

Baan Mankong Program : Implementation Results and Impact of Changes

**Community Organizations Development Institute (Public Organizations)
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Baan Mankong :

Social Return on Investment (SROI) study

This article introduces the “**Social Return on Investment**” methodology as a means to assess the intangible social-economic impact of Baan Mankong projects, which is often difficult to quantify. In doing so, it presents two housing projects in Bangkok and Sara Buri province for which the study was conducted, demonstrating the enormous positive change in comparison to the projects’ initial investment. (To access the detailed study in Thai, [click here](#))

Introduction

CODI's 'Baan Mankong' housing program has been widely implemented in 75 provinces over the last two decades, covering 116,279 urban poor households (as of December 2020) that require secure housing and a good life. This equates to approximately 21% of all urban poor families in Thailand. Over the last 17 years, the government has budgeted more than 8,900 million baht to support Baan Mankong projects through CODI. In order to demonstrate the projects' value, CODI launched evaluation studies on the impact of the projects in many dimensions. These studies focused primarily on tangible physical, economic, and social development outcomes. Aspects that are not as visible, such as the socio-economic value of the projects, have yet to be properly assessed. CODI then used the occasion of its 20th anniversary to conduct a "Baan Mankong Social Return on Investment (SROI) Study" to shed light on the intangible impact of the Baan Mankong program and the added value it produced compared to its initial investment.



What is SROI?

SROI is a method for calculating values that are not typically reflected in financial statements, such as social, economic, and environmental factors. They can determine how well an organization uses its capital and other resources to add value to the community. While traditional cost-benefit analysis is used to compare different investments or projects, SROI is more commonly used to assess the overall progress of specific developments, demonstrating both the financial and social impact an institution or intervention can have.



Scope of study and method used

During 2020-2021, the Social Return on Investment (SROI) of Baan Mankong projects was calculated in two communities:

- Khao Pad Aek Tai (KPAT) in Na Phralarn subdistrict, Chalerm Phrakiat district, Sara Buri province, and
- Klong Lad Pachee (KLP) in Phasee Charoen district, Bangkok.

Both projects began nearly at the same time in 2004-2005, during the early days of the Baan Mankong program. There are numerous changes to be examined in the two communities chosen. The development outcomes also reveal many intangible dimensions of change that occurred in the two communities, which should be considered in future Baan Mankong projects.

The study used an **evaluative approach** that is carried out after an intervention is completed and is based on delivered outcomes. This differs from the forecast approach, which is used before an intervention to predict how much social value will be created if the intended outcome is met.



The evaluation was calculated using each community's analytical results in terms of total return value and investment value. If the result is less than "1", it indicates that the investment did not produce the desired results. If, on the other hand, the result is greater than "1", it indicates that the investment resulted in significant social benefits. Because the evaluation considers qualitative impacts, this study has some limitations with regard to the collection of data. This is due, in part, to the relatively long project timelines, which exceed 15 years, resulting in gaps in certain aspects due to inconsistent documentation. The study team used a variety of methods to collect the necessary data and information, including focus group discussions and interviews, and then converted the available data into a quantifiable format for the calculation. This approach may have resulted in some gaps in the evaluation study when the use of financial proxies¹ did not seem reasonable.



¹ A financial proxy is an estimate of financial value where an exact value can be determined by using other activities with tangible monetary value to be subrogated.

Evaluation Principles

The following principles guided the evaluation:

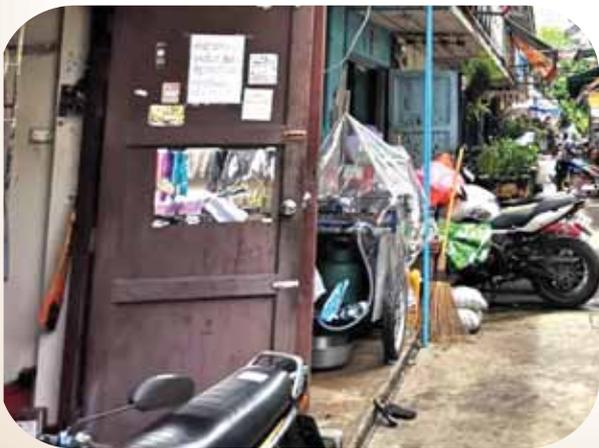
1. **Involve stakeholders** - Involve stakeholders to inform what is measured and how it is measured and valued from a social account.
2. **Understand change** - Recognize positive and negative changes, distinguish between intended and unintended changes, and articulate how change is created and evaluated through gathered evidence.
3. **Value what matters** - When deciding how to allocate resources among different options, consider their value to the stakeholders. Value refers to the relative importance of different outcomes, and it is informed by the preferences of stakeholders.
4. **Include only what is substantial** - Determine what information and evidence must be included in the accounts to provide an accurate and fair picture that allows stakeholders to draw reasonable conclusions about the impact.
5. **Do not overstate** - Only claim the value that is directly created by the activities.
6. **Be transparent** - Demonstrate the basis for the analysis accurately and honestly and show how it will be reported to and discussed with stakeholders.
7. **Verify the outcome** - Ensure adequate independent assurance.



Elements for SROI calculation

SROI can be measured using four main elements, which are as follows:

1. **Inputs**, or the resources invested in project activities (such as the cost of land and infrastructure construction)
2. **Outputs**, or the activity's direct and tangible products (for example, the number of people trained by the program)
3. **Outcomes**, or the changes in people as a result of the activity (new jobs, better income, improved quality of life for the individuals, increased tax for and reduced support from the government)
4. **(Social) Impact**, meaning any significant or positive changes that solve or at least address social injustice and challenges that derive from it. Organizations achieve these objectives through deliberate and conscious efforts or activities in their operation and administration.



Four factors to consider when evaluating outcomes

Deadweight is the change that would have occurred regardless. It accounts for any portion of change that would have occurred as a result of environmental factors or internal motivation to change. For example, a program may aim to assist people in finding long-term employment, but a portion of those people would have found work regardless, either through their own efforts or due to a change in the labor market. The value of those who would have found a sustainable job anyway would not be included in the program's overall impact.

Displacement examines whether the (social) change triggered by the intervention displaced something else or had an unintended consequence. A crime prevention initiative, for example, may reduce crime in one neighborhood by unintentionally displacing it in another nearby neighborhood. In order to acknowledge the negative result of increased crime in the second neighborhood, the value of achieving the outcome of reduced crime in the first neighborhood would be discounted.





Attribution recognizes that a portion of the change is represented by and results from the contribution of another organization, initiative, or person. This acknowledges that social change is frequently the result of interconnected initiatives and, as such, a portion of the value of the outcome achieved is attributed to other initiates, organizations, or people.

Drop-off considers how a program-induced change will fade over time. For example, if a program assists people in quitting smoking, how many will relapse in the future? When calculating the value of associated outcomes, the rate of potential and likely drop-off must be factored in along with the overall program impact.

Overall, the value of social impact can be assessed by taking into account the deadweight, displacement, attribution, and drop-off in relation to any outcomes achieved. It is critical to distinguish between the value of outcomes and the value of impact. Considering these four factors significantly reduces the risk of overstating the value of a program, which means that the story of social change achieved will be much more credible.



Existing conditions and changes in the study areas

Characteristics	Khao Pad Aek Tai (KPAT)	Klong Lad Pachee (KLP)
Type of existing community	Squatters on government and privately owned land	Traditional settlement in a coconut grove with a year-to-year rent contract
Conditions of existing community	<ul style="list-style-type: none"> ● Dilapidated houses ● Poor water supply, drainage and wastewater system, and poor environmental conditions ● Air pollution caused by quarry and stone mills ● Poor health condition ● Flooding from mountain streams ● Poor communication routes ● Far from school and city amenities ● Low income ● Residents have household registration 	<ul style="list-style-type: none"> ● Moderate house condition ● Poor water supply, drainage and wastewater system ● Canal is the main access route ● Residents have household registration ● Poorly connected to city amenities and facilities
Type of project	Reconstruction on existing land	Relocation to nearby land
Land security and size	Rented land with 30 years contract, which can be extended every 3 years after that Size of approx. 11 Rai. (2.5 Rai = 1 acre)	Bought a new piece of land at a price lower than the market Size of approx. 4 Rai (2.5 Rai = 1 acre)

Characteristics	Khao Pad Aek Tai (KPAT)	Klong Lad Pachee (KLP)
Number of dwellers and households	540 inhabitants 125 households	402 inhabitants 79 households
House type and plot size	<ul style="list-style-type: none"> ● Detached houses ● Attached houses ● 12-15 wah² (1 wah² = 4 m²) 	<ul style="list-style-type: none"> ● Attached houses ● Row houses ● 10-15 wah² (1 wah² = 4 m²)
Contractor	<ul style="list-style-type: none"> ● Construction materials purchased by the community ● Hired outside builders in combination with community builders 	<ul style="list-style-type: none"> ● Hired outside contractor
CODI loan and fund	<ul style="list-style-type: none"> ● Loan 4,569,032 Baht ● Infra fund 2,875,000 Baht 	<ul style="list-style-type: none"> ● Loan 22,541,299 Baht ● Extra loan 1,344,193 Baht ● Infra fund 4,635,000 Baht
Repayment Status	completed	completed
Co-operation type	Citywide co-op, of which the community is a member	Community co-op consisting of 12 communities



Characteristics	Khao Pad Aek Tai (KPAT)	Klong Lad Pachee (KLP)
Community management	<ul style="list-style-type: none"> ● Member of a community network ● Community rules and regulations ● Community welfare and activities ● Community center ● Children's playground ● Road improvement ● Good connection with local stakeholders (authority, stone company, private organizations, etc.) ● Participation in local authority's decision-making and city development process ● Dwellers' potential development 	<ul style="list-style-type: none"> ● 12 subgroups of dwellers ● Community rules and regulations ● Community welfare and activities ● Health volunteers ● Safety volunteers ● Community center ● Children's playground ● Road improvement ● Supporting household jobs and setting up a community enterprise ● Community rental car park ● Assisting other communities' development ● Various community funds ● Good connection with local stakeholders (authorities, NGO, private agencies, government agencies, academic institutions, other networks, etc.) ● Soon to be registered as a formal community of the Pachee Chaiuen district



Characteristics	Khao Pad Aek Tai (KPAT)	Klong Lad Pachee (KLP)
Benefits of the BMK project	<ul style="list-style-type: none"> ● Better housing, infrastructure, access routes, quality of life, environment, job opportunities, and access to city amenities, facilities and services ● Human resources development, personal knowledge and management, higher level of participation in the community and in city development ● Increased social acceptance ● More attention from local authorities, concerned agencies, NGOs, private companies, universities, and politicians ● Strong communities and networks with self-management ● Sustainable development ● Improved access to formal sources of finance 	



Working process and calculation

1. Identifying the stakeholders involved in the two study communities' processes.
2. Obtaining CODI's total investment in each community from reports and interviewing relevant individuals.
3. Conducting focus group discussions in order to obtain additional investment in the projects from local government agencies and other stakeholders involved.
4. Collecting household data by using a questionnaire to sample residents in both communities.
5. Interviewing community members, committee members, and people living in the surrounding areas about their previous and present conditions, and the benefits and drawbacks that have been caused by the project's implementation in each of the communities. Moreover, the physical environment, living conditions, and social and economic activities of the dwellers were observed.
6. Creating impact maps of the changes between 2004 and 2020 by dividing inputs from various stakeholder groups and classifying changes as outputs and outcomes.
7. Determining the investment and social value of other stakeholders using financial proxies and converting the result to present value (with a 2% annual inflation rate).
8. The deadweight, displacement, attribution, and drop-off are subtracted from the total investment value (in present terms, as per step 7) to obtain the figure to be used in the calculation formula.
9. The formula for calculation is:

$$\text{SROI} = \frac{\text{(Present value of outcomes and social impact caused by initial investment)}}{\text{(Present value of total initial investment)}}$$

According to the methodology, if the result of this calculation is greater than “1”, the investment generated more social value than it cost to deliver the project, services, and activities. According to CODI’s study, the SROI figures in the two communities are:

- “5.53” in Khao Pad Aek Tai, and
- “8.16” in Klong Lad Pachee.

These figures show that the return value in the KPAT and KLP communities is, respectively, more than 5 and 8 times higher compared to the initial investment. This reflects the significant social value created through the Baan Mankong process.



Conclusion

The findings of this study provided an excellent picture of how investment in Baan Mankong projects can bring meaningful change and a positive impact much larger than the initial effort and resources injected into the projects. The SROI figures for the two projects cannot be directly compared, meaning that the one with the higher score is not necessarily the most successful one. This is because the starting points of both are very different, as were their trajectories and overall contexts. Hence, the SROI figures only indicate the **value of the investment** in each community.

This study had some limitations due to certain gaps in the data stemming from the projects' long duration, which made it impossible to cover all aspects needed for a comprehensive evaluation. Because the impact on lifestyle and quality of life was primarily intangible, the study team needed to determine appropriate financial proxies to complete the assessment. This 'translation' process was entirely at the discretion of the team. Furthermore, it was difficult to find suitable financial proxies to represent certain aspects of change, such as participation in city development or differences in social status. As a result, these aspects were excluded from the study.



Nonetheless, the study indicates that the investment in both Baan Mankong Projects was worthwhile and returned substantial positive changes for the participating communities. Especially the government budget allocated through CODI for infrastructure development and loans unlocked the potential to transform people from slum dwellers to active citizens who are the key actors in sustaining community strength and promoting sustainability. Drawing from these findings, the Baan Mankong projects should receive more attention and support from the government in order to expand and deepen sustainable development across the country.







Collective

Housing Finance

Pro-poor housing finance poses a significant challenge for many developing countries, where governments often prioritize short-term economic growth over human capital development. Supporting housing for the poor is frequently perceived as a financial burden, offering limited economic returns. However, with a properly designed financing model tailored to each country's context, substantial economic and social benefits can be generated without necessitating significant funds.

Thailand serves as an example, employing financial innovation to address sustainable low-income housing development challenges. By fostering the active involvement of all stakeholders in economic and financial activities, grassroots communities can be empowered, overcoming funding constraints.

Baan Mankong Slum Upgrading Program

The Baan Mankong slum upgrading program (BMK) exemplifies pro-poor housing development through the collective ownership of housing and land by communities rather than individuals. BMK aims to provide holistic solutions for slum dwellers, those encroaching on public or private land, or facing eviction. This collective-based approach requires community organization, such as savings groups or cooperatives, to hold land ownership or leasehold rights on behalf of every household. These community organizations also serve as borrowers and managers of development projects.



The BMK approach extends beyond housing, targeting economic and social advancement, including environmental improvement, public health enhancement, educational opportunities for children, job creation, and income growth. Resolving land rights issues enables community residents to obtain lawful status and access proper housing registration, qualifying them for state benefits and services such as water and electricity connections, unlike past illegal hookups. Concurrently, infrastructure enhancements, including public utilities, drainage systems, and waste treatment facilities, foster economic and social opportunities for community members. The construction of new homes or renovation of existing ones, along with community site reorganization, further enhances economic and social prospects, including education and employment.



Furthermore, BMK caters to marginalized individuals within communities, such as building homes for people with disabilities or the elderly lacking family support, and establishing recreational areas or markets to boost community income. Communities are also encouraged to establish welfare systems for mutual support during times of need. Moreover, newly upgraded communities are urged to network with other BMK communities at local and national levels, facilitating knowledge exchange and mutual assistance.

BMK Stakeholders

A functional finance system is pivotal to the success of housing development within the BMK program. This finance system has been collaboratively developed by CODI and community leaders, emphasizing the participation of three primary stakeholder groups: communities, government, and the private sector.

1. Low-income communities: Often perceived as economically and socially vulnerable, these communities are both creators and victims of urban problems, often settling as squatters on state or private land, leading to the formation of slum communities. However, from an alternative perspective, these communities possess the potential to transform into a significant societal force rather than a burden, primarily through unity. By organizing into groups, they can establish internal systems, engage in collective activities, and pool financial resources. Such community-driven activities, particularly group savings are prevalent in informal settlements especially among women and have received state support over decades. Hence, Thailand's community savings system is relatively robust. Consequently, BMK housing upgrades can be viewed as reinforcing this community system towards economic and social transformation. These upgrades involve transitioning from dilapidated, unhealthy housing to decent housing in favorable environments. Qualitatively, it signifies a societal transformation from unlawful land occupants to lawful landowners or tenants, thereby gaining access to state services. Crucially, it fosters community awareness that such changes are achievable through collective action. Some people never thought they could have decent homes of their own, but when teams from CODI and previously implemented BMK projects visited and shared experiences, it instilled confidence and a desire for change their own communities. Therefore, community-driven development emerges as the most crucial aspect, generating power from within the community itself.

These developments cannot unfold in an individualistic manner. Individually, community members are economically vulnerable, with unstable incomes, often reliant on daily wage labor or small businesses yielding modest returns. Consequently, it is nearly impossible for individuals to accumulate or borrow sufficient funds for home construction or renovation. Collective development, where the community collectively owns and collaborates on project design, troubleshooting, and implementation, becomes imperative. Pooling resources—be it people, finances, or expertise—empowers communities significantly.

Simultaneously, CODI provides additional financial support tailored to the lifestyles of low-income families, offered in the form of loans and grants, which will be further elaborated upon.



2. Government sector: The government's continuous policy support for low-income housing development holds significant importance. Establishing organizations directly responsible for empowering grassroots communities and bridging gaps between communities and various public and private sector entities further enhances operational success. In Thailand, the government established the Community Organizations Development Institute (CODI) in 2000 to primarily strengthen community-based organizations and provide financial support. CODI also manages government-allocated budgets for various community development purposes. CODI's strength lies in its establishment as a public organization, affording it greater operational flexibility and an independent administrative structure. With representatives from the government sector and low-income communities on its board of directors, CODI can tailor policies to meet genuine community needs while effectively aligning with state directives. Under the oversight of the Ministry of Social Development and Human Security, CODI has played a pivotal role in executing these initiatives.

Since the initiation of the BMK Program in 2003, the government has consistently earmarked funds to support its implementation, allocating these funds to CODI for community benefit. Grants provided under the BMK program are directed to community organizations rather than distributed individually to households. This strategy enables communities to manage funds more efficiently than if dispersed to individual members. However, CODI establishes guidelines for fund usage and regulates disbursements in accordance with construction progress.



Furthermore, several other government agencies extensively support the BMK Program, including:

- Local administrative organizations, such as municipalities and sub-district administrative bodies, share a common goal of addressing slum and squatter issues within their jurisdictions. Consequently, they actively support the BMK program and collaborate with CODI, often allocating local budgets for initiatives such as road construction to connect projects or improvements to drainage systems. Coordination with local administrative organizations is prioritized by CODI at the outset of each BMK project, resulting in their active participation.

- The Treasury Department plays a pivotal role in resolving state land encroachment issues, given its nationwide responsibility for state land. Facing numerous encroachment cases, the department's strategy under the BMK Program involves legalizing unauthorized occupancy. Since state land cannot be transferred to private individuals, leasing becomes the viable solution. The department assesses whether land occupied by squatter communities can be allocated for lawful residential use. If feasible, long-term leases of 30 years, with renewable options upon contract expiration, are signed with community organizations. Minimal rents are charged to the communities. This approach not only addresses state land encroachment issues but also generates revenue for the department. Most importantly, it enhances living conditions for formerly encroaching residents, transitioning them from vulnerable squatters to legally recognized tenants with improved living standards and greater economic and social upliftment.





3. Private sector: Private entities play a significant role in the BMK Program through various avenues. One such avenue is land sharing, where private landowners, faced with encroachments, negotiate with illegally occupied communities. These negotiations often result in the donation or sale of land at reduced prices in exchange for community relocation to designated areas. Subsequently, communities initiate the BMK process, undergoing relocation and layout redesigning. The new layouts and housing designs are customized to fit the reduced land size, leading to improved living conditions and public infrastructure.

Additionally, private companies contribute through financial and academic means. For example, local universities may provide assistance in project planning, housing design, or collaborate on data collection with local teams.

Overall, the BMK development process underscores the involvement of various sectors in society, including communities, government, and the private sector.

Financial Mechanism

The financial mechanism of the BMK Program comprises three key components: community savings, grants, and long-term loans.

1. **Community Savings:** Communities participating in BMK must demonstrate preparedness to engage in the development process. This includes establishing savings groups at least six months before project approval. Operational savings groups signify that the community possesses internal financial management systems, with members exhibiting financial discipline through regular saving. Mutual trust and delegation of responsibilities regarding money collection and bookkeeping are essential. Therefore, CODI mandates that communities joining BMK must have established savings groups for at least six months and possess savings equivalent to at least ten percent of the requested loan amount.



2. Government Subsidy: Currently, the government allocates a budget of 89,800 baht per household for projects under the BMK Program, aimed at alleviating financial burdens for low-income communities. CODI provides guidelines for subsidy utilization as follows:

- Approximately 30-70% of the amount is allocated for developing infrastructure systems, including landfill, road construction within the project, installation of electricity, water supply, construction of drainage and sewerage systems, and waste management.
- Roughly 30% supports households in building new homes or repairing existing ones.
- The remaining portion enhances the quality of life for community members, such as developing green areas, vegetable gardens, or promoting additional livelihoods.

Subsidy allotments for each project are calculated as lump sums. For example, if a community has 100 households, the total subsidy would be 8,980,000 baht. This amount is then allocated according to the aforementioned guidelines, considering the nature of improvement for each project. For instance, readjustments on existing land may obtain less amount than relocation, while construction of multi-story buildings obtains higher financial subsidy. Disbursements are made in tranches aligned with project progress. CODI engineers inspect construction sites before releasing subsequent installments. In some projects, local residents with construction experience may be hired, providing them with income and skill development opportunities.



3. Long-Term Loans from CODI: Given the lack of access to formal financial sectors such as commercial banks or other financial institutions among low-income groups, state intervention is imperative. CODI assumes a crucial role in this regard, aiming to design a model that minimizes state fund usage while facilitating fund revolving for subsequent rounds. Loan terms and conditions must align with the lifestyles of community members earning daily or weekly income streams to avoid excessive financial burdens. CODI has developed the following features for long-term loans:

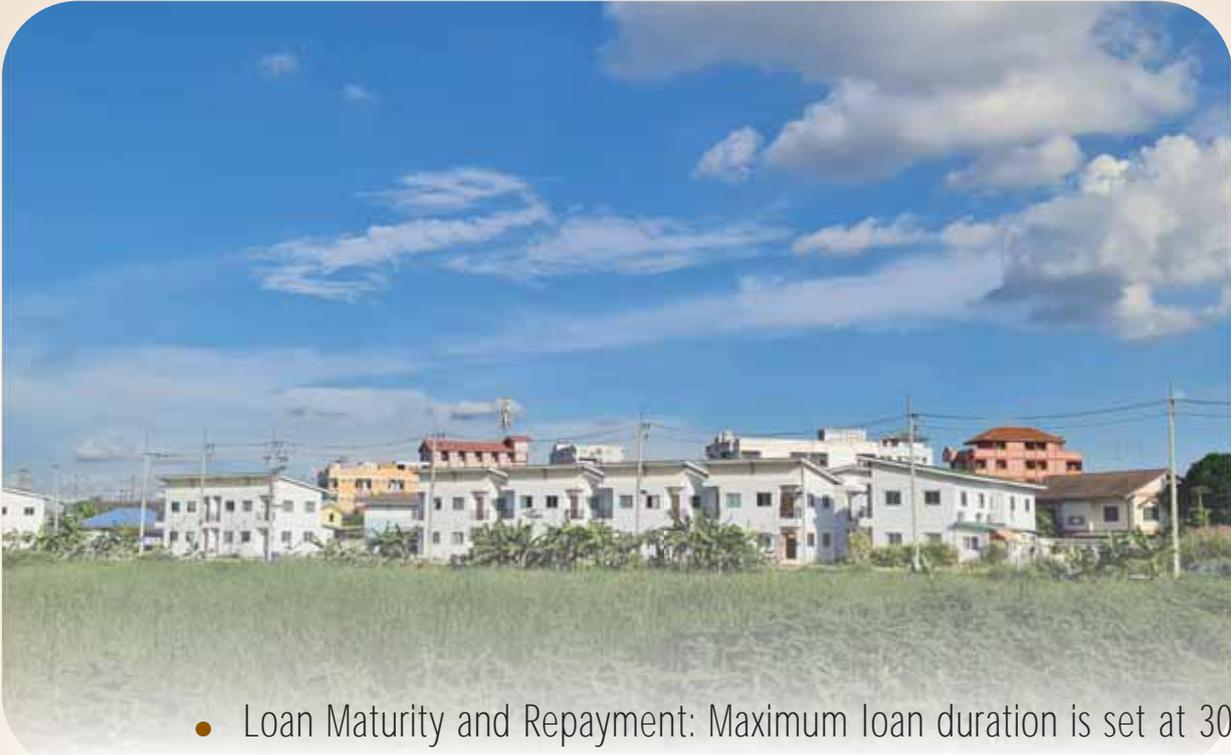
- Borrowers: Community organizations, such as cooperatives or savings groups established by the community, act as the borrowing entities, entering into loan agreements with CODI for collective loans. These organizations then relend funds to individual households, managing loan processes and collecting repayments according to the repayment schedule.

- Loan Amount: CODI sets a maximum loan amount per household at 500,000 baht to prevent excessive borrowing. A trial period for regular saving practices is encouraged to ensure households can consistently meet monthly loan repayments. If a household cannot demonstrate this capability, the loan amount must be adjusted, possibly by reducing the size of housing. Therefore, the ability to save becomes a determining factor in the maximum loan amount a household can access.

- Interest Rate: Currently fixed at 4% per annum which is lower than prevailing market rates. This low rate aims to alleviate financial burdens for low-income earners. The fixed rate reduces risks associated with market rate fluctuation, ensuring stability for low-income households. Floating interest rate loans, which are

common in mainstream mortgage practices, are unsuitable for communities with unstable incomes as they do not allow for fixed repayment schedules in advance, which are essential for low-income households.





- **Loan Maturity and Repayment:** Maximum loan duration is set at 30 years, with most communities opting for 20 years. Repayments are monthly installments calculated using the annuity method, ensuring equal installments with decreasing interest as the principal decreases. The longer loan duration of 20-30 years aims to ensure that the repayment amounts align with household incomes. Shorter durations could exclude some households from accessing loans, thus limiting opportunities for improving living standards.

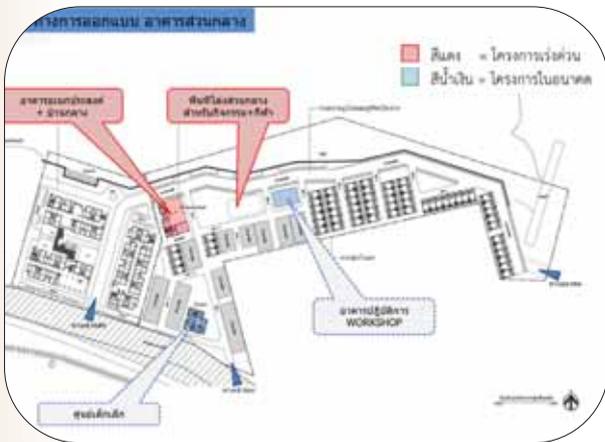
- **Relending Conditions:** Community organizations relend loan proceeds to individual members based on agreed-upon terms, including loan maturity and number of repayment installments similar to CODI's terms. The interest rate on individual loans is slightly higher, typically 2-3% above CODI's rate. The on-lending interest rate is determined among community members. For example, if CODI interest rate is 4% per annum, community organizations might charge members 6% per annum. This interest margin is set aside for administrative expenses and serving as a reserve fund to prevent defaults. Any remaining funds may be used for community welfare purposes.

- In summary, the BMK Program's financial mechanisms emphasize community engagement, government support, and prudent lending practices to facilitate sustainable housing development for low-income communities.

BMK Performances

The BMK Program has demonstrated considerable success over the past two decades. As of March 2024, a total of 133,382 households have benefited from the program, with 110,612 households in urban areas and 22,770 households in rural areas. Among these, 47,646 households have utilized CODI loans totaling 9,774 million baht, with 4,454 million baht repaid.

The government has allocated a budget totaling 9,924 million baht as grant elements to the BMK Program since its inception in 2003. In terms of long-term lending, CODI has utilized its initial capital of approximately 2,900 million baht, along with an additional 3,000 million baht received from the government in 2009, to extend loans to community organizations on a revolving basis. A key indicator of the success of BMK lending operations is the relatively low default rate, demonstrating the financial reliability of economically vulnerable groups when loan conditions are appropriately designed to suit community contexts.



Linkage with Financial Institutions

Efforts have been made over the past two decades to connect informal community-based financial systems with formal financial systems. In 2006, an agreement was reached with the Government Housing Bank (GHB) to refinance BMK loans made by CODI to communities. Under this agreement, CODI may transfer its loan portfolio to GHB up to 100 million baht and is required to deposit funds with GHB as collateral for potential defaults. Meanwhile, CODI has to compensate for the difference in interest rates between what CODI charges communities and what GHB charges its regular clients. This kind of agreement is unprecedented and signifies a positive development where formal financial institutions are willing to provide credit to low-income communities defined as the informal sector.



In 2009, CODI and GHB entered into a second agreement, expanding the loan amount to 500 million baht while reducing the collateral required. This expansion demonstrates GHB's satisfaction with the operations under the initial agreement and its increased willingness to take on the risk of lending to informal communities. Separately, several large private companies have recognized the importance of sustainable community development and have expressed interest in participating in the BMK Program. Companies like The Siam Cement Public Company Limited and the Government Lottery Foundation have jointly contributed over 200 million baht in cash and kind to the Bo Farang Community Development Project. Apart from constructing new housing buildings for encroached community along the large reservoir, the project aims to develop the reservoir into a tourist attraction and water sports destination to create additional income opportunities for the community. This collaboration represents another success in coordinating efforts between the government, private sector, and communities.



Conclusion

The flexibility and collaborative nature of the financial system, with contributions from all sectors, have been key factors in the success of the BMK Program. Continuous government support in funding and collaboration from various agencies have enabled low-income communities to significantly expand their housing solutions. Designing financial systems that involve and empower communities as owners creates momentum for self-improvement beyond mere dependence on assistance. The loan system provided by CODI demonstrates that even individuals with unstable incomes can exhibit financial discipline and responsibility in repaying housing loans. Joint lending and shared ownership create commitment and shared responsibility, leading to collaborative problem-solving in financial crises, ultimately strengthening communities.

The BMK financial system, developed over more than 20 years, has proven suitable for low-income communities and can be integrated with banking systems and financial institutions. Adaptation and collaboration between formal and informal financial sectors could create a new financial dimension, allowing more private sector funds to flow into low-income financial sectors, addressing capital constraints for pro-poor housing development faced by many countries.



