*Sa-Leng* in Thai) have always played an important role in managing all that garbage, by collecting, sorting and selling recyclable waste, but their contribution has tended to be looked upon as a nuisance. They are among the city's poorest citizens, leading lives that are often harsh and short, and live in squatter settlements without services or security. The **Sa-Leng Network** in Ubon Ratchathani has started savings and credit groups in 14 squatter settlements, carried out settlement improvements and set up health care systems for its members. The network is now running a city-wide garbage collection and recycling enterprise, as a supplement to the city's solid-waste management system. The project, in which all the *Sa-Leng* members are shareholders, represents a dramatic upscaling of their traditional vocation and a chance to show the public they can help keep the whole city clean, and improve their own lives, incomes and settlements in the process. The city's mayor, Jirichai Kraikangwon, who is one of the project's most enthusiastic supporters, says, "They are saving the whole town from avalanches of garbage mountains."

They've dubbed their enterprise "**Man and the Wheel for the Environment Project**" and it has a budget of 1.3 million Baht, of which 750,000 comes from UCEA, 400,000 from the network in labor, food and materials, and the rest from the Miyazawa Fund. The project includes setting up two recycling centers, where *Sa-Leng* can get their carts repaired, sell recyclable materials at fair prices, and refurbish broken appliances to sell and re-use. The project also involves setting up a special "*Bank of the poor*", establishing a labor center, planning an information campaign to promote the *Sa-Leng's* work, and organizing exchange visits with other *Sa-Leng* groups around Thailand.

### 3 Community face-lift in Klong Toey :



Under the expressway which runs alongside the sprawling Klong Toey slum in Bangkok, there are seven closely-packed squatter settlements, with their backs along a canal. To district authorities, the untidy back-sides of these make-shift shacks are an eyesore, but neither eviction threats nor resettlement offers have been able to persuade these communities to leave. Now, the UCDO and some local NGOs have worked with these communities to convince the authorities to allow them to build a walkway along the canal and give the houses a face-lift, using a 1 million Baht UCEA grant. Once there's a walkway, those back-sides will become front-sides and everyone will deck their houses with flowers, decorations, new paint. If all goes well, this primarily cosmetic initiative will lead to more structural improvements to housing and infrastructure, to canal cleaning, and ultimately to more secure tenure.



**Before :** *the utilitarian back-sides of the community houses are pushed right up against the klong*



**After :** *New walkway along the klong turns back sides into proud frontages, with trees, flowers and a fresh coat of paint.*

# 14

## Community enterprises : boosting incomes and targeting larger markets



### Business sense :

When people work together and use the power of numbers to set up community enterprises which challenge these inequities, it leads to some clear benefits :

- **More jobs and higher incomes** for people within the community.
- **Money stays inside the community**, circulating locally, supporting spin-off enterprises.
- **Communities and networks get stronger**, more enterprising, better organized, better connected.
- **More efficiency** when members share space, tools, machines, get bulk discounts on raw materials, negotiate at scale.
- **Fewer middlemen** - "Economies of scale" help communities bypass middlemen, reduce costs, keep more of the profits and increase their negotiating power for direct distribution and marketing links.

**T**hai cities have always been, above all else, market places, where just about everybody, up and down the economic ladder, is either buying or selling something. At one end of the spectrum are the poor, who *do* things at rock-bottom wages, or *make* things at rock-bottom rates which somebody else profits from. Then come the broad range of middle men, contractors, agents, exporters and investors who, despite their distance from the actual *doing* and *making*, are the ones who really clean up.

Self-employment is one way out of these inequitable equations, and judging by the scale and vitality of Asia's informal sector, it is the urban poor's preferred ticket to better livelihoods. But without capital, stock, space or the bargaining power of scale, tiny businesses run by individuals are seldom able to tap the larger markets and supply systems, *where the real money is*.

Like anything else, successful entrepreneurship takes practice. UCDO's experience with community enterprise began informally at first, when a few pioneering groups began taking income generation loans (most of which had gone to individual enterprises) to start up small production workshops in their settlements or businesses which involved three or four people. One of the earliest group enterprises was the Taxi Drivers' Cooperative, which created a lot of enthusiasm, led to a lot of learning in UCDO, and showed the great potential in dealing with ruthless middlemen as an organization, rather than as individuals.

Later on, the taxi cooperative was beset by internal power struggles and management problems, and these experiences showed clearly that the group politics inherent in community enterprise - *to say nothing of the trials of dealing with sharks in the informal sector* - was not easy, and brought up a whole set of issues which hadn't mattered much with individual enterprises. To support these more complex group enterprises, UCDO set up a special community enterprise unit. Eventually those intrepid taxi drivers managed to rebuild their cooperative, and their experience provided another valuable lesson : that if you keep working and keep trying to resolve such problematic situations with stronger savings groups and better subgroup organization, it's possible to revive a collapsing situation.

**O**ver the past two years, several opportunities have put the whole process into higher gear, provided thousands of new jobs for community members, and begun to show the potential of working together at scale. When the Bangkok Municipal Authority announced a progressive policy to subcontract 200 million Baht worth of jobs to poor communities, the networks were ready to grab the opportunity, with a mechanism by which large numbers of communities link together, work together, exchange news and ideas, and can organize groups and quickly mobilize a large work force to take advantage of these opportunities as they come along.

Breaking into these government and formal-sector job opportunities meant formalizing the whole thing a bit, and establishing a legal entity to take on these various contracts. Accordingly, a cooperative was registered, first by a handicrafts group. Sewing and labor groups were later invited to work under same cooperative umbrella. Now, the cooperative provides a legal umbrella to community enterprise groups all over Thailand.

### BMA school uniforms contract :

First big breakthrough plunges the community networks into the middle of the high-stakes municipal labor contract system



Thailand's economic crisis has left many community people, especially women, without employment. To deal with the problem, the cooperative worked with the *Housewives' Savings Groups* in 16 poor communities around Bangkok to set up an enterprise in 1998. Taking advantage of the BMA policy, the cooperative successfully negotiated a 3.9 million Baht subcontract from the Education Department to produce school uniforms.

With a 2.7 million Baht loan from UCDO for equipment, fabric, buttons and zippers, sewing machines in communities around Bangkok hummed into high gear. 45 days later, 31,000 high-quality uniforms were delivered, *on time*, showing clearly that *people can do it!* The project provided employment to 150 poor families worth 2 million Baht. The BMA pays 49 Baht per uniform, and when women work for labor contractors, they make 3 Baht per piece. But when they get the contract, buy the materials and make the uniforms themselves, as a cooperative, they make 12 - 17 Baht per piece. That's an 800% income increase! "*Either way, I do the work, but this way I make eight times as much, and there's no middleman to skim off the profit.*"

The second year, the subcontract was much larger: 18.7 million Baht to produce 148,561 uniforms (just 9% of the year's budget for uniforms). With a 12 million Baht occupational loan from UCDO, the sewing machines started humming again. This time the groups began behaving like a corporation, dividing tasks according to skill levels, streamlining the production process so some communities cut, some stitched, some sewed on buttons and some checked quality. This is how to build an organization, using *real jobs* to bring people together and to understand how things work.

Complications set in, though, when the BMA backtracked on its policy and passed up the cooperative's bid in favour of its old sweatshop contractors. These contract systems involve closed networks and kickbacks and are notoriously hard to break into: these are the systems which create poverty and keep poor people poor. But the women were not ready to wave the white flag, took to the streets and petitioned the BMA Governor directly, carrying placards reading "*We don't want charity, we want jobs!*" In the end, they got their contract back - and more!

## What part does UCDO play?

There is unending discussion in UCDO about how to boost income-earning opportunities in poor communities in Thailand. Plenty of organizations devote themselves to *skill-training* and promote all sorts of income generation activities – making flowers, stitching table-cloths, pasting envelopes, frying *patan-ko* to sell in the market. But these scattered efforts have little scope for growth, and haven't significantly altered the poor's low economic position. How to promote community business enterprises with a greater range and intensity of economic and development impact, so that people with lack of capital can become managers, and end up with a better share of the profits in the end?

The idea is not only to generate more jobs, but to strengthen the economic position and the negotiating power of poor communities, so managing complex economic projects can lead to managing larger development and political matters. UCDO's **Community Enterprise Unit** has been working to tap the enormous potential of community enterprise in several ways :

- **providing credit for investment** through occupational loans for specific projects.
- **organizing and supporting start-up enterprises** in poor communities which offer income earning opportunities to residents.
- **supporting strengthening of networks** and better linkages between enterprises
- **conducting entrepreneurship training programs** in management, finance, accounting, marketing, inventory, growth strategies and legal aspects of doing business. Also promoting informal training by other enterprise project participants through community exchanges.
- **providing technical assistance, advocacy** and backup to help grease the wheels of negotiation with higher-lever government agencies and private sector firms.
- **setting up information centers** with data about types of labor, products and labor ministry rules and regulations.
- **boosting links with private sector** : Major suppliers of materials and consumer goods are often reluctant to deal directly with small community enterprises, forcing those enterprises to go through distributors at higher costs. UCDO can act as mediator and facilitator to support direct supply linkages.



*Khun Sankit has been making bronzeware for 40 years, and is the BCHPC's chairman. "Middlemen deal with craftspeople individually, so the price stays low," he says. "People have no power to negotiate conditions when they work separately, can't push up their price. We came together for clear reasons. It makes business sense."*

## Community enterprises :

Combining the power of networks with the ready availability of capital to create wider-scale earning possibilities for the poor

*All of the community enterprises described below are 100% owned and managed by community members, who generally purchase shares in the business and elect a committee responsible for managing and operating the enterprise. There are now about 30 community networks engaged in some kind of community enterprise activity, and interest is growing all the time.*

**Bangkok Community Handicrafts Promotion Center** : When the Thai Sporting Goods company received a concession to produce and sell souvenirs for the 13th Asian Games in Bangkok a few years back, Thailand's Deputy Prime Minister proposed bringing artisans from poor communities into the project. As the country's first community craft cooperative, set up by five communities of bronzeware artisans in Pradittorakan, the *BCHPC* was awarded a big contract to produce bronzeware souvenirs for sale at the Asian Games and now provides a legal umbrella to community enterprises in 30 poor communities.

**BMA subcontracts work** : The BMA budget for labour contracts has now been decentralized to Bangkok's 50 districts. As part of that same BMA policy to award 10% of municipal job contracts to poor communities (and a result of the school uniform-makers negotiations) the BMA agreed to award to the cooperative 3.6 million Baht of subcontracts to clean roads, repair sidewalks, clean out drains and small canals and plant trees and shrubs along the roads. The package employs 240 people. When you see people out in the Bangkok streets doing these jobs, most of them are being paid starvation wages by labor brokers, according to the old system. Only 10% of them are earning full, decent wages as share-holders in their own cooperative subcontract. It's a tiny percentage, but represents a breaking into the old system.

**Fair-price goods at Rom Klao Zone 8** : The *Rom Klao Zone 8 Provisions Shop*, in the large NHA relocation colony at Lat Krabang, was started by the community's savings group to provide lower-cost rice, vegetables, condiments, soap and medicines. The idea was to generate additional income and to strengthen the group through a joint enterprise initiative. The shop is run cooperatively, is owned and managed by its members. To start, 50 members purchased shares in the shop at 10 Baht each, and took a UCDO loan of 250,000 Baht to establish the shop and purchase stocks. After only 18 months of operation, the shop had generated 225,000 Baht in assets, a 42,000 Baht profit, and had repaid over half of its five-year loan! The cooperative has now expanded operations to include wholesale supply and 18 more retail shops. Shares are being sold to community members at 100 Baht each. The committee has persuaded NHA to rent them land for storage and took an additional loan from UCDO to construct a warehouse.

**Distribution center** : Over the past year, a new project has been set up which involves buying goods produced by community enterprises around the country, and distributing those goods to retail outlets. So far, the project has distributed seafood products from networks in southern Thailand (dried shrimp, prawn crackers and fish sauce), bronzeware from the craft cooperative in Bangkok, handicrafts from Chiang Mai. The center has also arranged for community products to be sold at the Dubai Shopping Festival 2000.

**Rice networks** : In many networks around Thailand, communities have set up rice networks, which buy rice cheaply direct from rice farmers and then sell it to their members. Eliminating middlemen allows members to buy good quality rice at below-market rates and shareholders to turn a neat profit.

**Ceiling panels, refurbished throw-aways, fish farming and others** : In Nakhon Sawan, an entire community works together to produce molded plaster ceiling panels for use in up-market house construction. In Ubon Ratchathani, communities around the garbage dump have made a business from refurbishing and selling cast-away refrigerators, washing machines and bicycles from the dump, providing a creative and lucrative outlet for young people in an area badly hit by drug problems. River-side communities throughout the country have established fish-farming enterprises which combine ancient aquaculture wisdom with cooperative entrepreneurship to boost incomes. Other communities produce bottled drinking water, artificial flowers from delicately-colored fish-scales, and handicrafts of all sorts.

# 15

## Plugging big new government resources into the network process

Over the past two years, UCDO has had an opportunity to link two government economic aid programs with their urban poor target groups, through the community network process. The Miyazawa and Social Investment Fund programs have had an enormous impact on urban poor communities across Thailand and have transformed the national network process. The programs have provided networks an opportunity to demonstrate to the government an alternative system for channeling resources so that they go directly to the target group, and given them a tool to strengthen their capacity to manage much larger development resources. This is the first time community networks have been able to design and implement their own crisis-assistance programs on a national scale and in so short a time. It's been a chance to challenge conventional thinking, to change regulations and to institutionalize new kinds of management. In the words of Khun Paiboon, these programs have worked like "exercisers" for poor communities and made them stronger to face external problems. Here are some details:

### 1

### Social Investment Fund

US\$ 25 million World Bank grant under SIF "Menu 5" gives a boost to ancient traditions of mutual help in communities by supporting the development of Thailand's first community-designed, community-implemented national welfare program.

#### Taking care of their own:

By making them the basic unit of a social safety net, the SIF Menu 5 process gives poor communities a chance to take care of their own most vulnerable members. The culture of sharing and mutual help runs deep in Thai Buddhist culture, where helping each other is a way of making merit (*dai boon*). But economic hardship can really work against this tradition.

For people who have all their lives been too poor to help others, being in a position to take care of neighbors who are in need is a point of considerable pride. When this impulse is formalized into a system and supported with modest funds, it becomes a potent community strengthener, and a rebuilder of these traditions of genuine self-help in poor communities. Besides, people ultimately know much better than any outside agency who is really in trouble in their own communities, who most needs help, and what kind of help they need. In the words of one community leader from Bahgkok:

**"Developing a community welfare system that really reaches the target is a good way of assuring the government isn't sending ear problems to the eye doctor!"**

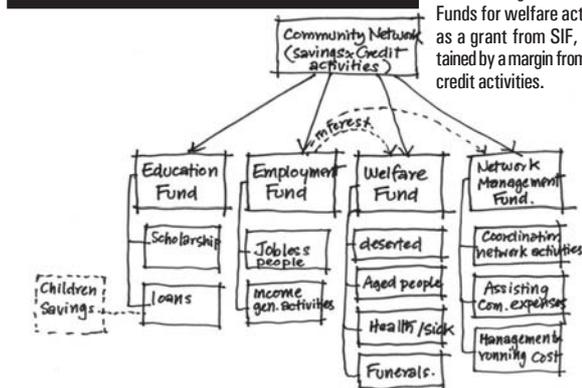
The five "menus" of the *Social Investment Fund* support various economic and environmental projects benefitting Thailand's poor, in the aftermath of the crisis. In the early stages of SIF, communities throughout the country - both urban and rural - could submit proposals to a central (later regional and provincial) decision-making committees. The intention was to give communities a direct route to the resources, without passing through any government mechanism. But this centralized consideration system, which relied on complex indicators and a cumbersome checking mechanism, had management problems early on. For the fifth menu, which emphasized community welfare, UCDO proposed using the already established community network process to channel the aid to those most in need. For UCDO, this was a chance to do three things: to change SIF's way of doing things, to find new ways for communities to work together, and to help community organizations develop systems for taking care of their most disadvantaged members.

Things took off in March 1999, when six of the strongest networks set to work surveying their constituencies, holding innumerable discussions and developing their own welfare systems to present to SIF. At first, nobody was sure they'd ever actually get approved, but by December, all six proposals had been approved and the money released. A national meeting followed, in which those 6 networks sat on the dais and talked, in very concrete terms, about the process they'd gone through, and a system was formulated to work out welfare activities in all the networks. A "ten step" process was agreed upon to develop a community welfare process - including an extensive process of open discussion, detailed surveys, meetings, committees, cross-checking and final approval by representatives from all the networks.

After this, the process spread like wildfire, fueled by constant exchanges and meetings. In less than a year, 61 networks had made proposals, nearly 200 million Baht had been disbursed and the welfare projects were up and running. Local NGOs brought ideas into the process and each round of proposals got better. Every month, about 20 networks present their cases in a national open forum with representatives from other networks, who all ask questions, learn. The walls are covered with bubble diagrams explaining all the relationships and budget lines. By this time, proposals have undergone several rounds of review and refinement within the network and with other networks in the region, so when the national committee withdraws to make it's decisions, it usually returns with twenty *yesses*. When cases show problems, groups are requested to go back, clear up the problems and re-submit the following month.

#### Social Welfare Activities (From the Social Investment Fund)

Most networks have developed various welfare activities within their existing network structures. Funds for welfare activities come as a grant from SIF, but are sustained by a margin from savings and credit activities.



The networks felt the need to establish some common standards for welfare support around the country. Difficult compromises were struck between Bangkok and provincial networks, where living expenses varied dramatically. There was a constant interplay of agreed-upon standards and local variation and adjustment throughout the SIF Menu 5 process. For example, a national standard monthly welfare payment of 500 Baht to old folks was agreed upon, but groups dealt with that standard in many ways. In one network they decided to give 300 of the 500 Baht in cash, 100 Baht in saving and 100 Baht in rice and food staples.

Resources from SIF come as one-time grants to communities and networks for education, welfare (sick, elderly, HIV, drug addicts) and income generation. Everyone knows the more grants they give, the faster the funds will empty. In most cases, communities have opted to give about a third in grant and two thirds as revolving loans for school fees, some medical expenses, etc. SIF was designed to provide temporary aid during the crisis, not long-term welfare. Everyone in the networks know the money will go in a few years, but they'll have shown a new safety-net system which really reaches the poorest. And that system's efficiency and effectiveness will be the best attraction for continuing resources.

## Too much, too soon, too fast?

Because of their deadlines and scale, SIF and Miyazawa have somewhat eclipsed other activities. Many people in communities, NGOs and UCDO have worried that this big influx of money could crush years of delicate community and network building with the sheer force of money. In the words of one alarmed community leader from Khon Kaen, "It's like putting rocket fuel into a Tuk-tuk: we don't know if it will run faster, or explode!" But the short time-frame left people with little time to squabble or banter theories. And as Somsook says, "We couldn't set the conditions, and the resource was there, so our choice was whether or not to take this resource and use it in the best way we can. So we took it."

## Informal debt :

### Finding solutions to crippling indebtedness to money lenders

The problem of informal debt in Thailand is staggering, especially amongst the poorest with no other sources of credit. It's a problem which feeds on bad times. During the crisis, when people most desperately needed credit for daily expenses and emergencies, there weren't enough funds in many of the savings groups to meet everyone's needs, forcing many people to go to money lenders (*nok rabob* in Thai). Money lenders charge between 5 and 20% interest per month (*that's 60 - 240% annually!*), come knocking on the door every day for repayment and can be brutal with anyone who doesn't pay. At those kind of rates, debts quickly

skyrocket, and many find themselves falling into a vicious cycle of borrowing from one money lender to pay off another, with more and more of their money going just to keep up with the interest, losing all hope of ever getting out of debt. As a result, they can't save, can't pay back their loans, so money stops flowing in their savings groups. This undermines the poor's most immediate self-help mechanism. *This is why the poor stay poor.*

The Miyazawa fund is small compared to the huge scale of indebtedness to money lenders in Thailand, but it has helped pay off many informal debts and gotten money flowing again in many of the savings groups. After repaying the money lenders with 1% Miyazawa loans, all that money people were otherwise losing in interest suddenly becomes available for saving, for daily expenses *and for life.* (See *Buri Ram case, page 12*)

# 2

## Miyazawa Fund

US\$ 250 million revolving loan fund is a tiny part of the Japanese OECF's package of economic assistance to Thailand, in the wake of the crisis, and provides low interest loans to communities to revive savings groups with repayment troubles.



The Miyazawa program to help revive troubled savings groups was launched in March, 1999 and came with a deadline: all projects must be finished by September 2000. Any unspent money then goes back to the budget bureau. With only 18 months from start to finish, that meant quite a rush! Because Miyazawa came right on the heels of SIF, the first task was to look at what all these different resources offered the networks and to see how they could be used to fill gaps in the existing programs.

The Miyazawa Fund built on the system developed through the SIF process, using the networks to channel assistance to poor communities. Individual communities can submit Miyazawa proposals, but a lower interest rate was offered to encourage community proposals to come through the networks (1% for networks, 2% for communities). As with SIF, networks organize an intense process of surveys, discussion and problem identification at community, network and regional levels, and develop detailed network-wide proposals which are then presented to the national committee. The national committee, which includes community representatives from the 7 regions, meets once a month to consider a big pile of proposals.

As is most UCDO culture, the "positive approach" means the answer is almost always yes. But that *yes* has to come out of a long process of working together, according to rules set by the networks themselves. By the time proposals reach the national committee, the work of assessing and refining the proposals has been done by peers, through two layers of checks and balances, within the communities, within the city network and between networks in the same region. The regional platform offers leaders a chance to assist each other in making proposals stronger and clearer, patching up holes and sending back bad ones for reworking.

When people in one district in Chiang Mai, for example, want to make a proposal, they first discuss it in Chiang Mai, then present their ideas in the Northern Region meeting, where community leaders from Chiang Rai, Lampang, Payao and other provinces sit together, ask questions and clear things up - *with friends*. In this way, the approval process is checks and balances, but it's also a network builder and learning opportunity.

Some networks use Miyazawa primarily to refinance higher-interest loans which people can't repay, especially debts to money lenders at killing interest rates (*see box above*). This helps get the money revolving again so other members in the group can borrow. In this way, that small assistance to individual borrowers ends up benefiting the whole group. Unlike standard UCDO loans, which have to be paid back in monthly installments, the Miyazawa system gives networks much greater freedom in how they deal with repayment. Networks can borrow up to 5 million Baht and repay in twice-yearly installments after a two-year grace-period, during which they only pay the interest. This frees networks to concentrate on designing lots of flexible credit processes tailor-made for their community groups. Adjusting the repayment system has unleashed all kinds of creativity around the country and spawned innumerable variations in the loan process which the earlier system tended to keep in check.

On 21 June, 2000, when half of the money had been spent, the networks invited Thailand's Finance Minister to see what poor communities were doing with their cut of the Miyazawa Fund. Leading off the seminar were five network leaders who explained in detail how they'd tackled their economic problems through Miyazawa projects. This was peanuts compared to the colossal resources that have gone into bailing out Thailand's economy, but here was the Minister's chance to pick up a few tips from one aid package which actually goes directly to the poorest. And because this 250 million Baht revolves, the resource will go on and on solving problems, increasing incomes, creating wealth and enhancing the capacity of poor communities to build their own systems to solve their problems. Here's how Pi Let from the Songkhla Network put it :

**"Usually it's the big guys in the government offices telling us what we need and how we should do. Today, we are the ones telling the Finance Minister how to run a good crisis relief program!"**

## Miyazawa facts :

- Total Miyazawa economic bail-out package to Thailand: **53 billion Baht (US\$1.4 billion)**
- Portion of the total package spent on the urban poor sector: **1 billion Baht (2% of total)**
- Portion of the total package spent on the UCDO/ Network managed Revival Program: **250 Million Baht (0.5% of the total)**
- Dates during which all funds to be dispersed: **March 99 - September 2000 (18 months)**
- Total number of revival loans (as of 7 August, 2000): **164 projects totaling 151 million Baht and benefitting 440 communities**
- Total # of strengthening grants (as of 7 August 2000): **78 projects totaling 10.5 million Baht and benefitting 1,016 communities**
- Total funds approved as of 7 August, 2000: **162 million Baht (US\$ 4 million)**
- Total number of beneficiaries (as of 7 August, 2000): **100,689 households in 141 groups (including networks and communities)**

## UCDO now becomes CODI . . .

As of October 26, 2000, UCDO will officially merge with the Rural Fund to become a new, legal, public organization, which will be called the Community Organization Development Institute (CODI). So next time around, you can look out for a "CODI Update." (details page 9)

## Telling all about it . . .

UCDO produces tons of materials in the form of reports, articles, newsletters, posters, brochures, videos, television and radio programs. Unfortunately for overseas friends, most of it is in Thai. Here's a short list of what's available in Thai and in English.

- **Community Video News Magazine :** A series of 30-minute videos have been produced which each tell the story of four or five specific community initiative. Stories and scripts are prepared by community representatives with technical help from Paijong Laisakul at Multimedia Makers, Thailand. English language versions are available from UCDO. (In Thai and English)

- **Television Programs :** "Small house in the big town" is a new series of short 4-minute videos which air on the national channel 11, just before the 6:00 news on Monday, Wednesday and Friday. Each program features the work of one community or network, or goes into some issue of importance to the urban poor. (in Thai)

- **Community Wallpaper** is a colorful, large-format news sheet with photos and brief stories about what's happening, community news, special projects, loan stories, evictions. (In Thai)

- **Academic papers and reports :** All sorts of academic papers are written by UCDO staff members and by friends in Thailand and abroad, covering many subjects such as credit in habitat, citizen's networks, community environmental improvement and housing. (many in English)

- **Website :** UCDO has also put up a website, with information about the UCDO and its various programs, the community networks and recent news.



## one last note . . .

There's an old Chinese notion that difficulties and crises need not be cause for bewailing our fate, that through introspection, external troubles can become an occasion for inner enrichment and education. This bit of ancient wisdom finds full play in the content of this *UCDO Update*. The past few years have been hard times here in Thailand, and although these troubles have gravely affected the economic conditions of the urban poor, they've also led to an enormous range of transformations, learning, reorganizations and new developments - in poor communities, in networks of poor communities, in development institutions like UCDO, and in the country.

Although this is only second in the series of *UCDO Updates*, it will likely be the last, since UCDO is about to become the *Community Organization Development Institute (CODI)*. The series which replaces it, *CODI Update*, will hopefully become another important means for reflection in UCDO's search for deeper and broader ways of dealing with the causes of poverty and helping build a development process by urban and rural communities, at national scale. This is to thank everyone for all the support and understanding we've received during all the years of our tough learning and development in UCDO. And thanks to Tom Kerr whose delicate observation and patient editorial assistance helped bring together all the materials in this issue. - Somsook Boonyabancha

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UCDOupdate

*UCDO Update* is a publication of the **Urban Community Development Office** in Thailand. It was produced in Bangkok with editorial assistance from Tom Kerr at ACHR, who would like to extend big thanks to Poo, Pui and Joy for translation and interpretation help; to Duang, Sin, Eet, Jim, Panthip, Nat and Somsook for all kinds of materials direct from the source; to Maurice for proofreading help; to Pop for unending coordination; to Tee, Baan and Patama for housing stories and drawings; to Tee, Nat, Korn, Art, Ter, Somsook, Tom, Maurice, Joy, Duang, Pul, Ekachai and Baan for photos and to Khun Kittti for printing assistance.