

Analysis from a Capacity Development Perspective

JICA Program on Capacity Building of Thai Local Authorities

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Acronyms and Abbreviations

APEC	Asian Pacific Economic Cooperation Conference
ASIAURBS	Asia Urbs Programme (a joint program between EU and Asia in the cultural, economic, and development fields)
BMA	Bangkok Metropolitan Administration
BOB	Bureau of Budget
C/P	Counterpart
CD	Capacity Development
CDD	Community Development Department
CEO	Chief Executive Officer (provincial governor)
CPD	Cooperative Promotion Department
DAC	Development Assistance Committee
DANCED	Danish Cooperation for Environment and Development (an international cooperation program in the fields of the environment and development by the Danish Ministry of the Environment and Energy)
DDPM	Department of Disaster Prevention and Mitigation
DLA	The current Department of Local Administration (which was reorganized from DOLA in October 2002)
DOAE	Department of Agricultural Extension
DOLA	The former Department of Local Administration (which was broken up into three departments in October 2002: DLA, DOPA, and the Department of Disaster Prevention and Mitigation [DDPM])
DOPA	Department of Provincial Administration (which was separated from DOLA in October 2002)
DTCP	Department of Town and Country Planning (which absorbed the Public Works Department in October 2002)
DTEC	Department of Technical and Economic Cooperation (which was placed under the management of the Ministry of Foreign Affairs in October 2002 from the Office of the Prime Minister, and reorganized into the Thailand International Development Cooperation [TICA] in October 2004.)
EIA	Environmental Impact Assessments
EU	European Union
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Agency for Technical Co-operation)
IDE-JETRO	Institute of Developing Economies, Japan External Trade Organization
IFIC	Institute for International Cooperation
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
JRP	Joint Research Project

JRT	Joint Research Team
KPI	King Prajadhipok's Institute
LGDAD	Local Government Development Affairs Division
MOAC	Ministry of Agriculture and Cooperatives
MOE	Ministry of Education
MOI	Ministry of Interior
MoNRE	Ministry of Natural Resources and Environment
MOPH	Ministry of Public Health
MOU	Memorandum of Understanding
NDC	National Decentralization Committee
NESDB	National Economic and Social Development Board
NGO	Non Governmental Organization
NIDA	National Institute of Development Administration
NMLT	National Municipal League of Thailand
OCSC	Office of Civil Service Commission
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
ONDC	Office of the National Decentralization Committee
OPM	Office of the Prime Minister
PA	Partial Association
PAO	Provincial Administrative Organization
PIU	Project Implementation Unit
PLEDGE	Partnership for Local Empowerment through Democratic Governance (a UNDP project for participatory regional development and monitoring)
PLPDP	Provincial and Local Prosperity Decentralization Plan
R/D	Record of Discussions
RU	Regional Union
SCSRD	Sokoine University of Agriculture, Centre for Sustainable Rural Development
TAO	<i>Tambon</i> Administrative Organization
TCP	Technical Cooperation Project
TDRI	Thai Development Research Institute
TIA	Thailand Innovative Administration Consultancy Institute
TOR	Terms of Reference
UNDP	United Nations Development Programme

Summary

■ Background, Purpose, and Structure of This Study

The concept of capacity development (CD) has been attracting increasing attention in the process of reviewing the effectiveness and efficiency of their development assistance. Since the second half of the 1990s donors have been increasingly incorporating CD into their aid philosophies and strategies. CD is aimed at enhancing the potential capacity a developing country innately has to develop its “problem solving ability” to attain sustainable development at its own initiative. Focus is placed on the capacity at the three different levels of individuals, organizations, and institutions/society and their interactions. Japan International Cooperation Agency (JICA) has also been exploring ways to incorporate the CD concept in its management of technical cooperation and has produced a number of reports on theory and case studies with regard to CD. This study is one of those case studies.

The JICA Program on Capacity Building of Thai Local Authorities started off with the launch in 2000 of the “Thailand-Japan Joint Research Project on Capacity Building of Thai Local Authorities” (hereinafter referred to as “Joint Research Project (JRP)”). The current project underway as of 2007 under this program is the “Project on Local Management Cooperation: Phase II”, the project formally known as “Capacity Building for Local Authorities through Local Cooperation and Local Public Service Standards.”

The case analyzed in this study was unique in two ways. First, a technical cooperation project (“Project on Local Management Cooperation”) was implemented in a way that translated the recommendations of the JRP into action with support in policy and institution development serving as its entry point. Second, the experiences and lessons learned from the project, in turn, contributed to the process of institution development.

This study aims to draw lessons from a CD assistance program with a focus on policy and institution development by reviewing the cooperation processes and outcomes of a series of activities ranging from the Joint Research to Phase I and Phase II of the Project on Local Management Cooperation.

The study also aims to extract from the lessons the directions for future assistance programs and projects in local administration, including important considerations in the formulation and implementation phases of the programs/projects.

This report is comprised of four chapters. Chapter 1 explains the local authority system and the processes in decentralization in Thailand. The activities of other donors in the country are also reviewed. Chapter 2 provides the background to the Program on Capacity Building of Thai Local

Authorities and describes its three component projects, including the interrelationships among them. Chapter 3 reviews all the processes of the three projects, including project formulation, implementation, and evaluation and identifies their characteristics, outcomes, and challenges in the context of CD assistance. It also analyzes a mechanism of CD assistance while looking at these projects as a whole. Chapter 4 generalizes the outcomes and challenges identified in Chapter 3 and draws lessons for the operation of future CD programs and projects by JICA in local administration.

■ JICA Program on Capacity Building of Thai Local Authorities: Characteristics and Lessons Learned

Thailand's efforts toward decentralization as a national strategic policy have faced many challenges, especially with regard to institution building and organizational strengthening. In order for Thailand to address these challenges, JICA established the Program on Capacity Building of Thai Local Authorities, a decade-long, multi-project program.

This program originated in 1998, when JICA launched a Project Formulation study for supporting vulnerable groups in the wake of the Asian economic crisis. One of the Thai partners in this study, the Department of Local Administration (DOLA) of the Ministry of Interior, requested JICA to support for improving on development planning the capacity of local authorities. JICA, for its part, needed first to identify general issues in this sector in Thailand since JICA had no relevant experience in the country.

JICA suggested establishing a Thailand-Japan Joint Research Team with a view to formulating a technical cooperation project in this sector. This led to the JRP on Capacity Building for Local Authorities conducted between August 2000 and August 2002.

In drafting this report, the Joint Research Team (JRT) respected Thai ownership as far as possible. The Thai members wrote the chapters on the current situation and problems as well as recommendations, while the Japanese members compiled the chapter on Japan's experience.

This joint team approach was quite different from the one JICA had traditionally taken for its development studies in that JICA and its counterparts worked together on an equal basis. The joint team learned a lot from this collaboration, especially in selecting the team members and research themes, overcoming language barriers, and coordinating the interests of the various stakeholders.

The Joint Research led to the launch of the Project on Local Management Cooperation, which focused on a field in which the outputs of the research could be utilized most effectively. This project explored ways to promote cooperation among local authorities (interlocal cooperation) by the current Department of Local Administration (DLA), which had been reorganized from DOLA in

October 2002. It also analyzed the situation of interlocal cooperation in the model sites (provinces) and verified the ways to promote cooperation that suits the sites. The results of these activities were compiled into a handbook.

This project featured a new input modality, which had two major characteristics. The first characteristic was the input of local consultants, including a Thai member of JRT. They played a pivotal role in the whole process up to the development of the handbook. The second characteristic was the active involvement of the top officials of the relevant organizations, including the DLA director general and the vice-governors of the model provinces, by participating in the training in Japan. This involvement helped strengthen the project implementation structure and prompted the expansion of the scope of the project to include institution development that entailed legislative measures. The new input modality that respects the initiative of the partner country enhanced the potential of the project and promoted endogenous CD.

The Project on Local Management Cooperation (Phase I) was followed by Phase II, the project formally known as “Capacity Building for Local Authorities through Local Cooperation and Local Public Service Standards.” This project supports efforts toward cooperation among local authorities (interlocal cooperation), including the establishment of formal associations at the local level (called *sahakarn* in Thai) with a view to creating a model for the cooperation. The project also tries to offer technical support for activities in the pilot project sites. Six key divisions in the DLA formed a working group in Phase II, a sign of the greater commitment of the department than in Phase I.

Another major characteristic of Phase II is that the local authorities participating in the pilot projects sign a memorandum of understanding (MOU). This practice, which institutionalizes the projects in the participating authorities, increased their ownership significantly, which is an important factor from a CD perspective.

■ The CD Assistance Mechanism of the Program as a Whole

JICA generally considers the types of entry points for its assistance: (i) local society empowerment; (ii) core function development; and (iii) policy and institution development. The project components of this program are classified according to these types and then described in Figure 0-1.

The JRP is more of the policy and institution development type. Its entry point is support for DOLA in policy development. The Project on Local Management Cooperation (Phases I and II), on the other hand, is more of a cross between the community empowerment type and the policy and institution development type. Its ultimate goal is institution development and the organizational strengthening of local authorities is part of the assistance process to that end.

Figure 0-1 Conceptual Diagram of CD Assistance under the Program on Capacity Building of Thai Local Authorities

Figure 0-1-1 Thailand – Japan Joint Research Project: Policy and Institution Development

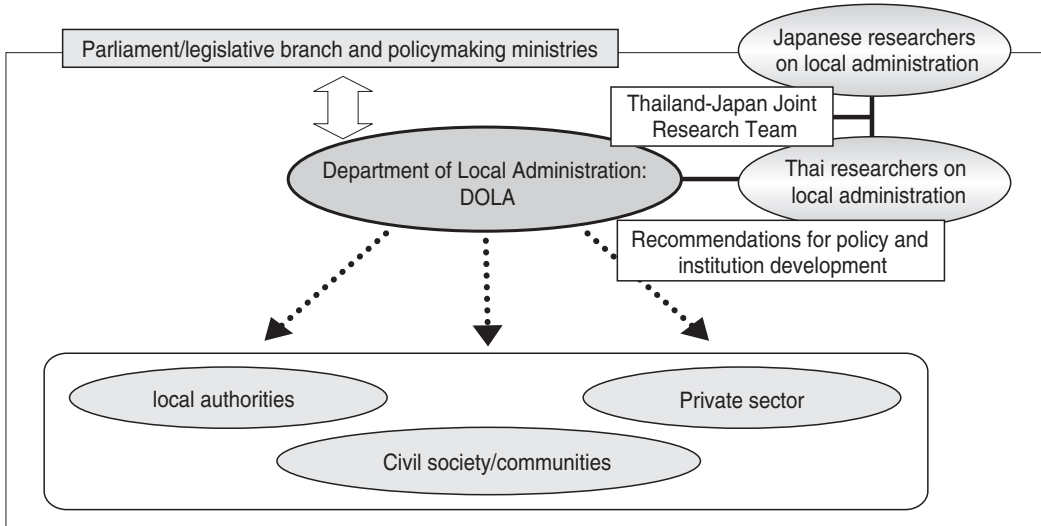
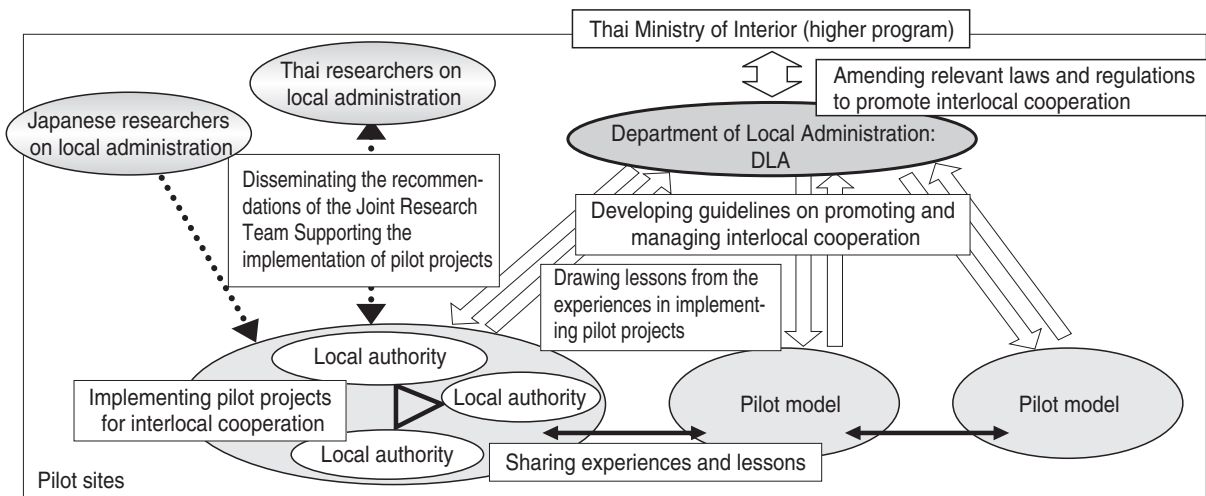


Figure 0-1-2 Project on Local Management Cooperation (Phases I and II): Empowerment and Policy and Institution Development



Source: Compiled by the author (Kimata).

As the above diagram suggests, development assistance in local administration needs to develop the capacity of both the central government and local authority. Table 0-1 shows the capacity of these types of entities at the individual, organizational, and institutional/societal levels.

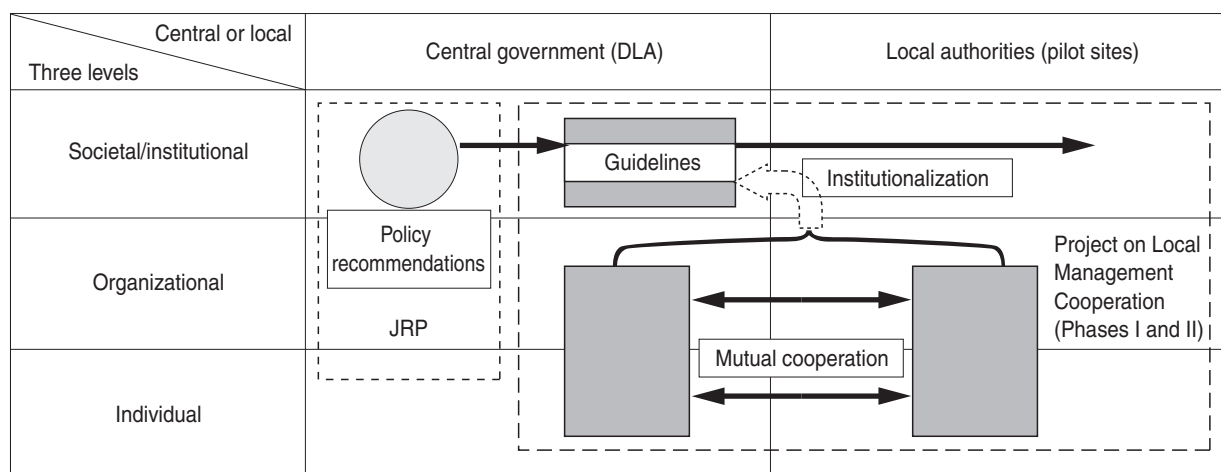
Table 0-1 Capacity of Central Government and Local Authority Regarding Local Administration

Central or local Three levels	Central government (DLA)	Local authorities (pilot sites)
Societal/institutional	Developing and improving the laws and policies for decentralization and institutional capacity building of local authorities	Building and improving the collaboration mechanism and trusting relationship with local communities
Organizational	Strengthening the organizational functioning of central government departments for the purpose of developing the institutional capacity of local authorities	Strengthening the service delivery framework and management system of local authorities
Individual	Enhancing the knowledge and skills of central government officials and employees engaged in local authority affairs	Enhancing the knowledge and skills of local authority personnel

Source: Compiled by the author (Kimata) based on Nagai, Ozaki, Konishi, and Yokota (2006).

Table 0-2 shows in what aspect this program has contributed to CD at individual, organizational, and societal/institutional levels of the central government and local authority.

Table 0-2 CD Assistance under the Program on Capacity Building of Thai Local Authorities



Source: Compiled by the author (Kimata).

JRT made recommendations to the central government on institution building for the capacity building of local authorities (represented by the circle in the table). The recommendations resulted in the launch of the Project on Local Management Cooperation.

The Project on Local Management Cooperation (Phases I and II) is designed to build a sustainable mechanism for interlocal cooperation through capacity building at the individual and organizational levels of both the central government and local authority. The project has drafted a set of guidelines, which have been fed back to the policymaking process, thereby contributing to further institution development (represented by the rectangles in the table).

Both of the projects are viewed as being part of the overall process in which the Thai partners' ownership has been developed under the Program on Capacity Building of Thai Local Authorities.

This process started out slow with a broad focus. When the Thai partners' levels of awareness and ownership reached a critical mass, arrangements were quickly made to allow for the highest possible degree of their ownership for a specific issue. Since local administration and decentralization are the sensitive issues that concern the partner country's governance, the program refrained from seeking the partners' strong commitment to a single project from the start. Rather, it expected the development of their ownership in the process of implementing each project. This approach was a major feature of this CD assistance program aimed at advocacy and institution development.

■ Lessons Learned in Managing CD Assistance in Local Administration

(1) Clarifying the positioning of JICA's assistance

Since the issue of local administration is closely related to the governance system of the partner country, JICA needs to identify the policy context of the issue, the missions and capacities of the partners, and the future directions of the project. Then JICA and its partners should share the understanding that they should primarily address the issue and that JICA should support their efforts only for a certain period of time. Table 0-3 shows the key criteria for positioning JICA's assistance.

Table 0-3 Key Criteria for Positioning JICA's Assistance

Criteria	Key considerations	Key Question
"Why?"	Policy context	Which policy or program warrants the project?
		How does the partner country address the issue?
	Future directions of the project/program as a whole	What are the prospects after the project?
	Objective of assistance	What does the partner country obtain from the project?
"With whom?"	The functions of the departments concerned	What is the function of each ministerial department concerned?
	Target	With whom should JICA work to achieve the project objectives?
"What to achieve?"	The scope and level of the project	What should be addressed, the relevant policy itself or the specific issue within the relevant policy?
		Which form should institution development take, a new law, guidelines, or manuals?
"What should the Japanese side do?"	Division of responsibilities	What should the counterparts do to address the issues in general and in the project in particular?
		To what extent should JICA intervene and how?

Source: Compiled by the author (Kimata).

(2) Advantages and requirements of the joint research approach

In the joint research approach, researchers from both Japan and the partner country discuss the issue from a third-party perspective and make agreed-upon recommendations. In that sense, joint research provides a valuable entry point for a project designed to encourage ownership on the part of the partner.

Certain requirements need to be met for this approach to be successful. First, both Japan and the partner country must have the capacity for joint research. Second, JICA should place JRPs in the proper context of its technical cooperation or research schemes. Third, the division of duties should be clearly defined between JICA and the researchers from both countries and between the researchers from Japan and those from the partner country. Fourth and finally, it is necessary to appoint facilitators to coordinate different kinds of stakeholders.

(3) Involving stakeholders at the central government and local authority levels

At the central government level, projects concerning local administration must involve not only the contact section for technical cooperation but also other key departments that play crucial roles in the local authority system, including those in charge of justice, finance, and planning.

At the local authority level, JICA should share understanding with the counterpart agency at the central government level and key persons at the local authority level on such topics as local needs, the necessity of development assistance, and the aid absorptive capacity. This approach is crucial for encouraging the local authorities concerned to make the project their own.

In other words, the key to a successful project is to provide many opportunities for the stakeholders at the central government and local authority levels to interact with each other in order to allow for synergy between institution development at the central government level and organizational and operational strengthening at the local authority level.

(4) Taking advantage of local human resources

The domestic human resources of the partner country (local human resources) have the potential to play the role of a “mediator” between Japan and the partner country and between the central government and local authority of the partner country as a third-party familiar with local affairs. They also have an important part to play in localizing Japan’s knowledge and in transforming local knowledge into explicit knowledge.

Yet local human resources vary greatly in their capacity. In this sense, managing their performance is crucial.

(5) Maximizing the impact of Japan’s human resources

Maximizing the impact of Japan’s domestic human resources in local administration, whose availability as a player in development assistance is limited, requires satisfying three conditions: (i) the matching of domestic human resources of Japan and the partner country; (ii) the long-term assignment of JICA experts who act as facilitators for such matching; and (iii) coordination between the short-term experts and the training in Japan of the strategically selected stakeholders at different government levels. This type of training is important in two ways. First, it provides a valuable opportunity for these stakeholders to share the same experience. Second, it allows key persons such as department directors to concentrate on the project free from their ordinary duties. Short-term experts may be dispatched before or after the training in Japan. The experts dispatched after the training can follow up the results of the training and can receive valuable hints for the next training in Japan.

(6) Managing the project amid political and institutional uncertainties

It is crucial that any project concerning decentralization or local administration, which is an issue subject or vulnerable to political or institutional change, should select a development objective whose importance will not change even amid political and institutional uncertainties.

Since decentralization or local administration is a sensitive issue closely related to the governance system of the partner country, it may be unwise or even impossible to take a fast-track approach. A more practical and appropriate approach may be to agree on a “satisfactory level” the project should attain amid constraints at the given time and regard the project outcomes as a stepping stone to the ultimate goal for the partner country. Then the project components and interventions should be timed to accommodate the changing circumstances. This flexible approach to project management is an important part of CD assistance.

Introduction

1. CD: How Do the Donor Community and JICA Evaluate CD

In reviewing the effectiveness and efficiency of development assistance, the donor community has been paying attention to the concept of CD since the second half of the 1990s. This trend was accelerated in 1997 when the United Nations Development Programme (UNDP) put forward this concept. Since then, more and more aid agencies have incorporated this concept in their principles and strategies. The UNDP's concept of CD represents a shift in focus from donor-driven technical transfers to recipient-driven, endogenous, and sustainable CD for developing countries.

CD rests on fully enhancing the potential of a developing country and developing its problem-solving abilities so that it will be able to attain sustainable development at its own initiative. Hence CD is different from the traditional concept of capacity building, in which a developing country builds the type of capacity it lacks with intervention by a donor. Characteristically, CD addresses the three levels of individuals, organizations, and institution/society and pays special attention to the interactions among them.

JICA has been working to incorporate the concept of CD in the management of its technical cooperation. As part of such efforts, in March 2006 JICA compiled a report titled "Towards Capacity Development (CD) of Developing Countries Based on their Ownership: Concept of CD, its Definition and its Application in JICA Projects." Among the other efforts are case studies, of which this study is one.

2. Purpose of This Study

The JICA Program on Capacity Building of Thai Local Authorities started off with the launch in 2000 of the Thailand-Japan Joint Research Project on Capacity Building of Thai Local Authorities (Joint Research Project: JRP). The current project underway as of 2007 under this program is the Project on Local Management Cooperation: Phase II, the project formally known as "Capacity Building for Local Authorities through Local Cooperation and Local Public Services Standards."

According to the 2006 report mentioned above, JICA generally considers three types of entry points for its assistance: (i) Local society empowerment; (ii) core function development; and (iii) policy and institution development (see Annex 2 for details). The case analyzed in this study was unique in

two ways. First, a technical project (Project on Local Management Cooperation) was implemented in a way that translated the recommendations of the JRP into action with assistance in policy and institution development serving as its entry point. Second, the experiences and lessons learned from the project, in turn, contributed to the process of institution development.

This study aims to draw lessons from the CD assistance program that focused on policy and institution development by reviewing the cooperation processes and outcomes of a series of its activities, ranging from Joint Research to Phase I and Phase II of the Project on Local Management Cooperation. It also aims to extract, from these lessons, their formulation and implementation phases.

Despite the fact that JICA has not yet accumulated sufficient experience or lessons learned in governance, especially local administration, the need for development assistance in this sector is growing. Results of this study will therefore be important considerations as a precedent case for JICA's future assistance programs and projects in local administration.

3. Methodology of This Study

This study focuses on three project components of the JICA Program on Capacity Building of Thai Local Authorities:

- Thailand-Japan Joint Research Project on Capacity Building of Thai Local Authorities (2000 - 2002)
- Project on Local Management Cooperation (2003 - 2004)
- Project on Capacity Building for Local Authorities through Local Cooperation and Local Public Services Standards (2005 - 2008)

This study was conducted chiefly by the researcher, the JICA expert, and a staff member at the JICA Thailand Office who had been directly involved in one or more of the projects above. This report was written by Fumio Nagai, Kazuyo Ozaki, and Yoichiro Kimata. Nagai, professor at Osaka City University and an expert in Thai politics, was dispatched to Thailand in early April 2000, engaged in the formulation of the Program on Capacity Building of Thai Local Authorities, and joined JRT as a Japanese member. In November 2006, he was again dispatched to Thailand as a JICA short-term expert for the Project on Local Management Cooperation: Phase II. Ozaki was involved in the formulation of the Program first as an Associate Expert at the Second Southeast Asia Division, Regional Department I, JICA. Between December 2000 and December 2004, she assumed the responsibility for overall program formulation and also served as a coordinator for the program as a Project Formulation Advisor and a JICA Long-Term Expert. Kimata engaged in the Program as an assistant resident representative at the JICA Thailand Office between May 2002 and August 2005. After Ozaki returned to Japan,

Kimata took charge of coordination with the Thai side on behalf of the Japanese side for the Project on Local Management Cooperation: Phase II.

This study first reviews the cooperation processes of the three projects in a chronological order and identifies the issues encountered in formulating and implementing them, as well as the actions that were taken to address them. It then draws lessons from the projects, analyzes them, and presents the findings of the analysis in an orderly manner.

This study draws on the analysis of a wide range of literature and materials, interviews with the Japanese and Thai stakeholders, and field surveys on decentralization in Thailand. An interview with JRT Co-chairperson Michio Muramatsu, Professor Emeritus at Kyoto University, has provided a particularly valuable source of information and advice. As part of the field surveys, we interviewed many of the Thai stakeholders, including the Thai members of JRT and officials at DLA. For a survey on the ongoing Project on Local Management Cooperation: Phase II, we gained support from Dr. Nakharin Mektrairat, Associate Professor at the Faculty of Political Science, Thammasat University; Mr. Shuichi Hirayama, a JICA Expert; and the JICA Thailand Office. It should be noted that despite all these surveys, the authors often assessed the situations and issues in views of stakeholders who were directly involved in this program based on the above mentioned surveys in compiling this report.

4. Construction of This Report

This report is comprised of four chapters. Chapter 1 provides background information for the Program on Capacity Building of Thai Local Authorities. Specifically, it explains the local authority system and the processes in decentralization in Thailand. The activities of other donors in the country are also reviewed. Chapter 2 provides the background to the Program on Capacity Building of Thai Local Authorities and describes its three component projects, including the interrelationships among them. Chapter 3 reviews all the processes of the three projects, including project formulation, implementation, and evaluation, and it identifies their characteristics, outcomes, and challenges in the context of CD assistance. It also analyzes a mechanism of CD assistance as a single entity composed of these projects. Chapter 4 generalizes the outcomes and challenges identified in Chapter 3 and draws lessons for the operation of future CD programs and projects by JICA in local administration.

This report has been written and co-edited by the three authors, with each taking final responsibility for the following chapters and sections:

Introduction: Kimata

Chapter 1 (Trends and Developments in Decentralization in Thailand): Nagai

“Except Section 1-6

(Overview of Other Donors’ Support for Decentralization in Thailand): Ozaki”

Chapter 2 (Overview of the JICA Program on Capacity Building of Thai Local Authorities): Ozaki

Chapter 3 (JICA Program on Capacity Building of Thai Local Authorities: Characteristics and Lessons Learned)

3-1 (Thailand-Japan Joint Research Project on Capacity Building of Thai Local Authorities): Nagai

3-2 (Project on Local Management Cooperation [Phase I]): Ozaki

3-3 (Project on Capacity Building for Local Authorities through Local Cooperation and Local Public Services Standards [Project on Local Management Cooperation: Phase II]): Kimata

3-4 (CD Assistance Mechanism of the Program as a Whole): Kimata

Chapter 4 (Lessons for the Implementational Aspect of CD Assistance in Local Administration): Kimata