



Baan Mankong: going to scale with “slum” and squatter upgrading in Thailand

Somsook Boonyabancha

Somsook Boonyabancha is director of the Community Organizations Development Institute (CODI), and founder and secretary-general of the Asian Coalition for Housing Rights (ACHR). She was also a member of the Millennium Project taskforce on “Significantly improving the lives of slum dwellers”.

Address: Asian Coalition for Housing Rights (ACHR), 73 Soi Sonthiwattana 4, Ladprao Road, Soi 110, Bangkok 10310, Thailand;
e-mail: achr@loxinfo.co.th;
website: www.achr.net

SUMMARY: *This paper describes the ambitious national slum and squatter upgrading programme launched by the Thai government in 2003 and implemented through the Community Organizations Development Institute (CODI). The programme centres on providing infrastructure subsidies and housing loans to low-income communities to support upgrading in situ wherever possible and, if not, to develop new homes close by. Support is provided not only to community organizations formed by the urban poor for projects but also to their networks, to allow them to work with city authorities and other local actors and with national agencies on city-wide upgrading programmes. It seeks to “go to scale” by supporting thousands of community-driven initiatives within city-wide programmes designed and managed by urban poor networks working in partnership with local actors. The paper gives some background information about CODI and its predecessor the Urban Community Development Office, before describing the national upgrading programme.*

I. INTRODUCTION

THERE IS A need to think about the processes that will allow all “slum” and squatter households in a nation to achieve the “significant improvements” that the Millennium Development Goals demand. There are many examples of upgrading and new house development programmes that have “significantly improved the lives of slum dwellers”, but almost never on a scale that significantly reduces the problem. In most nations, just increasing support to conventional upgrading and new house projects will never reach a sufficient scale. This paper describes a programme in Thailand that reconceives how to achieve large-scale impacts by supporting local community-driven processes in each urban centre which, when added together, achieve city and national scale.

In Thailand, since the 1980s, there have been many examples of partnership between government agencies and community-based organizations and networks formed by the urban poor. During the 1980s, the Thai government’s National Housing Authority supported various initiatives for housing and land for the urban poor, including “land-sharing” schemes through which squatters received secure tenure and infrastructure when they agreed to share the site they lived on with the landowner.⁽¹⁾ In 1992, the Thai government set up the Urban Community Development Office to support community organizations with loans for new housing,

1. Angel, Shlomo and Somsook Boonyabancha (1988), “Land sharing as an alternative to eviction: the Bangkok experience”, *Third World Planning Review* Vol 10, No 2, May, pages 107–127.

housing improvement/upgrading and income generation.⁽²⁾ In 2000, the Urban Community Development Office was merged with the Rural Development Fund to form the Community Organizations Development Institute (CODI), which is now implementing Baan Mankong,⁽³⁾ an ambitious national programme for upgrading and secure tenure that is the focus of this paper. The programme has set a target of improving housing, living and security of tenure for 300,000 households in 2,000 poor communities in 200 Thai cities within five years.

Until 2003, government response to the housing problems faced by lower-income groups had not been on a sufficient scale. There were some 5,500 low-income communities, with 8.25 million inhabitants, living in poor-quality and often insecure housing in 300 cities. In 3,700 of these communities, land tenure was insecure, 30 per cent of the people were squatters and 70 per cent rented the land on which they lived but had no secure long-term contracts. Four hundred and forty-five of these communities were under threat of eviction, and 70–80 per cent of people could not afford conventional housing, either through the market or through the conventional government housing programmes.

II. THE URBAN COMMUNITY DEVELOPMENT OFFICE

THE URBAN COMMUNITY Development Office (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 shown the possibilities for 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 so that they could undertake a range of activities related to housing, land acquisition and income generation. It also provided small grants and technical support to community organizations. UCDO recognized that for pro-poor development to take place, relations between low-income groups and the state had to change, and 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 senior government staff, academics and community representatives sitting on its board. Initially, loans were available to community-based savings and loan groups for income generation, revolving funds, housing and land acquisition (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 it could show that it had the capacity to manage savings and loans and that the loans could be used to respond to the particular needs of each group. In this way, UCDO devel-

2. Boonyabancha, Somsook (2003), "A decade of change: from the Urban Community Development Office (UCDO) to the Community Organizations Development Institute (CODI) in Thailand", Poverty Reduction in Urban Areas Working Paper 12, IIED, London, 31 pages, available free of charge from <http://www.iied.org/urban/index.html>; see also Boonyabancha, Somsook (2001), "Savings and loans – drawing lessons from some experiences in Asia", *Environment and Urbanization* Vol 13, No 2, October, pages 9–21.

3. For a more detailed description of Baan Mankong, see CODI (2004), *CODI Update* 4, June, 32 pages, available from ACHR, Bangkok, e-mail: achr@loxinfo.co.th

oped links with a wide range of community organizations, savings groups, NGOs and government organizations. The 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.

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 to a new stage, where it linked individual savings groups to form networks at various levels. It also supported community organizations in a particular city or province to join together to form a network of community organizations to 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.⁴ 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 also to UCDO. These networks became increasingly the means through which UCDO funds (and later CODI funds) were made available to low-income groups.

There are community 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 alongside railway tracks or under bridges, who have similar tenure or landlord problems as they live on land owned by the same institution). As networks manage loans, this also decentralizes the decision-making process, so that it is closer to individual communities and better able to respond rapidly and flexibly to opportunities identified by network members.

UCDO also added other activities to its loan activities, including:

- 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 facing financial difficulties maintain their loan repayments after the financial crisis of 1997 (with support from the Thai and Japanese governments); and
- community welfare funds, made available to communities for use as grants, loans or partial loans for education, income generation and other welfare (for instance, school fees, those who are HIV positive, the sick or the 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 networks also linked communities so that they could share their experiences, learn from each other, work together and pool their resources. They also helped communities to manage debt, 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

4. See reference 2; also Boonyabancha, Somsook (1999), "The urban community environmental activities project, Thailand", *Environment and Urbanization* Vol 11, No 1, April, pages 101–115.

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 of Thailand's 75 provinces; housing loans and technical support had been provided to 47 housing projects involving 6,400 households; grants for small improvements in infrastructure and living conditions had been provided in 796 communities, benefiting 68,208 families; and more than 100 community networks had been set up. More than 1 billion baht (around US\$ 25 million) had been provided in loans, and more than half the loans had already been repaid in full. 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.

CODI was set up in 2000 and continued to support the UCDO programmes. But, whereas UCDO had been located within the National Housing Authority, CODI's separate legal standing as an independent public organization provided it with greater possibilities (for instance, being able to apply to the annual government budget for funds), 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 it now covers 30,000 rural community organizations as well as the urban community organizations, and 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.

III. BAAN MANKONG/SECURE HOUSING

a. The new programme

IN JANUARY 2003, the Thai government announced two new programmes for the urban poor that seek to reach 1 million low-income households within five years. The first is the Baan Mankong ("secure housing") programme, which channels government funds in the form of infrastructure subsidies and housing loans direct to poor communities, which plan and carry out improvements to their housing environment and to basic services. This is implemented by CODI. The second is the Baan Ua Arthorn ("we care") programme, through which the National Housing Authority designs, constructs and sells ready-to-occupy flats and houses at subsidized rates to lower-income households who can afford "rent-to-own" payments of US\$ 25–37 per month.

Baan Mankong was set up to support processes designed and managed by low-income households and their community organizations and networks. These communities and networks work with local governments, professionals, universities and NGOs in their city to survey all poor communities, and then plan an upgrading programme to improve conditions for all these within three to four years. Once the plans have been finalized, CODI channels the infrastructure subsidies and housing loans directly to the communities. These upgrading programmes build on the community-managed programmes that CODI and its predecessor

UCDO have supported since 1992, and on people's capacity to manage their own needs collectively. They also build on what slum communities have already developed, recognizing the large investments that communities have already made in their homes. Upgrading existing settlements is supported whenever possible; if relocation is necessary, a site is sought close by to minimize the economic and social costs to households.

Baan Mankong has set a target of improving housing, living and tenure security for 300,000 households in 2,000 poor communities in 200 Thai cities within five years. This represents at least half the urban poor communities in Thailand. The programme involves:

- 2003: upgrading ten pilot communities (1,500 units) and preparations in 20 cities;
- 2004: upgrading 174 slum communities (15,000 units) in 42 cities and preparations in 50 more; also support for learning, the demonstration of different options, and developing links between communities and city authorities;
- 2005–2007: upgrading 285,000 units in 200 cities.

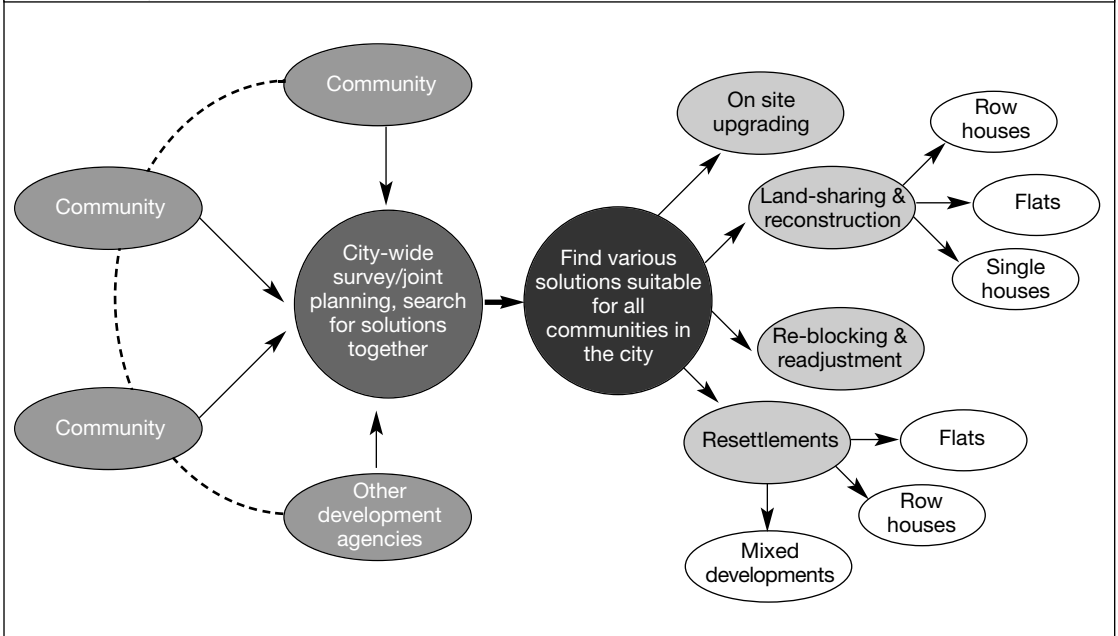
This programme imposes as few conditions as possible, in order to give urban poor communities, networks and stakeholders in each city the freedom to design their own programme. The challenge is to support upgrading in ways that allow urban poor communities to lead the process and generate local partnerships, so that the whole city contributes to the solution.

b. Methodology

Figure 1 illustrates the process through which a city-wide upgrading/housing development programme is developed, bringing all actors together. The design of a city-wide upgrading programme, and the city network necessary to implement it, involves certain key steps:

- identifying the stakeholders and explaining the programme;
- organizing network meetings, which may include visits from people in other cities;
- organizing meetings in each urban poor community, involving municipal staff if possible;
- establishing a joint committee to oversee implementation. This includes urban poor community and network leaders and the municipality; also local academics and NGOs. This committee helps to build new relationships of cooperation to integrate urban poor housing into each city's overall development and to create a mechanism for resolving future housing problems;
- conducting a city meeting where the joint committee meets with representatives from all urban poor communities to inform them about the upgrading programme and the preparation process;
- organizing a survey covering all communities to collect information on all households, housing security, land ownership, infrastructure problems, community organizations, savings activities and existing development initiatives. Doing the survey also provides opportunities for people to meet, learn about each others' problems and establish links;
- from the survey, developing a community upgrading plan which covers the whole city;
- (while the above is going on) supporting community collective savings, as these not only mobilize local resources but also strengthen local groups and build collective management skills;

Figure 1: The linkages for a local housing development partnership by city-wide networks with communities and local authorities



- selecting pilot projects on the basis of need, communities' willingness to try them out and the learning possibilities they provide for those undertaking them, and for the rest of the city, preparing development plans for pilots, starting construction and using implementation sites as learning centres for other communities and actors;
- extending improvement processes to all other communities, including those living outside communities, e.g. the homeless and itinerant workers;
- integrating these upgrading initiatives into city-wide development. This includes coordinating with public and private landowners to provide secure tenure or alternative land for resettlement, integrating community-constructed infrastructure into larger utility grids, and incorporating upgrading with other city development processes;
- building community networks around common land ownership, shared construction, cooperative enterprises, community welfare and collective maintenance of canals;
- creating economic space for the poor (for instance, new markets), or economic opportunities wherever possible within the upgrading process; and
- supporting constant exchange visits between projects, cities and regions for all those involved, including community representatives and local government staff.

Infrastructure subsidies of 25,000 baht (US\$ 625) per family are available for communities upgrading in situ, 45,000 baht (US\$ 1,125) for re-blocking and 65,000 baht (US\$ 1,625) for relocating. Families can draw on low-interest loans from either CODI or banks for housing, and there is a grant equal to 5 per cent of the total infrastructure subsidy to help fund the management costs for the local organization or network.

c. How this differs from conventional approaches

- Urban poor community organizations and their networks are the key actors, and they control the funding and the management. They (rather than contractors) also undertake most of the building, which makes funding go much further and brings in their own contributions.
- It is “demand-driven by communities” rather than supply-driven, as it supports communities who are ready to implement improvement projects and allows a great variety of responses, tailored to each community’s needs, priorities and possibilities (for instance, communities choose how to use the infrastructure subsidy).
- The programme does not specify physical outputs, but provides flexible finance to allow community organizations and local partnerships to plan, implement and manage directly. Government agencies are no longer the planners, implementers and construction managers delivering to beneficiaries.
- It promotes more than physical upgrading. As communities design and manage their own physical improvements, this helps stimulate deeper but less tangible changes in social structures, managerial systems and confidence among poor communities. It also changes their relationships with local government and other key actors.
- It helps trigger acceptance of low-income communities as legitimate parts of the city and as partners in the city’s larger development process. It works to develop urban poor communities as an integrated part of the city. People plan their upgrading within the city’s development framework, so their local housing development plan is integrated within city planning and city development strategies.
- Secure tenure is negotiated in each instance, but locally – and this could be through a variety of means such as cooperative land purchase, long-term lease contracts, land swaps or user rights. But in all cases, the emphasis is on communal (rather than individual) tenure.
- Its focus is city-wide development with a commitment to reaching all low-income communities within a three- to four-year period, drawing on local resources.

IV. LEARNING FROM PILOT PROJECTS

TO EXPLORE NEW approaches, ten pilot projects were supported initially in communities that had organized themselves, had some experience of working with other organizations, and had families with monthly incomes below 10,000 baht (US\$ 250). All but two were on state land, so implementation was easier. Six of these pilot projects are described here.

a. Land purchase and re-blocking

Charoenchai Nimitmai consists of 81 households living on a 0.7 hectare site in Bangkok, and is bound by railway tracks, an expressway and a drainage canal. The households had been renting the land from a private landowner for many years. In 1998, when threatened with eviction, they negotiated to purchase the land for around a quarter of its market value and, after establishing a cooperative, they took a CODI loan to pay for it. To bring down the cost per family, they developed a re-blocking plan that

CITY-WIDE UPGRADING

accommodated some other families who were squatting nearby. All but 15 houses had to be moved to new locations within the site to make way for roads. Many families built their homes using materials from their previous houses, and they are upgrading them gradually. Agreements which the community negotiated with different municipal departments brought individual electricity and water connections and building permits. A contractor was hired for the infrastructure that needed heavy machinery, but the people handled the rest of the construction work themselves, using paid community labour, which cut development costs by 30 per cent. The average cost per household was US\$ 6,683, which included US\$ 500 for infrastructure, US\$ 1,126 for housing and the rest for land purchase. Each household makes repayments of US\$ 27–50 per month.



Photos 1 and 2: Bon Kai before and after reconstruction

b. Post-fire reconstruction and a long-term lease

Bon Kai is a long-established squatter community of 566 households living on land owned by the Crown Property Bureau in Klong Toey in central Bangkok. In 2001, a fire destroyed 200 houses and, after forming a cooperative, the community took the opportunity to negotiate a (renewable) 30-year land lease. This was the first case in Thailand of a long-term lease contract for public land being made to a community cooperative (land leases are usually with single households and are short term, so they do not provide secure tenure). The reconstruction was planned in three phases so that no one had to leave the site. In order to accommodate everybody, three-storey row houses are being built, each on plots measuring 24 square metres. The average unit cost (for land, housing and infrastructure) is US\$ 4,901 and households repay US\$ 22–30 per month. The first phase of the project is now complete and was inaugurated by the prime minister in July 2004.

c. Relocation to nearby land

Klong Touey Block 7–12 is a long-established squatter settlement, mostly housing port workers, daily labourers and small traders, on land belonging to the Port Authority of Thailand. Over the years, the community members had experienced fires, chemical explosions and many attempts to evict them. Originally consisting of nearly 400 families, the community had dwindled to 49, as some families took compensation and moved away and others moved to National Housing Authority flats or remote resettlement colonies. After 20 years of struggle, the remaining 49 families negotiated a deal that allowed them to develop their own settlement on Port Authority land one kilometre away, with a 30-year lease. The land can accommodate 114 households, and so includes homes for some renters and some who had already been evicted. The average unit cost (for land, housing and infrastructure) is US\$ 9,039.

d. Scaling up pilot projects

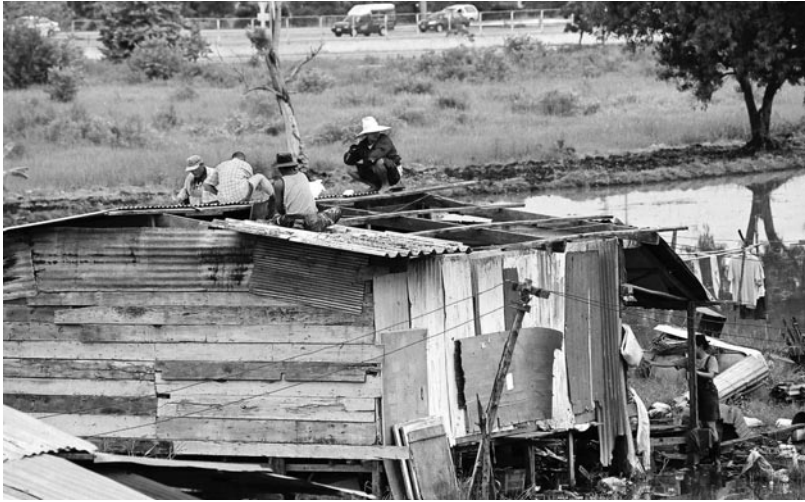
In the Ramkhamhaeng area of Bangkok, two initial pilot projects sparked off a larger development process that involved seven other nearby communities. The first was a squatter community of 124 families occupying 0.8 hectares of Crown Property Bureau land, who negotiated a 30-year lease after forming a cooperative, and developed a new layout plan with architects for two-storey houses. The second project involved 34 families living on a marshy 0.8-hectare site also belonging to the Crown Property Bureau. They planned to build their own homes on this site but found that the land-fill costs were too high. Seven other communities decided to join these two schemes and, working with the Crown Property Bureau, they are now preparing a master redevelopment plan that will provide for over 1,000 households on 40 hectares. This will create new residential areas, linked to markets and parks, and will involve re-blocking in some areas and nearby relocation in others. Everyone will remain in the area, with long-term leases obtained through community cooperatives.

e. Land sharing

The canal-side community of Klong Lumnoon was formed 20 years ago, when this was an isolated site. By 1997, the area was becoming gentrified,

CITY-WIDE UPGRADING

and the landowner decided to evict the people to develop the land commercially. Some households accepted cash compensation and moved away, but 49 families who worked nearby refused to go. After a long struggle, they convinced the landowner to sell them a small portion of the land at below market rates, in exchange for vacating the rest. After registering as a cooperative, the community took a loan from CODI to buy the land, and worked with young architects to develop a plan for 49 houses and space for a community centre. The average unit cost (for housing, infrastructure and land) is US\$ 7,740.



Photos 3 and 4: Klong Lumnoon, before land-sharing and during upgrading

f. The relocation of mini squatters and a long-term lease

Boon Kook is a new settlement in a central area of the northern Thai city of Uttaradit, where 124 households that had been living in many “mini” squatter settlements are being re-housed. To resettle these households (which were identified by the community network in their city-wide survey), the municipality agreed to purchase a 1.6-hectare site and grant

the inhabitants a 30-year lease. The community network helped start daily savings schemes among the inhabitants, CODI provided housing loans to families that needed them, and the National Housing Authority provided the infrastructure. Row housing is being built and the average unit cost (for housing, infrastructure and land) is US\$ 6,415. The unit cost of the houses varies between US\$ 750 and 3,750, with repayments of US\$ 5.00–22.50 per month. The settlement also includes five collective housing units for the elderly, the poorest and physically disabled members of the community.

V. SUPPORTING DECENTRALIZED ACTIONS WITHIN CITIES

MOST CITIZENS STILL think that the municipality should manage the city – but city authorities do not have much power and governance systems need to be opened up so that citizens feel that it is their city and that they are part of the development. Responsibility for different aspects of city management can be decentralized to communities – for instance, for public parks and markets, maintenance of drainage canals, solid waste collection and recycling, and community welfare programmes. Opening up more room for people to become involved in such tasks is the new frontier for urban management – and real decentralization. Upgrading is a powerful way to spark off this kind of decentralization. When low-income households and their community organizations do the upgrading, and their work is accepted by other city actors, this enhances their status within the city as key partners in solving city-wide problems.

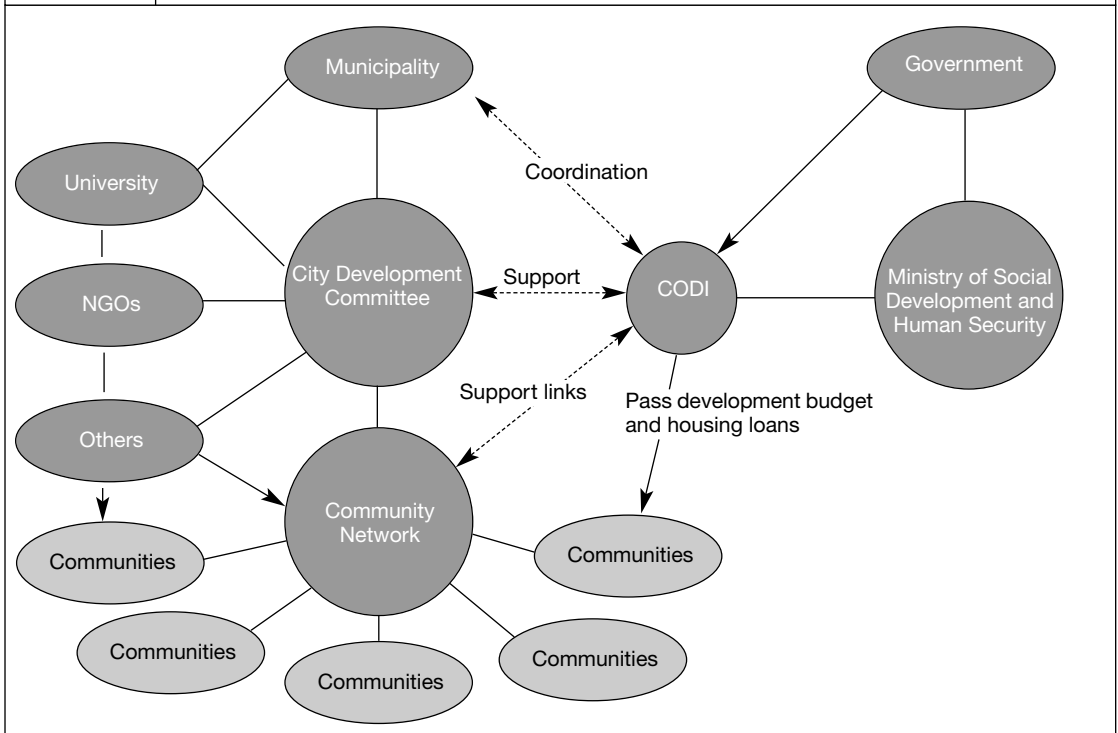
Six techniques are being used for scaling up the Baan Mankong upgrading process, in order to reach the ambitious five-year target:⁽⁵⁾

- **pilot projects** (such as those described above) are organized in as many cities as possible, to get things going, to generate excitement and to demonstrate that community-driven upgrading can work. These pilots become examples of how upgrading can be done, and are much visited by other community organizations and city government officials;
- **learning centres**: 12 cities with strong upgrading processes have been designated as learning centres for other towns and cities in their regions;
- **big events**: when an upgrading process is launched or a project inaugurated, people from neighbouring cities are invited to see what is happening and what is possible, turning each city's milestone into a mass learning opportunity;
- **exchanges**: between communities, pilot projects, cities and regions involving community representatives, officials, NGOs and academics;
- **sub-contracting**: CODI sub-contracts most of the support and coordination work to partners in cities; and
- **constant meetings**, at all levels, including regular meetings between Baan Mankong staff and sub-contracting partners.

Within each city, the following steps are taken:

- coordinated setting up of a local working group or committee involving various partners;
- a community survey;
- city-wide planning covering all communities at different stages of improvement;
- first-year implementation: getting the training cases together and learning the process of upgrading;

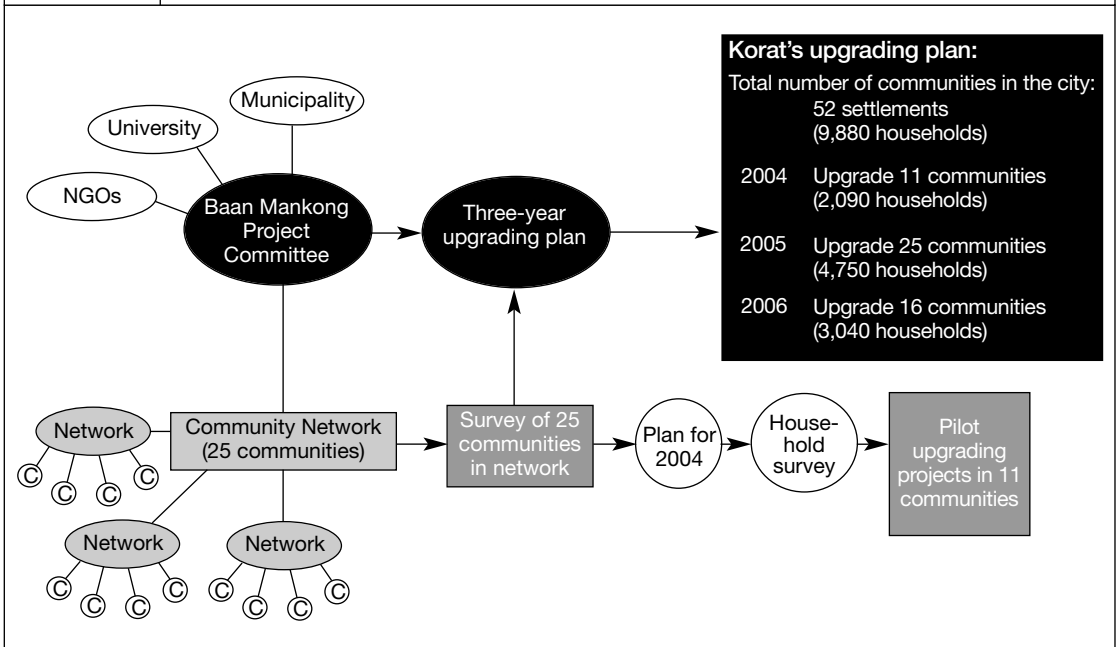
5. These are also techniques widely used by other organizations and federations of the urban poor – see *Environment and Urbanization* Vol 13, No 2, (2001); also Patel, Sheela (2004), "Tools and methods for empowerment developed by slum dwellers' federations in India", *Participatory Learning and Action* 50, IIED, London.

Figure 2: The Baan Mankong Programme mechanism

- managing knowledge, making handbooks;
- reviewing what has been learnt;
- expanding to second and third years; and
- exchange visits and meetings, and learning shared between groups.

City-wide processes are now underway in many cities – and the form this takes is illustrated in Figure 2. For instance, in the city of Uttaradit, it started with a survey that mapped all the slums and small pockets of squatters, identified the landowners, and established which slums could remain and which needed to relocate. This helped link community organizations, and initiated the building of a community network, supported by young architects, a group of monks and the mayor. Looking at the whole city, they sought to find housing solutions for 1,000 families with the most serious housing problems within the existing city fabric. They used a range of techniques – land-sharing in one area, re-blocking in another, as well as in situ upgrading and relocation. Solutions included the Boon Kook programme described above, which is providing homes for 124 households that previously had lived in “mini” squatter settlements. Their city-wide housing plan became the basis for the city upgrading programme under Baan Mankong, and it includes infrastructure improvement, urban regeneration, canal cleaning, wasteland reclamation and park development.

In Bangkok, 1,200 urban poor settlements house almost one-third of Thailand’s urban poor. In order to make Baan Mankong manageable at this scale, each of the city’s 50 districts (*khets*) is being regarded as a city, and so each is doing its own survey, forming its own joint committee with all key actors, and developing its own three-year district-wide upgrading programme.

Figure 3: The Baan Mankong process in Korat

In Khon Kaen, 69 poor communities were identified and the 50 poorest are being improved between 2004 and 2006. Some of the poorest and most insecure are situated alongside the railway tracks; some will relocate to nearby land (mostly those living closest to the tracks) but most will stay and be upgraded and obtain leases.

In Korat, a network of 25 communities is working with NGOs, the municipality and the university on a three-year upgrading programme that will reach 52 settlements with 9,880 households (Figure 3).

In Ayutthaya, Thailand's old capital city and a world heritage site, the community network has surveyed and mapped all informal settlements. These totalled 53, consisting of 6,611 households, most of which are situated within the historic areas. The community network then organized a seminar with the city authorities, where survey information was presented. This showed that it would be possible to improve conditions in their settlements, bring in basic services, construct proper houses and shift the settlements a little to allow the monuments to be rehabilitated. Some pilots are under way to show that poor communities and historic monuments can be good neighbours.

VI. WHAT HAS BEEN ACHIEVED TO DATE

THE TABLES BELOW show the progress achieved up to December 2004. Initiatives are underway in 175 communities, involving more than 14,600 households (Table 1).

As noted above, upgrading existing settlements in the same place is supported whenever possible, as this avoids disruption to households' employment and income-earning activities and to their social networks.

If relocation is necessary, a site is sought close by to minimize these economic and social costs.

Table 2 shows the different kinds of projects supported – with more than three-quarters of them involving upgrading in situ and only 9 per cent requiring nearby relocation.

Table 3 shows the kinds of land tenure that the projects achieved. Overall, long-term land tenure security was provided to over 12,000 families (84 per cent of the total).

| | |
|---|---|
| Total number of projects approved | 137 |
| Number of districts/cities where the programme is under way | 20 districts in Bangkok 86 cities/53 provinces |
| Number of districts/cities where projects have been approved | 17 districts in Bangkok 42 cities/34 provinces |
| Number of communities involved | 175 |
| Number of families/households | 14,642 |
| Total budget approved: grants for upgrading loans for housing | US\$ 10.8 million US\$ 10.2 million |

| | Number of projects | Number of families | Percentage of families |
|----------------------------|--------------------|--------------------|------------------------|
| Onsite – upgrading | 54 | 6,116 | 39.6 |
| Re-blocking | 18 | 3,125 | 23.8 |
| Reconstruction | 4 | 828 | 6.3 |
| Reconstruction after fire | 6 | 685 | 5.2 |
| Land-sharing | 5 | 528 | 1.8 |
| Nearby relocation | 18 | 1,520 | 9.3 |
| Relocation | 30 | 1,763 | 13.4 |
| Shelter house for homeless | 2 | 77 | 0.6 |
| Total | 137 | 14,642 | 100 |

| | Number of projects | Number of families | Percentage of families |
|---|--------------------|--------------------|------------------------|
| Cooperative ownership (with title) | 40 | 3,288 | 22.4 |
| Individual ownership (with title) | 2 | 174 | 1.2 |
| Long-term lease to community | 59 | 7,996 | 54.6 |
| Individual leasehold | 9 | 860 | 5.9 |
| Short-term lease to community (less than 5 years) | 2 | 227 | 1.6 |
| Permission to use land | 25 | 2,097 | 14.3 |
| Total | 137 | 14,642 | 100 |

6. The text from this point on is drawn from an interview with Somsook Boonyabancha.

VII. WHAT HAS BEEN LEARNED?⁽⁶⁾

THE IMPORTANCE OF city-wide programmes in which urban poor organizations are fully involved. The city-wide scale that Baan Mankong supports is critical for the new kind of slum upgrading – by people. Working on a city-wide scale suddenly makes apparent the differences between all the slums within the same constituency. And if this is done properly, people start to understand these differences – for instance, differences in land ownership and in legal status, differences in the availability of infrastructure and in housing and environmental conditions, differences in people, and differences in degrees of vulnerability.

If the process is managed properly, suddenly all of these differences become a kind of university, where people learn about their own city. But how do people in poor communities learn? They learn by comparing with that which they know well: I live like this, why do you live like that? Why is your settlement this way, when our community is not? Why is our community different from the others? Suddenly the processes described above, of city-wide discussions and surveys, spark off the question “why?” And this is important learning – learning in ways that make sense to the inhabitants of low-income communities. They do not learn in the same way that middle-class professionals do; they learn by seeing differences with their own eyes, and then comparing the conditions which make those differences. They develop an understanding of what structures the city, which explains the different groups, the different conditions and the different forces at work that create those different conditions.

And when they begin to understand this, in the place where they live, it is empowering. It is empowerment by knowing. When people don't have this understanding, it makes them vulnerable, weak, easy for outside professionals or institutions to push them around. If some outsider tells you something, you often believe it. If some NGO tells you, “You have rights!” you believe them and parrot back, “Oh, yes, I have rights!” But this is not coming from your own understanding. But by being involved in processes that look at the whole city – all the communities in the city – and looking at the differences between them, you start understanding the causes and the reasons why it is like that. Why the people living along the railway tracks are considered squatters. Why the people living on private land have these problems, and those living on Crown Property land have different problems.

The importance of horizontal linkages between peer groups in the city. When urban poor communities have the possibility of looking at the whole city, in its entirety, they suddenly find they have many friends. They are no longer isolated within their individual settlement – they have allies, friends with similar difficulties, similar fates, similar ways of doing things. Linkages start forming between peer groups within a city that can become extremely powerful. There is now a large network from which to learn and from which to draw support. They are not only one community – suddenly they are one of 30 communities in the same city.

This is the way to bring communities into an understanding of structure. And into a process of making structural changes – by learning, by forging new friendships, by actually working together on concrete actions, and by starting to mobilize certain kinds of change, driven by different kinds of groupings of communities working together.

The process of choosing the pilot upgrading projects in a city must belong to the urban poor groups and their organizations and networks. As

city-wide discussions develop, involving all stakeholders, and city-wide surveys are developed, there comes the point of choosing where to start – and which communities to select for pilot upgrading projects in the city. The pilot projects are extremely important because urban poor groups and everyone in the city need to see something tangible together – some change which they can see with their own eyes, and which shows concretely that this is possible. When they come together to discuss and then select one or two pilot communities in which to start the upgrading process, the issue of which community is chosen is not so important. Some cities choose the more difficult communities to start with, some cities choose the easiest, while others choose to start with communities facing eviction. The communities in different cities choose their pilots according to all sorts of criteria. The important issue here is that the group understands the reasons for choosing the pilot project – or projects. Some cities are opting to start with only one pilot project, while others are starting with two or three. In the case of Ayutthaya, for example, they chose to begin with three pilot projects, each meeting a different criterion and each offering a chance to learn about upgrading in a different situation. This is an important change: people from all the urban poor communities know why these pilots have been chosen, and that the power of selection is with them. Although there may have been 30 or 40 communities coming together to decide, each of these communities knows that it is part of that discussion, which is open to all. And then after selecting the pilots, everyone can also be involved in helping to shape those pilot projects, change them, and see the upgrading process happening in front of them. They are part of it, even if it might not have been their community that became the pilot for upgrading.

The importance of learning by seeing change being made by urban poor groups themselves in the pilot projects. All urban poor communities watch these initial pilot projects being developed, and so see with their own eyes the gradual changes that come about in these pilot communities. As they observe these transformations, they also begin to look at their own situation in a new way, and begin seeing their own settlement as a place where change is also possible. And so they start preparing themselves, and making changes. Why don't we start a savings group? Why don't we make a survey? Why can't we make walkways here also?

When a city with 20 communities, for example, starts with upgrading pilots in two communities, the other 18 will see those two communities as the leaders, the path-breakers, the vanguard. This is how all the communities get pulled into the upgrading direction – nobody has to push them! It happens almost automatically.

The first pilots are powerful examples for all urban poor communities because they are being undertaken by their peers. It is not someone coming in and teaching them how to upgrade, it's not some "best practice" project in a brochure being shown around. All the work is being done by people who are also poor. And because it is their peers doing the work, other urban poor communities can really believe that if they can do it, so can we.

How not to manage the selection of pilot projects. It does not work well when the pilot projects are chosen by outsiders, by NGOs or by development workers. There have been problems with the ways in which pilot projects have been selected in some areas, where an NGO has a network of several cities. Here, when the NGO goes into a city, it may explore, perhaps do a survey with the people, but then choose three or four of the most difficult communities in that city to be the Baan Mankong

pilot projects, and then link those three communities into a network. In one city, for example, they chose pilot communities that had invaded land around the national historic sites. The Fine Arts Department, the tourism lobby, the city government and the conservationists were not too comfortable. And they started pushing for the upgrading, which immediately became difficult, because they had chosen the most difficult community – difficult in terms of, for instance, different groups' conflicting agendas and complex tenure problems. Everything got stuck, and that chance of using the pilot projects to see possibilities happen – in a variety of situations – was lost. It won't work because it is too complicated. Another difficulty is when the chosen pilots are too similar – there is no diversity. Diversity makes for learning.

Sadly, most housing and community improvement projects around the world have been chosen by outsiders – and often chosen for the wrong reasons. Urban poor communities are not involved in these decisions, and those communities that are not selected have no idea why they weren't selected – and why the communities that were selected were chosen and by whom. It is still common for professionals to make all the key decisions – to survey the city (for instance, through aerial photos) and then, with a project team, to choose ten communities that will produce ten showcase projects, which can be documented. But this survey and the decision-making process that develops from this does not belong to the communities chosen – and the communities that were not chosen feel excluded. When outsiders do this, the pilot projects end up creating a bilateral relationship between the chosen and the chooser, but no relationship at all between the pilots and between all the other communities.

From vertical links that divide urban poor communities to horizontal links that bind them. Very similar problems occur when the municipality takes over the selection process for the pilot projects. The municipality – and municipal politicians from various parties – will have their own intermediaries in different urban poor communities. Poor communities in any given city tend to be divided into camps – for instance, one community might “belong” to the ruling party, while another might belong to the opposition. Politicians like to have bilateral relationships with community leaders – not only in Thailand but pretty much everywhere. If this kind of patron-client relationship is to be changed – in which somebody knows better than somebody else, or where somebody is always the benefactor and somebody else is always the petitioner – this bilateral relationship has to be cut, by getting all the urban poor communities in a city to sit together and to understand together. The city-wide process that sets in motion the Baan Mankong should be a kind of liberation from all these vertical strings of patronage, which control communities and community people like puppets. Sometimes the strings are operated by politicians, sometimes by NGOs or mafia or development projects.

It is not difficult to get urban poor communities to agree on pilot projects. At CODI, we start by asking how many urban poor communities there are in the city, and then get the weakest, those affected by eviction or other problems, together. This allows people to come together, to sit together, to make a survey together – so that they touch these differences between them together. They then come to an understanding of these differences and what underlies them, and they then decide what their action will be. In many cases, communities decide to begin with the upgrading of a community that they consider is “achievable”. And then they achieve that community's upgrading, and by achieving this, they

learn. So this first implementation becomes the university. It becomes the concrete evidence that what is being done together is correct, is the right way – that it works. At this point, that whole city, full of peers, will jump to another level of readiness, enthusiasm and confidence.

The city-wide strategy of Baan Mankong represents a new horizontal power delivery. Almost all systems related to power and wealth in our societies are vertical systems or hierarchical systems. From the central government to the most distant rural area in the most isolated or distant province – it is still vertical. But if we can recognize this as being a vertical power structure, and if we can then bring all these peers in the city together and start a process whereby they have a chance to think and understand – and choose together – they can have decision power. They can go by themselves. And whatever they choose, it works and they are part of that new power delivery, at the horizontal level. It is another power.

And when people from the different urban poor communities look together at the city-wide scale, this new view offers a whole new angle on the city they live in – a larger, clearer picture. Suddenly, the problems of land tenure, infrastructure, housing and services are not something isolated or unusual but something that relates to the larger systems of governance and the allocation of resources. A strong process of peers coming together in a city becomes a platform for people at the same level, and allows them to see how their problems (and the possibilities of resolving them) relate to the structure of the city.

“Slums” are not an aberration, but a normal part of existing city structures. The Baan Mankong programme helps city authorities and all other city groups to see the problem of slums as something normal, as part of the system, part of how things work in cities, but as something which can be improved – not as something to fear or avoid. If the city-wide discussions and surveys are managed properly, getting all groups within a city to understand the upgrading process and be a part of it, everyone begins to look at slum communities as something normal – without tension, without fear. It changes the usual perceptions of the problem, which are artificially black and white: the city authorities versus the urban poor communities. Legal versus illegal. This attitude of “them versus us” is illustrated by the comment of a minister who claimed that if you upgrade these illegal settlements, you are sending the wrong signal and inviting more people to invade the land. Here, the space between the system of authority and the systems of poverty (with all the illegality) is a space of tension, fear, uncertainty: evictions, clashes, stand-offs, people yelling about housing rights.

None of this is necessary. When you get a survey of the overall situation and the problems in which everyone in the city has been involved, you get people to understand the “whys” and the “hows” of the people’s situation, and things start to change. Suddenly it is not so fearsome. It becomes evident that these settlements’ existence is part of the city’s system – not something outside that system. And it becomes something that the city’s system can help deal with: this group of people has not got it right, what are we going to do to make it proper?

City authorities, politicians and other groups within the city start to look at all these people in urban poor communities as normal human beings, who are part of the city system. Which then leads to them engaging in discussions of how they can help fix the housing problems the urban poor communities face, so that it becomes part of the city’s regular

development, without getting rid of them. This also means addressing the issue of dealing with the land.

Cities like Udon Thani and Khon Kaen have good mayors. Once they get this picture and realize that they can solve this whole housing problem in a few years, this automatically becomes a part of the city development agenda. And this is so crucial – this change in the way people in that city's society, those in the system of authority and in the legal system, start looking at people's slum conditions as normal, and as something that can be fixed!

Very often, the view held by large sections of the city's society that these people are not normal is so pervasive that the slum dwellers themselves begin to believe that they are not normal. This is the most tragic part. And when you visit their communities, everything is run down and dirty, and there is no improvement year after year. This is like the physical expression of this belief that they are not normal. But when you start working with them to make these improvements, it is like shaking people awake – we are human beings, we are normal people and this is a viable human neighbourhood – all it needs is a little adjusting, fixing up.

The physical form of the upgrading is not the issue – or the problem. If we look at upgrading in its much deeper aspects, we have to see how we are implementing upgrading in such a way that it creates a change. Real upgrading goes beyond the physical aspects; it changes relationships and allows urban poor communities space and freedom.

Finding technical solutions for all these poor communities (whether in situ improvement, re-blocking, land-sharing or nearby relocation) is the easy part. And the inhabitants will also make important contributions to the physical aspects of upgrading, with lots of variety and creativity. So the big question is how can we transform the physical upgrading to include these deeper aspects, to go beyond physical improvements, to make the physical improvements become a tool to make this bigger change possible? The physical improvements create an avenue for people to grow and change; then that growth and change in people makes the physical improvements a lot richer.

Supporting city-wide and nationwide upgrading will mean a lot of clumsiness at the start of the whole upgrading process. We don't have many senior, experienced workers with this kind of deeper understanding to support the process, yet there are so many city and local initiatives to support. So this process has to work with very young, inexperienced CODI workers and community leaders. But once you've created the space for urban poor communities to get involved, a lot of clumsiness may be there, but the process will go in the right direction, almost by itself. And the right direction is more important than having a lot of picture-perfect projects. Those innovative things, those sensitive layout plans and those social subtleties will turn up. Because the whole system of support believes in people. If you believe in people, and make room for them to innovate, then the creativity will be possible. They will see things in the other communities, there will be more and more precedents to see and things will naturally become more refined. When you are supporting such a vast community sector, as we are now with this upgrading programme on a national level, there's no question of being too delicate! The space is so vast – it's huge!

How to manage the lack of experienced professionals to support this. There are complaints that there aren't enough young architects to assist the upgrading planning process in all the communities. How is CODI

responding to that shortage of technical help? Young professionals, by definition, are fragile kinds of people. It is good that they have just come from university and want to do something that is socially relevant, something different, something challenging. But life is tough – and many of these young professionals find that the realities in these communities are too much for them, too complicated, too messy, too demanding! It's reality, not a school design project. In many cases, the inhabitants of urban poor communities feel that whatever the architect comes up with is something they have to accept – even if the plan is a not-so-good and unimaginative grid. It would be great if we had an army of extremely sensitive and experienced community architects, but we do not. So we have to let things go, with what resources are at hand. We are finding ways to manage this. In many cities, the community networks are very confident and have got the local universities to support the process technically. Some have tried to hire proper architects from proper design firms.

In the case of the Baan Mankong project now being planned in Suan Phlu community in Bangkok (a very high-profile case, after a major fire in the community last year), many well-known architects in the city are interested in being a part of the process. We have very senior architects from three or four prominent Bangkok architectural firms working on the project with the people. They are exploring the possibility of using a very advanced kind of pre-cast construction system for the housing, for example. It's very interesting and it's very good that, in some cases, we are getting this kind of very good-quality technical support – to make a few good precedents.

But while these well-known professionals are happy to become involved in one or two prominent projects, they cannot be persuaded to work in 10 or 20 cities. It's understandable that no architect wants to spread themselves across so many projects but, rather, concentrate on a manageable number of projects! But this means that in some other communities, there is no architect to assist from the beginning, and the planning is really very rough. Or they borrow an architect from the municipality – but they are not very creative.

Getting the Baan Mankong programme up to a national scale means it's something like a war – there are bombs exploding, people are lying injured all over the place, there's no time for much fancy footwork. We need architects who can be like doctors on that battlefield, who can do their doctoring in these rough conditions, without all the perfect, sterile conditions and controlled atmosphere of the hospital operating room, with all the support staff. No doctor wants to work in those conditions, but they have to. And it is these kinds of doctors that are needed. Over time, the architects involved in the process are becoming more relaxed about supporting such a large and diverse process, and are starting to be much more creative.

But the more the upgrading programme progresses, the more sophisticated the communities are becoming about these physical design issues. All the projects are being much looked at, much visited, and good design ideas are getting seen and noted and spread around by the people themselves. If one community – such as Suan Phlu – has done something very innovative with the layout or the house construction, it is very easy to link that community with many other communities who can see and learn from it – and reproduce, if they like.

The importance of doing things collectively – for and with the urban poor. As single, individual people or families, the urban poor have no

Box 1: The “central house” for accommodating those with special needs

In several of the Baan Mankong projects implemented to date, communities have opted to set aside a site within the land they have collectively purchased (or leased) to construct a special shelter for needy community members. These central houses provide housing for destitute widows, for AIDS orphans, for people with special needs, for elderly people, or for people with no income – whoever in the community is too poor or somehow unable to provide their own housing. In Thai, these are called *baan klang*, which means “central house”, but it is part of an extremely localized welfare system. It is one way in which several communities are trying to “get everybody in the boat” as part of the upgrading process.

power, no chance to get what they need to survive. To get power and more possibilities, they have to do things collectively. But they also have the advantage over most other groups in the city of being able to work with ease on collective activities. This is something the middle class can't do, with its hang-ups about “my” space and “my” way; urban poor communities are not so burdened with this individualist angst! Communities – even poor communities – have rich and poor people, helpless and super-achieving people. Always a mix. Never all equal. Always people with problems – disabled, unemployed, elderly, orphans, drug addicts, sick, people in crises or emergencies. In the market system, only those who can afford to pay can get society's benefits – but in a collective, community process, everyone is taken care of. Everyone's minimal needs are met, nobody gets left behind. Maybe this collective “equalizing” happens by having cross-subsidies built into the project, maybe a communal welfare fund or communal welfare facilities. There are many ways to take care of the vulnerable – and the upgrading process should make room for communities to think about this and innovate.

Unleashing community creativity. Once people have the ability to manage finance collectively, and are able to start upgrading the community collectively, a lot of communal creativity is unleashed. And this leads to many more communal activities, with a lot of creativity activated on the social side. How will people live together as a group, how will they help each other, how will they manage the land that is now owned by the community organization? How will they collect money from everybody in such a way that people in sub-groups can assist each other? Or how will they manage to ensure they can make the loan repayments – which are collective repayments – when some individuals have problems or default on their payments? They have to have a system to support this. Little by little, through all these activities and all these systems, you come to a point of more and more collectivity. And this collectivity can be channelled in so many ways to meet people's various needs. In Thailand, we have tried to build up the welfare system, and urban poor communities have developed many collective development activities such as day-care centres, clinics and communal houses (Box 1).

When people are linked together like this, through this collectivity that is built into the Baan Mankong process (as well as into most CODI programmes and initiatives), they almost automatically start dreaming up and putting into practice such ideas for how to resolve needs – and they do it in very creative ways. It is different in each community, each region. This is, at base, human culture. In recent decades, changes in the world have eroded this, so we are more likely to think of individual culture, rather than collective culture – especially in cities. This collective system helps to bring

back this human culture, which is so rich, so limitless, which has such warmth, friendliness and flexibility in it. And it is still there, especially in poor communities – it's only a question of how to tap it, to revive it and strengthen it

Reviving this culture of collectivity in poor communities is far more important than any physical upgrading or any housing project. Any review of the urban poor's housing situation today has plenty of minuses: they don't have security or legal tenure, they live in degraded conditions, they don't have access to services, they're looked down on by the city as a whole. For most people working in the formal development sector (whether in NGOs, government or international agencies), all you have to do is get these people some security and some decent housing and your work is finished! This is too simplistic, it's thinking along the lines of the prevailing market system. In Thailand, it is no longer a big problem to get these poor people to come together to address their problems of security and housing, using some subsidy and some soft loans. We know how to do this. But what we need to do now is to move these poor people beyond this level of the "average project". And this can be done because of this collectivity and this sharing spirit, that is born of necessity. This is something that can only be done with the poor because they still have this asset, this wealth – and it only needs a little organization to strengthen it. We should not look at poverty only as a problem – it is also a resource as one sees a lot of strength and capacity in people who face poverty.

The conditions in the Baan Mankong upgrading programme that encourage this collectivity are that:

- the upgrading has to include everyone in the community, rich or poor, renters or owners;
- wherever possible, the land tenure (lease or sale) should be collective;
- the upgrading work should be planned and implemented collectively;
- the housing loans are given collectively, to the community cooperative, not to individuals; and
- the social systems that are part of the upgrading are collective.

These are not high-pressure conditions, and all aspects of the programme are kept very flexible. But the idea of these requirements is to use the upgrading process to get people in poor communities to come together and work together in a natural way. And when we look at the progress reports so far, the majority of Baan Mankong upgrading projects are fulfilling these conditions very well. And this shows us that this collectivity has become an established way of doing things.

This stress on doing things collectively is not some touchy-feely concept, but a strategy that arises from urgent necessity. In a slum community, there are different kinds of people: everybody may have relatively low incomes but even within that classification of "poor", there are gradations. There are the relatively rich, the not-so-rich and the very poor who don't have much money at all. The goal of the Baan Mankong upgrading is to get everybody in that community to have security, to become legitimate, "normal" citizens. No conventional supply-driven real-estate type of housing project can provide this, because there will always be those who cannot afford the payments or who cannot buy the units.

Creating conditions in which everyone is included. With Baan Mankong, we tried to create conditions that would allow everyone to be included – even those who cannot buy a unit of any sort, who perhaps don't have any income at all. They are still part of the project. This is a

challenge for the inhabitants of the settlement because they have to find a way to deal with the unequal conditions that exist in virtually all poor communities. So everybody has to pool their resources, their ideas, their creativity. This should be viewed as a challenge, not a limitation. And clearly, communities are rising to this challenge and finding creative ways to accommodate the needs of their most poor and vulnerable members in the upgrading process (see Box 1 for an example of this). It is like a boat that has to make room for everyone in it. Lots of adjustments, lots of fine-tuning, lots of give and take.

Developing a new kind of upgrading – about people’s lives and rights, not just a few new drains and roads. Upgrading is so important in the lives of the urban poor because they are “illegal”, they don’t have security, they don’t have rights. And when you improve poor people’s rights and security, you are changing their status in the city. The poor are usually not considered bona fide citizens – once you change their tenure status, their citizenship in the city also undergoes a change, through the upgrading process.

In the past, when upgrading was mentioned, people would think of physical improvements – for instance, the *kampung* improvement programme in Surabaya. This is probably the best example of this older concept of upgrading, where the focus is on improving the infrastructure, making the community green, laying down drains and walkways, and giving land tenure. This is the best upgrading in the past 20 years. In other countries, upgrading took a similar form, where the government put in, for instance, walkways, drains and a water supply. In Thailand, the upgrading programme only provided specific infrastructure improvements; there was no change in land tenure status, so the inhabitants did not receive secure tenure. This was also the case in India and Sri Lanka.

This kind of upgrading was better than doing nothing, because it changed the picture of slum communities from being something abandoned and ignored (something that is out of the urban system entirely). Bringing these infrastructural improvements was a mild form of recognition that these communities were indeed part of the city – at least in some way. In Thailand, the upgrading programme was a very significant step in the process of change. Before the upgrading programme was launched in 1977, the only concept we had was how to push these squatter settlements out of the city. Upgrading made a big change, by recognizing that these communities may have to be considered a part of the city after all – perhaps. But we did not know how to deal with those communities’ status, with their legality, with the by-laws and many other aspects. So we just laid the drains and walkways, as a kind of reluctant, humanitarian gesture, without ever fully accepting that these slums were viable urban settlements. Only in the case of the *kampung* improvement programme were such communities fully accepted and given secure land tenure.

Upgrading urban poor communities’ belief in their power and capacity to initiate change. In these earlier upgrading models, the main concern was physical improvements to the infrastructure and housing. But we need to look at upgrading in a more comprehensive way. Certainly, the physical improvements are important, and are the most visible and easy to comprehend (and measure). But that’s not all. Deeper than the physical is whether people in that community feel they are “upgraded”. If you look at these poor communities, the reason poor people are being left out – or not being recognized – is partly because the poor themselves have

absorbed the message coming from the hostile city that surrounds them that they are not legitimate citizens. Physical upgrading doesn't change this deeper attitude in the long term if the people in these settlements haven't changed.

If people aren't changing, then things aren't changing. So things change when people change. Upgrading, the way we see it, is a process in which a group of people are changing because they begin to believe in their own power and see that they are no different than all the other citizens in the city. And if they look at their poverty as having certain advantages, they are equal! Because many groups in a city view the poorer groups living in informal settlements as bad or hopeless and unacceptable, so the poorer groups may end up believing this themselves. But both groups have to change! Poorer groups have to stand up, have confidence, and do things. This is upgrading. If a whole group of people starts believing in their own power, energy and ability – this is upgrading.

Of course there are different ways of bringing about this kind of confidence. Priests and monks might use religious preaching to tell people that "everyone is equal under God's eyes", to boost people's consciences. But in development, every activity can be put to use to get people to believe in their power by doing. Nobody can get that confidence by being told – you get it only by doing for yourself.

And change can only be possible if people change themselves. This is why upgrading is a powerful intervention to spark this kind of change, because it is so active and because it involves changing the status of these poor communities. It involves a lot of doing, a lot of management, a lot of pulling, a lot of communal decision-making, a lot of physical change being done right in front of your eyes. It's not talk, it's change. And so many experiences in Baan Mankong show that people can create something new and beautiful out of a very dilapidated settlement. They make change themselves. Upgrading is a powerful way to create space, so that poor people come back to believing in their power. This is upgrading – and it is crucial that government agencies, NGOs and municipal authorities understand this.

If we are able to understand this deeper aspect of how poor people as a whole could be changed through the process, then it means that these people would be liberated. Once people believe in their power, they start looking at things differently, and can adjust their relationships with other actors in the city.

Upgrading urban poor communities' relations with the city. On another level, this kind of upgrading also involves upgrading relationships within a city; trying to create space in a city in which the local authority, the network and the community can interact and work together. Why do we have networks of community organizations? Because the network provides a platform for a single community to have the space to negotiate with the city – which single communities cannot often do by themselves. In this way, the network has brought the authorities down to the same level as the people. If the upgrading programme provides that single community with money and power to make change, the community goes ahead with the upgrading programme and the project ends up belonging to the whole city. The network feels that this is part of our work. Suddenly, your power grows together, as a group. The community and the network.

Even though just one community does the project, it boosts confidence throughout the whole network. Because the upgrading process is opened

up and shared from the very beginning – it is not one single community making a proposal directly to CODI, and CODI passing the budget to that community. We make it more difficult; we say, you have to have a local committee, the projects have to be discussed and then proposed by the whole network. Making these conditions a little complex is a way of knitting together these relationships. So the network feels very much an ownership of the pilot projects. They make the choice together and then everyone sees change in front of their eyes – people around the city see that their friends in other communities have done something, and everyone is involved.

Instead of using “I”, everyone is using “We”. If upgrading is done properly, it can be a very powerful way of dealing with the poverty issue in cities. But not “poverty alleviation” – as though poverty was something like dirt that we have to sweep out of the city so everyone will be rich and happy! Poverty comes with the system! So upgrading is a great opportunity to make changes – changes involving all the communities in the city, changes in the people, changes within the relationships, changes in the way of thinking, changes in people’s own attitudes towards themselves and their position in their societies or cities. Upgrading, if it’s done properly, can really liberate people.

The importance of savings and credit and communities’ capacity to manage finance in the upgrading process. We often talk about the advantage of savings groups to get communities organized, to get them working collectively, to get them involved. We know how savings and credit are important in linking people together, collecting people, working together, thinking collectively – the standard understanding of savings and credit. All this is true. But here, the most important side of savings and credit activities is that they teach communities to manage finance collectively – both their own savings and outside finance. This helps ensure that the people themselves become key actors in development.

The freedom given by being able to manage finance. When a community manages its own finances, it means that nobody else is managing the money for it – which is how most development works. Someone else always holds the purse, and people (for lack of finance-management skills) are always holding their hand out. Savings is a way to help communities grow up – to be able to manage money and finance collectively in ways that are transparent, equitable and effective. This is what draws the line between something that other people do for you and something you do yourself. If a community cannot manage money, it is doomed forever to having its development process determined by someone else.

If people can manage finance collectively, it means that they have the power and independence to do anything. That skill to manage finance is the channel for any kind of possibility, any development programme, any aspect of poverty or housing or welfare. You can do anything with this ability. In upgrading, for example, if people are able to manage finance, all we (or other organizations) have to do is pass the funds to the people. Suddenly, people will have power – to plan, to design, to manage, to do whatever they like. So the ability to manage funds is the key to the power of independence for communities – either they do it themselves or else somebody does it for them. This is the ability that sets communities free. And without savings and credit, communities don’t learn to manage funds – as a group.

Actually, the term “savings and credit” implies an individual activity: you save and you get access to credit. It sounds very capitalistic! But we

look at more than that – in reality, people are linking together in a communal pool, where people will have to develop the ability to deal with the development of all the members of the group. The group as a whole. And this is where the role of savings and credit becomes so crucial in the community upgrading that is being done by people themselves. Because upgrading is not something individual – it is something that also has to be collective, it has to encompass everyone in the community. (If you want it to be individual, it means somebody from outside has to design and set up the whole thing, and then simply sell units to individuals.) Upgrading is something that arises from people living together, strengthening each other and wanting to develop, after having been together for quite some time, to go forward. And this power can be granted only when they have the capability to deal with finance – as a group.

This capability to manage finance as a group is not something that falls out of the sky – it is something that has to be learned and practised and strengthened and matured. Finance is so crucial – once people are able to do it as a group, to manage finance as a group, then they are free. It is a kind of maturity, which means that communities no longer have to be looked after by outsiders, by somebody else.

Savings and credit is not a format that is imposed by anybody on a community, but a very active process involving everyone. This is crucial. There are some savings groups that become quite static or even pitiful. Sometimes they have only housing savings, because somebody told them “poor people have to have housing savings”. So everybody starts doing some standard kind of saving. It is one-way saving, without making much development effort of any sort. People with savings accounts just wait until one fine day when they get land, and can cash in their savings to get some kind of house. Saving is something that we can make lively, with dynamism. The important thing is doing activities that engage the communal element – that are not individual, but get lots of people in the community working together to do whatever they like to do – instead of making some kind of static process where the main focus is financial discipline. Of course, there does need to be some discipline in any savings process, but discipline for freedom, not for discipline’s sake.

Once a community has the ability to manage its own internal finance, and to tap and manage external finance as well, it means they have increased power to do whatever the group wants to do. It is not much different from the way that whole countries pool their resources in the national financial system – pooling people’s savings, taxes, investments, assets, etc. to be able to develop, to move upwards, to make decisions together. That makes a nation and gives it its freedom to develop as it sees fit. The same is true for urban poor communities. Once they know how to manage the powerful tool which is finance, they can do anything – whether it’s upgrading or welfare or income generation or housing.