

# Social Funds Innovations Updates

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## **The Thailand Social Investment Fund: Providing Social Assistance and Building Social Capital**

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One of the most striking elements of the Thailand Social Investment Fund (SIF) is its emphasis on **social capital formation** and the way it has catalyzed the large voluntary response from Thai society to help those affected by the recent social and economic crisis. Particularly innovative is the social fund's "**Menu 5**" window, in which **Community Organization Networks –made up entirely of volunteers – distribute social fund financing directly to needy groups in the form of social assistance and cash transfers.** Using Menu 5 financing, the SIF has mobilized thousands of volunteer network members all over the country. This growing partnership with civil society has helped to improve the pace and targeting of disbursements, and has strengthened community networks themselves. A total of US \$48.63 million, or about 40% of the social fund's \$120 million project budget, has been allocated to Menu 5.

Menu 5 is not an indefinite window of support, but rather was created as a temporary measure to respond to the urgent needs of the poor who cannot access "regular" Government assistance programs. The intermediaries are the community networks that are already a well-established feature of Thai civil society, whose members also serve as subproject volunteers. These Community Organization Networks are local confederations of community groups and NGOs based around shared interests (geographical location or economic/social issues such as small-scale fishing associations, anti-AIDS work, or environmentalism). Any given network may represent the interests of up to thirteen separate community organizations.

### **What does Menu 5 fund?**

Menu 5 finances student fees and materials, cash transfers for indigent families and AIDS patients, and start-up costs for income-generating schemes. There are four Menu components: 1) **Milk and Supplementary Food Fund** (for children infected with HIV/AIDS; poor children whose parents/guardian do not have any income or whose parents are incapable of working; and orphans or children with only one surviving parent); 2) **Scholarship Fund** (for poor children or youths whose parents/guardian do not have any income; and orphans and children or youths with only one surviving parent); 3) **Emergency Assistance Fund** (for senior citizens

without care providers who have to provide for orphaned grandchildren; and low- or no-income HIV patients/children without care provider without access to other organizations/government services, such as remote tribes); and 4) **Occupation Fund** (for poor HIV/AIDS patients or affected persons and their relatives who have not received assistance from other organizations).



### **How it works**

- The Social Fund enters into a contractual arrangement with these networks, usually for one year, to implement Menu 5 sub-projects.
- The networks are responsible for disbursing micro-grants to community organizations who in turn disburse funds to the intended beneficiaries within their respective communities.
- The average community organization grant is \$35,000, paid in two installments. After the first installment, nonaffiliated community groups inspect fund disbursement and usage. If satisfactory, a second installment is made. As with other SIF-financed microprojects, the Community Organization Network gives progress reports before receiving installments.
- In practice, most community networks turn grants into a revolving fund, to increase the number of potential beneficiaries over time. Implementers are eligible for more funding once original funding is successfully distributed.
- Independent community organizations are responsible for supervision once the project is complete.

- While originally 1 billion baht was allocated to Menu 5 (approx. US\$26 million), this was increased and extended to 2.1 billion baht (\$54.5 million) to be dispersed by July 2001.

<b>Box 1: The Thai SIF at a Glance: Total Lending Portfolio*</b>		
<b>Sub-Project Category</b>	<b># Sub-projects</b>	<b>Total \$ Approved (US\$ M)</b>
<b>Menu 1:</b> Community Economy	3,093	18.0
<b>Menu 2:</b> Community Welfare & Safety	1,177	8.25
<b>Menu 3:</b> Natural Resource Management & Cultural Preservation	763	4.35
<b>Menu 4:</b> Community Capacity Building/Networking	1,126	15.72
<b>Menu 5:</b> Emergency Community Welfare for the Needy	457	48.63
<b>Total</b>	6,616	94.95
<b>Number of Beneficiaries</b>	12,121,192	
<b>Number of Completed Subprojects</b>	2,351	

\*As of August 7, 2001.

### Impact

The true test of Menu 5's impact will come only after the project closes. In the meantime, two impact assessments, one in February 2000 and one scheduled for completion in September 2001, have pointed to a number of areas where the component has had impact:

- In urban areas, disadvantaged children were the main beneficiaries (55.34%), while in rural areas, the unemployed and the poor were the major beneficiaries (29%).
- Approximately 51% of the education funds supported students in primary school.
- Because communities elected to revolve funds, more groups than anticipated are able to benefit.
- Though some were concerned about transparency of funding allocation, most beneficiaries were satisfied with the assistance because they could use the funds immediately for their most urgent priorities, such as their children's education.

Another, less measurable outcome has been the strong voluntary response and clear sense of community ownership of the projects. While the funds received are important, they seem almost secondary to the sense of community and togetherness that the projects create.

### Lessons Learned

- Flexibility in management and design is key. For example, in designing Menu 5, the SIF faced a dilemma: whether it should be a revolving fund or whether to provide one-time grants. They chose grants, but communities are allowed to revolve their funds (which most of them do). Flexibility

such as this allows each community to design a local program tailored to local needs.

- Decentralization of SIF operations was central to attracting volunteers. Key to the SIF's success was developing partnerships at all levels of society for every aspect of project implementation – from subproject approval to supervision and impact evaluation within the communities. Thus, for example, volunteer Provincial Task Forces assumed responsibility for subproject screening and ranking. In addition, Regional Committees were authorized to consider subprojects for funding support. Links to regional groups and volunteers would not have been developed without the regional SIF teams in place to forge close relationships with these organizations.
- Working so closely with civil society partners has helped the SIF become more transparent. Public oversight helps limit the possibility of misuse of funds. In the small number of cases where resources were misused by recipients, the SIF and its partners have taken such cases straight to the public, using public announcements as a way of deterring others and dealing with those responsible. A publicly-accessible website in Thai and English also promotes transparency.
- Social Capital Formation is a good goal, but hard to measure. The very outcome that is considered one of the SIF's strengths – social capital formation – is also a weakness because it is hard to measure concrete outputs. Infrastructure social funds build things that can be; quantifying social capital, however, is next to impossible. Visits to subprojects plainly demonstrate that social capital is being built, through wide and voluntary community participation, ownership, and leadership. If this could be quantified, many projects in the Bank's portfolio could better report their achievements.



**Box 2: Emergency Subproject for HIV Patients  
and their Children in Bangkok**

The Association of AIDS Impacted Individuals (AAII), established in 1998 by the Thai Business Coalition on AIDS, organizes support groups and social activities for people with AIDS. Early in its operations, the AAII discovered that AIDS patients need forms of assistance that it could not provide because of limited funds, such as medical expenses, expenses for transportation to hospital, funds to purchase baby formula, tuition fees and funds to engage in occupation. The AAII applied to the Thai SIF to finance assistance programs for 463 individuals (including 138 poor patients incapable of working, 170 poor unemployed patients still capable of working, and 155 children and youth whose mothers have AIDS). Since August 10, 2000, the SIF has financed \$127,500 in activities:

Healthcare Welfare Fund	20.0%
Occupation Fund (startup financing for people able to work)	33.0%
Scholarship Fund (for school-age children whose mothers have AIDS)	18.3%
Children's Powder Formula Fund	7.0%
Emergency Fund (allocated on a case-by-case basis)	16.5%
<b>Subproject Total (incl. 5% admin fee)</b>	<b>484,3020 baht (~ US\$127,500)</b>

There was a higher demand for the Healthcare Welfare Fund than for the Occupation Fund, so in March 2001 funding was reallocated between the two funds. As there are a number of occupations for which the HIV/AIDS patients can undertake successfully, the Association began promoting a greater array of career opportunities than originally envisaged, such as embroidery groups and artificial flower production groups.

To provide opportunities for communities to collectively determine sustainability plans, the SIF has introduced the AAII to other Menu 5 recipient networks (approximately 58 networks in 4 provinces) to share ideas.

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