

The Community Organizations Development Institute (CODI) in Thailand

(David Satterthwaite's Brief summary of longer paper, June 2004)

The *Community Organizations Development Institute (CODI)* is a Thai government agency formed in 2000 through the merging of the Urban Community Development Office (UCDO) and the Rural Development Fund. CODI is an independent public organization under the Ministry of Social Development and Human Security. CODI is implementing *Baan Mankong*, the Thai government's ambitious national programme for upgrading and secure tenure which is described in a separate box. This box summarizes the work of the Urban Community Development Office (UCDO) in addressing poverty and how this fed into CODI and into *Baan Mankong*.

UCDO was set up by the government of Thailand in 1992 to address urban poverty. It was widely recognized in government that Thailand's economic success during the 1980s and early 1990s had brought little benefit to the poorest groups. Indeed, for many, their housing conditions had deteriorated and their settlements were at ever-greater risk of eviction as land prices and demand for central city sites increased. There was also a recognition of the need to develop more participatory models of support for low-income groups and of the possibilities of doing so through supporting community-based savings and credit groups. Various local and international NGOs working in Thailand had also demonstrated the possibilities of improving housing by working with low-income communities and networks of communities.

UCDO was provided with a capital base equivalent to US\$ 50 million, to allow it to make loans available to organized communities to undertake a range of activities relating to land acquisition and housing construction, housing improvement, and income generation. UCDO recognized that for pro-poor development to take place, relations between low-income groups and the state had to change. Critical to that change was the establishment of representative and accountable local citizen organizations.

From the outset, UCDO sought to bring together different interest groups – with its Board having senior government staff, academics and community representatives. Initially, loans were available to community-based savings and loan groups for income generation, revolving funds, housing (for instance, to allow communities threatened with eviction to purchase existing slum land or land elsewhere and develop housing there) and housing improvement. Any community could receive any of these loans, provided they could show that they had the capacity to manage savings and loans. The loan could be used to respond to the particular needs of each group. Through this, UCDO developed links with a wide range of community organizations, savings groups, NGOs and government organizations. Loans had much lower interest rates than the other loan sources that urban poor households could turn to, although they were also high enough to allow the initial fund to be sustained and to cover administrative costs.

From support to communities to support for community networks: As the savings groups that worked with UCDO became more numerous and larger, UCDO found it more difficult to provide support to individual groups and to be the centre of all the problem solving, for problem cases. This difficulty in scaling up its work brought UCDO into a new stage of change in which it linked individual savings groups together in the form of networks or federations. UCDO loans could be provided not only to communities but also to community networks who then on-lent to their member organizations. The emergence of large-scale community networking brought immense change to community-led development processes in general and to UCDO and CODI in particular. These networks became increasingly the means through which the funds of UCDO (and then CODI) are made available to low-income groups. Community organizations in a particular city or province join together to form a network to work together and negotiate with city or provincial authorities, or to influence development planning, or simply to work together on shared problems of housing, livelihoods or access to basic services. There are networks based around occupations (for instance a taxi cooperative), pooled savings and cooperative housing. There are also community networks based on shared land tenure problems (for instance, networks of communities living along railway tracks or under bridges who have shared tenure or landlord problems). As networks manage loans, this also decentralizes the decision-making process so it is closer to individual communities and better able to respond rapidly and flexibly to opportunities identified by network members.

Diversifying the support provided to communities: UCDO added other activities to the loans made available to community organizations. These included:

- A small grants programme for community-managed environmental improvement projects with US\$ 1.3 million from the Danish government, which supported 196 projects benefiting 41,000 families, and whose projects strengthened the capacity of community organizations to work together and to work with local government.
- A programme to help savings groups that faced financial difficulties maintain their loan repayments after the financial crisis of 1997 (with support from the Thai and Japanese Governments).
- Community Welfare Funds made available to communities for use as grants, loans or partial loans for education, income generation and other welfare (for instance, for school fees, those who were HIV positive, sick or elderly) with support from the World Bank Social Investment Fund.

As savings schemes became stronger, so increasing emphasis was given to linking community groups with city authorities, which then developed into city-based networks able to initiate and manage city-wide programmes. These city-wide networks have particular importance for supporting city-wide upgrading programmes (see the Box on *Baan Mankong* for more details). These networks also linked communities so they could share their experiences, learn from each other, work together and pool their resources. These networks also helped communities manage debts, and allowed UCDO to remain effective despite the economic crisis that started in 1997 and which reduced the incomes and increased the debt repayment burdens for large sections of the urban poor. Most community networks also developed their own community welfare programmes. What became evident from UCDO's work is first, how far funding can go if organized and managed by community organizations or networks and second, how many community-managed activities can achieve cost recovery

By 2000, when UCDO's work was integrated into CODI, 950 community savings groups had been established and supported in 53 out of Thailand's 75 provinces. More than 100 community networks had been set up. More than 1 billion Baht had been provided in loans and more than half the loans had already been fully repaid. Informal estimates suggest that assets of some 2 billion Baht had been generated by the projects. The special fund to help savings groups facing financial difficulties had helped many communities and community networks to manage their debts and continue their development activities.

From UCDO to CODI: CODI continues to support the UCDO programmes but it has its own legal entity as a public organization, whereas UCDO had been located within the National Housing Authority. This provided CODI with greater possibilities (for instance, being able to apply for funds to the annual government budget), greater flexibility, wider linkages and new possibilities for supporting collaboration between urban and rural groups. The emphasis on supporting community-managed savings and loan groups and community networks remains, but now it covers 30,000 rural community organizations as well as the urban community organizations. Many community networks that CODI supports include both rural and urban community organizations. Like UCDO, CODI also has a Board that includes representatives from government and from community organizations. CODI is also the responsible for implementing the Thai government programme to support upgrading and 200 "cities without slums" programmes. Upgrading programmes at this national scale are only possible if the "infrastructure" of community processes and networks and their savings schemes are in place.

To date, housing loans and technical support has been provided to 47 housing construction projects (on same site or alternative land) benefiting 6400 households. Grants have been provided to communities to make small improvements in infrastructure and living conditions in 301 projects benefiting 68,208 families in 796 communities.

What has been learnt since 1992: CODI, like its predecessor UCDO, seeks to support inclusive processes that are controlled by the poor themselves. The institutional form that is appropriate to this way of working has to be flexible. The experience of UCDO and then of CODI has shown that it is possible to alter the delivery of development so that the outcomes are more favourable to low-income groups. But to do so, it has to support these groups themselves in becoming key players in the development process. They must be involved in decision-making, must be able to own the decisions that are taken and must be in control of the activities that follow.

Community-based savings and loan activities are important because they build community capacity to determine priorities, transparently manage finance, negotiate with other powerful local groups and plan

and reformulate their own strategies. Collectively organized savings strengthen the links between community residents and help to ensure leaders are accountable to local members. Collectively managed loan repayments help the community to assess the financial investments that they wish to make and help to ensure that finances are not managed by a group living outside the community. Loan management helps networks of communities understand when accumulating debt is a necessary burden for a community and when it is best avoided. Together, savings and loan activities help communities to prioritize, manage and implement development.

Community-learning is as important as savings and loan activities. Within the processes supported by UCDO and CODI, community-learning takes place as community organizations work together in implementation and through community exchanges. Exchanges help community organizations to analyze their experiences and modify their plans.

CODI recognizes that projects cannot be ends in themselves; they need to be part of a more comprehensive plan that is driven by the poor. Conventional development systems and processes are not designed for the conditions of the poor nor are they appropriate to the needs of the poor. There are almost always problems when the poor try to fit into these systems. What is required is that the poor determine the conditions attached to projects – thereby enabling plans and processes to be better suited to their needs and capacities. At the same time, the poor cannot resolve their problems on their own. What is needed is an open and inclusive process that engages the many other groups that are relevant to development within a process that is determined and controlled by the poor.

SOURCE: Boonyabanha 2003 and Community Organizations Development Institute (2004), *Codi Update* Issue No. 4, April 2004.