
Chapter 1 Trends and Developments in Decentralization in Thailand

This Chapter introduces the local authority system and the decentralization policy in Thailand, because they are major defining factors for the objectives and procedures of the JICA Program on Capacity Building of Thai Local Authorities.

Yet this chapter does not go into detail. It provides a background, developments, characteristics, and issues for local autonomy and decentralization in Thailand in the context of the purpose of this study, which is to draw lessons for future JICA projects from the perspective of CD. Elaborating on the local administration system in Thailand in general¹ would require much wider discussion and detailed analysis for two major reasons. First, the local administration system in Thailand is quite complex. It is far more intricate than, for example, that of Japan, the Philippines, and Indonesia.² Second, any study on decentralization has to pay due attention to the financial and human resources of the central government offices concerned.

1-1 Background to the Introduction of the Decentralization Policy in Thailand

The history of local autonomy in Thailand dates back to 1932, when the Constitutional Revolution abolished absolute monarchy and introduced democracy. Pridi Bhanomyong, who was an ideological leader of the 1932 revolution and the Minister of Interior, established the *Thesaban* Act (Municipal Administration Act) of 1933. This resulted in the establishment of *Thesaban* in 35 of urban areas across the country as a basic local authority in 1935.

It is said that Pridi intended to establish *Thesaban* also in *Tambon*, a rural administrative unit (to be discussed later). The subsequent repetition of military coups and democratic rules, however, prevented the smooth development of local autonomy as Pridi envisioned. His idea of establishing basic local authorities in rural areas did not materialize until six decades later in the 1990s, as discussed later.

¹ For international comparisons in the local administration systems among Thailand, the Philippines, and Indonesia, see JICA IFIC, ed. *Government Decentralization Reforms in Developing Countries*. 2001; and Sakumoto, Naoyuki, and Shinya Imaizumi, ed. *Ajia Shokoku no Minshuka Katei to Ho [democratization process and law in Asia]*. Chiba: IDE-JETRO, 2003.

² For more detailed discussion on the overall decentralization reforms in Thailand, see Nagai, Fumio. “Chiho Bunken Kaikaku: ‘Gorika Naki Kindaika’ no Kiketsu [decentralization reform: the consequences of ‘modernization without rationalization’].” *Tai no Seiji Gyosei Henkaku: 1991-2006 [Thailand in Motion, Political and Administrative Change, 1991-2006]*. Ed. Yoshifumi Tamada and Tsuruyo Funatsu. Chiba: Institution of Developing Economies, Japan External Trade Organization (IDE-JETRO) (2008). This chapter’s discussions on local administration and decentralization owe much to the papers and book chapters written by Fumio Nagai.

Despite a number of setbacks, the decentralization progress in Thailand progressed gradually as a whole.³ As stipulated in the State Administration Act of 1991, Thailand had five types of local authorities before the full-fledged decentralization process started during the 1990s. The first type was *Thesaban*, the basic unit of local authority in urban areas. The second type was sanitary districts (*Sukhaphiban*) in semi-urban areas. The third type was Provincial Administrative Organizations (PAOs) in rural areas. These three types were, as it were, ordinary local authorities distributed throughout the country. The fourth type was the Bangkok Metropolitan Administration (BMA) for Bangkok, the capital and the most urbanized city in Thailand. The fifth type was the City of Pattaya, an internationally known tourist destination. Sanitary districts and PAOs were established during the 1950s while BMA and the City of Pattaya were instituted during the 1970s. The 1950s and the mid 1970s were characterized by progress in the democratization process, implying a close affinity between local autonomy or decentralization and democratization in Thailand.

Yet local authorities did not play an important role in public service delivery compared with the central government and its branch offices in the 1990s, especially before the 1997 Constitution of the Kingdom of Thailand (the 1997 Constitution) was established. All the local authorities accounted for less than 10 % of the total national expenditures. Likewise, the ratio of their employees to those at the central government and its branch offices was one to more than 10. In short, the decentralization process in Thailand represented an effort to transfer administrative services and financial and human resources to local authorities and develop their capacity.

The decentralization process in the 1990s coincided with the democratization process in Thai politics.⁴ The democratization process began when the “Bloody May Incident” of 1992 resulted in the ouster of the military regime and a return to party politics. Decentralization was a major issue in the general election held in September 1992. Pro-democracy parties made a campaign pledge to introduce a system of publicly electing provincial governors, who were traditionally appointed by the central government. They also advocated the idea of granting the status of a local autonomous entity or even a juristic entity to the *Tambon* Council, an advisory body to *Tambon*, a rural administrative unit. The idea of electing provincial governors by popular vote met with strong opposition from the Ministry of Interior because provincial governorship was traditionally granted to ministry officials as the highest post for them. For this reason, the first Chuan government, a coalition government between October 1992 and July 1995, did not take up this issue. Meanwhile, the idea of granting the autonomous status

³ Efforts were made during the 1950s and 1960s to establish basic local authorities in rural areas, with little success. Those bodies thus established were abolished altogether in the early 1970s, for they had failed to produce the expected outcomes; they were replaced by *Tambon* Councils, which were more like advisory bodies to *Tambon*. Bangkok gained the local administrative status in 1975 but returned to the system in which the central government appointed the governor due to the military coup in October 1976. It was not until 12 years later that it reintroduced the system of election by popular vote.

⁴ For the democratization process since the 1990s, see Tamada, Yoshifumi. *Minshuka no Kyoze to Jitsuzo: Tai Gendai Seiji Hendo no Mekanizumu* [the myths and realities of the democratization process: the dynamic mechanism of modern Thai politics]. Kyoto: Kyoto University Press, 2003.

to the *Tambon* Council were realized when the ruling coalition parties, the Ministry of Interior, Kamnan, and village headmen reached a compromise that led to the establishment of the *Tambon* Council and *Tambon* Administrative Organization Act of 1994 ([1994] TAO Act). Under the act, most *Tambon* in Thailand gained autonomous status (TAO).⁵

The establishment of TAOs itself remained within the overall framework of the existing local administration system. A major turning point for both the sweeping reform of the local authority system and the decentralization process came when the 1997 Constitution was promulgated in October 1997. The 1997 Constitution defined decentralization as a national basic policy in Section 78. In addition, Chapter 9: Local Authority contained detailed provisions in its nine sections (Sections 282-290). The period between the promulgation in October and the end of 1999 saw a revision of the Local Government Acts (such as Thesaban Act of 1953, TAO Act of 1994, Pattaya Administration Act etc.) and the enactment of new laws, including the Local Public Personnel Administration Act and the act on local initiatives and the recalling of officials. These legislative measures were aimed at blocking direct interventions in local authority management from the Ministry of Interior and encouraging autonomy by local residents. In fact, they were part of the local authority organizational reform.

After the local authority organizational reform achieved major success, the Thai government embarked on the development of the Decentralization Plan. This move was based on Section 285 of the 1997 Constitution and the Decentralization Plan and Process Act of 1999 (the Decentralization Act of 1999), which had been established in accordance with this section. Under this act, the National Decentralization Committee (NDC), formally known as the Decentralization to Local Government Organization Committee, was convened at the beginning of 2000. NDC played the leading role in drafting the Decentralization Plan. The Plan was made up of the Master plan and the Action Plan, which were approved by the Cabinet in October 2000 and November 2001, respectively.⁶ The Decentralization Act of 1999 set the fiscal decentralization target of increasing the percentage of local authority expenditures to at least 20 % by 2001, and further to at least 35 % by 2006. This meant that not only the intergovernmental transfer of services but also fiscal decentralization was an important legal mandate.

Other important factors were involved in the decentralization process in Thailand, although this was a direct consequence of the progress in the democratization process.

⁵ The establishment of TAOs did not mean the abolition of the posts of Kamnan and village headmen. As discussed in Section 1-2, these local administrative posts still coexist with TAOs in rural areas. For details, see Nagai, Fumio. "Tai no Minshuka to Chiho Bunkenka: Tamubon jichitai Sosetsu no Seidoteki Setsume" [democratization and decentralization in Thailand: an explanation of the establishment of *Tambon* Administrative Organizations from a perspective of institution theory]. *Minshuka to Nashonarizumu no Genchiten [democratization and nationalism in the changing world]*. Ed. Yoshifumi Tamada and Kan Kimura. Kyoto: Minerva Shobo, 2006. 103-124.

⁶ Nagai (2003): 273-310.

One such factor was the existence of a network of groups what had the potential to play a pivotal role in promoting decentralization. These groups were made up of scholars at Thammasat University, King Prajadhipok's Institute (a training and research institution affiliated with the National Assembly) and other institutes. In fact, these scholars in the network were involved in drafting Chapter 9 of the 1997 Constitution and the revision of the Local Government Acts (such as Thesaban Act of 1953, TAO Act of 1994, Pattaya Administration Act etc.), the Decentralization Act, and Decentralization Plan.⁷ Many members of the group were also involved in the implementation aspect of strengthening local authorities and promoting decentralization as NDC members. The sustained involvement of these scholars ensured policy sustainability in this sector.

External factors were also involved. The World Bank's demand for structural adjustment in the first half of the 1980s included decentralization. In the aftermath of the Asian currency crisis of 1997, ample funds were injected into TAOs as part of efforts to reduce unemployment. Japanese Finance Minister Kiichi Miyazawa announced a plan to address the currency crisis at the Asian-Pacific Economic Cooperation (APEC) Conference in November 1998. A large portion of funds flew into rural areas in Thailand via TAOs under this plan, popularly known as the New Miyazawa Plan. Government offices under the Office of the Prime Minister (OPM) that served as coordinators in the distribution of funds, such as the Office of Civil Service Commission (OCSC) and the National Economic and Social Development Board (NESDB) tended to support decentralization as a means to promote a small government, formulate development programs, increase the efficiency and effectiveness of their implementation, and reduce gaps between urban and rural areas. Although the impact of these external factors was not as strong as the internal factor of democratization, they were significant in convincing Thailand that decentralization was a major international trend that was unavoidable for the country as well.

As the above discussed made clear, the decentralization process since the 1990s, especially in the last decade, has built on the 1997 Constitution and the relevant legislative arrangements, including the revision of existing acts and the establishment of new ones. Although the military coup on September 19, 2006 abolished the 1997 Constitution, these new and revised acts have been in place to this day. In other words, the statutory basis for promoting decentralization has not been undermined significantly. Local autonomy will continue to provide an important institutional basis for supporting democracy in Thailand. It may be an undeniable fact, however, that the momentum for decentralization was significantly reduced, as highlighted by the amendment of the Decentralization Act. Successful decentralization will hence depend on whether local authorities will be able to attain the minimum target of maintaining or even upgrading the levels of public service delivery before decentralization within the existing institutional framework.

⁷ Some scholars in the network served as Thai members of JRT as discussed later in Chapter 3 and onward.

1-2 The Local Authority Structure in Thailand

As discussed in Section 1-1, Thailand's local administration system in the country is quite intricate. To discuss local autonomy and decentralization in Thailand, it is essential to understand the state administrative structure, including local autonomy.

The Thai state administrative structure is made up of three systems: central administration, local administration, and local autonomy (under the State Administration Act of 1991). The central administration system is comprised of ministries and departments. Ministries are headed by ministers, who supervise full-time officials, including permanent secretaries and department director-generals. The local administration system is composed of provinces and districts. Central ministries, notably the Ministry of Interior (MOI), the Ministry of Agriculture and Cooperatives, the Ministry of Education (MOE), and the Ministry of Public Health, have their branch offices at provincial halls and district offices and dispatch their officials to these units. Even the departments of some of these ministries have their branch offices there. Hence local administration in Thailand is nothing but an aggregation of the branch offices of central ministries and departments. What is unique to Thailand is that these units are individual entities; provinces even have the status of a juristic entity. Provincial governors and district officers, who are dispatched by the MOI, have the statutory authority to direct and supervise government officials from these central ministries and departments at the provincial and district levels. Administrative sectionalism is evident even at the provincial and district levels. In other words, the vertical relationship between ministries and departments outweighs horizontal coordination among central government offices at these levels. The local autonomy system is distinct from the systems of central administration and local administration. It is made up of some 7,800 local authorities nationwide (as of March 1, 2006), which are classified into five types (Table 1-1). These local authorities were placed under the control and supervision of provincial governors and district officers, who, along with the Minister of Interior, have the authority to approve their annual budget plans and local regulations, dissolve local councils, and dismiss local councilors.

A key point of the local authority system in Thailand is the coexistence of the local administration system and the local autonomy system. This dual system complicates the local authority system in Thailand, making it more difficult to understand compared with its counterpart in many other countries.

Let us first look at the local administration system. Central government officials are dispatched to provinces and districts. Some ministries, including the Ministry of Public Health and the MOE, even dispatch their officials to the lower administrative units. A district is divided into *Tambon*, which are subdivided into villages.⁸ Every *Tambon* and village is headed by a Kamnan and village headman,

⁸ However, *Tambon* or villages generally are not present in urban areas, including the BMA and *Thesaban*. Yet Kamnan and village headmen were present in areas surrounding BMA until recently. The *Thesaban* who were upgraded from sanitary districts have both Kamnan and village headmen.

Table 1-1 Number of Local Authorities by Type (as of March 1, 2006)

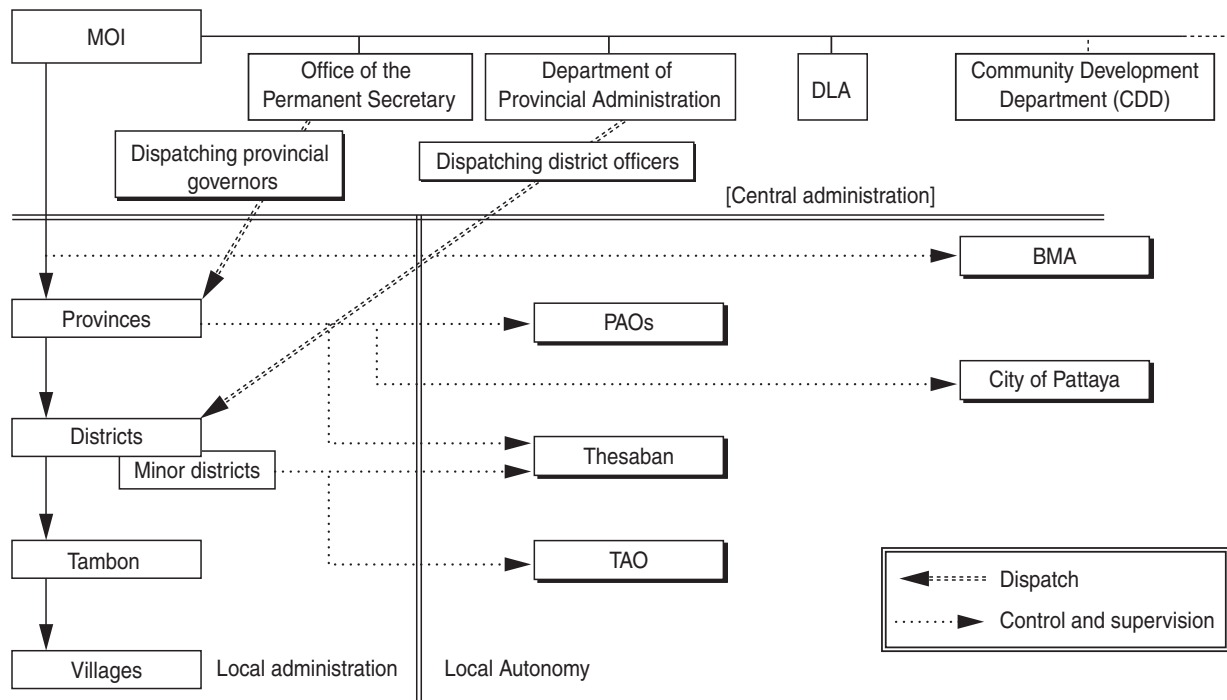
Type	Number	Remarks
PAOs	75	One PAO in every province except Bangkok Metropolitan Administration (BMA)
<i>Thesaban</i> (municipalities)	1,162	A city municipality needs to have a provincial hall or have a population of at least 50,000 for qualification. Other municipalities where a district office is located all have the status of a town municipality. All the sanitary districts were upgraded to subdistrict municipalities in May 1999 except for one sanitary district that had been abolished.
<i>Thesaban Nakhon</i> (city municipalities)	22	
<i>Thesaban Mueang</i> (town municipalities)	120	
<i>Thesaban Tambon</i> (subdistrict municipalities)	1,020	
TAOs	6,616	As a result of the revision of the relevant act at the end of 2003, <i>Tambon</i> Councils were abolished when they were absorbed into their neighboring basic local authorities within the same district, except for a few exceptions.
Special municipalities	2	The special municipalities are under the direct control of the Interior Minister.
Bangkok Metropolitan Administration (BMA)	1	
City of Pattaya	1	
Total	7,855	

Source: Compiled by the author (Nagai) based on data from the website of the Department of Local Administration at <http://www.thailocaladmin.go.th> (accessed on February 13, 2007).

respectively (under the Local Administration Act of 1914). Kamnan and village headmen are both influential persons at the local level. A village headman is elected by popular vote every five years. Kamnan are elected from the village headmen who have run for the post directly by the local residents in the *Tambon* with a five-year term.⁹ In that sense, Kamnan and village headmen are the representatives of their respective constituencies. On the other hand, they also serve as an agent of the central government. Their duties range from communicating central government orders to the residents to managing resident registration, maintaining public order, and even exercising quasi-judicial power. They are paid monthly by MOI. The local administration system has remained more or less the same for a century, despite changes in the terms of office of Kamnan and village headmen and their election processes (Figure 1-1).

In contrast, the local autonomy system has been undergoing a major institutional change for the past 15 years. After the enactment of the 1997 Constitution, any local authority came to be comprised of local council members who are elected by direct popular vote, as well as the head. Any area in the country is governed by a local authority. Except for the special municipality of BMA, local authorities in Thailand are classified into umbrella local authorities and basic local authorities. Since the end of 2003, the head of any local authority has come to be elected by direct popular vote.

⁹ However, Kamnan and village headmen who were elected before 1992 can remain in office until they reach the retirement age of 60.

Figure 1-1 A Diagram of Control of Local Authorities by MOI (since October 2002)

Note: In the ministerial reorganization in October 2002, DOLA was divided into three entities: the Department of Provincial Administration (DOPA), DLA, and the Department of Disaster Prevention and Mitigation (DDPM). Provincial governors and district officers retained the authority to control and supervise local authorities.

Source: Compiled by the author (Nagai).

The local autonomy system itself seems similar to its Japanese counterpart. Yet a major difference is the existence of the local administration system. In Thailand, the central government delegates many of its services to its branch offices, which constitute the local administration system.¹⁰ In the provincial level, for example, MOI officials coexist with local authority employees. Decentralization in Thailand represents none other than transferring authority and financial and human resources from the local administration system to the local autonomy system. The following paragraphs examine the relationship between the two systems.

Until the 1990s, the central government, notably MOI, placed local authorities under its strict control and supervision. MOI did so with direct and indirect interventions. Direct interventions were made largely by officials and agents of the central government at the local levels. Of the five types of local authorities, three types other than *Thesaban* and BMA were managed not only by community representatives, but also by provincial governors and district officers, who were MOI officials, and Kamnan and village headmen, who were elected by popular vote but perform civil services as an agent

¹⁰ It might be worth adding that while some of these branch offices are subjected to provincial governors and district officers, others are not. The former need to obtain approval from the provincial governor for such affairs as personnel transfers and expenditure plans. The latter only need to follow the decisions made by their headquarters. The latter type of branch offices includes those of the Royal Thai Police Department, the Ministry of Defence (conscription), and the Ministry of Finance (tax collection).

of the central government as local influential persons. At the level of PAOs, the provincial governor assumed the concurrent post of the chairman of the executive board, formally known as the PAO Chairman (renamed the PAO Chief Executive in 2000), although PAO councilors were elected from rural residents. Likewise, the district officers served as the heads of the district branches of the PAO. In a sanitary district, the heads of the *Tambon* and villages (Kamnan and village headmen) sat on the sanitary district committee as members, although other members were elected from the district residents. Moreover, the sanitary district office was generally within the district office, which was a branch office of the central government. In the City of Pattaya, a majority of the city councilors were appointed by MOI. The mayor, who was elected by popular vote, was a nominal entity. The city was effectively managed by the City Manager, who was dispatched by the city council. Even in the BMA and *Thesaban* (municipalities), local elections were suspended during the period under the military regime, during which time the mayors managed BMA and municipalities. In this way, the local autonomy system in Thailand was insufficient in representing the local residents.

MOI also made a range of indirect interventions to control and supervise local authorities. While some of these interventions were statutory, others were not. Statutory interventions were exemplified by the requirement that budget plans, local regulations, the development plans of a local authority be subject to the approval of the provincial governor and district officer, who were dispatched by MOI. In addition, the provincial governor and district officer had the authority by law to dismiss the head and councilors of a local authority. Likewise, MOI, the provincial governor, and the district officer had the statutory power to dissolve local councils. Indirect interventions without legal basis was exemplified by MOI ordinances that strictly defined the internal organizations of local authorities, including those that must be established, although critics questioned the validity of these regulations in light of the principles of local autonomy. Before the enactment of the 1997 Constitution, the personnel affairs of local authorities were placed under the strict control of MOI. For example, the personnel committee for local authorities, for which MOI served as the secretariat, single-handedly took charge of recruitment and personnel transfer. Local authority officials and officers were promoted while being transferred among different local authorities under the control of MOI. In addition, MOI set rules for such affairs as the hiring of full-time employees other than regular officials and officers, as well as part-time employees, bidding procedures, management of the properties of local authorities, and finance. Furthermore, MOI communicated implementation guidelines and interpretations of these rules to the local authorities nationwide via the provincial governors (Wasan [2001]).

Based on the above discussion, the characteristics of the local authority system until the 1990s can be summarized in three points:

The first characteristic is the dual system of local authority (autonomy line) and local administration (central government line). The former is made up of local authorities, which are headed

by representatives elected by local residents. The latter is primarily operated by provincial governors and district officers, who are dispatched directly from MOI and direct and control Kamnan and village headmen, who are elected by popular vote. In fact, this dual system has remained to date and is a major characteristic of local administration in Thailand.

The second characteristic is that the central government line controls and supervises the autonomy line. The district officer reports to the provincial governor, who reports to the Minister of Interior. The Minister of Interior and the provincial governor have the authority to dismiss the heads and local councilors, who are elected by popular vote, dissolve the local councils, and approve the budgets of local authorities at the lower level(s). In fact, the Minister of Interior, provincial governors, and district officers have retained this power of control and supervision.

The third characteristic was that some local authorities used to have institutionally incorporated MOI officials, Kamnan, and village headmen. Such local authorities were rather concentrated in PAOs, local authority in rural areas, and, to a lesser extent, in sanitary districts, the basic local authority unit in semi-urban areas. In other words, the more urbanized the area of a local authority was, the more autonomy the local authority enjoyed. This system design was a strong reflection of paternalism that provincial governors and district officers, who are central government officials, should take care of rural residents because they were lower in their education level than urban residents and still unable to exercise autonomy.

These three characteristics suggest one thing: local administration in Thailand, including local authorities, is highly centralized. At the provincial and district levels, however, the chain of command by provincial governors and district officers has not been fully established because of the sectionalism of the ministries and departments, which have their own branch offices. In short, the decentralization process in Thailand represents a bold attempt to reorganize the state administrative structure, which is highly centralized in authority but decentralized in function, by way of the devolution and capacity building of local authorities. In other words, it is a paradigm shift from centralized administration that emphasizes bureaucratic functionality to decentralized administration that builds on local capacity. How, then, has the decentralization reform changed the roles and functions of local authorities?

1-3 Progress in Implementing the Decentralization Plan

Decentralization should involve the intergovernmental transfer of not only administrative services but also the associated financial and human resources. The Decentralization Act of 1999 defines the period of the decentralization process as four years as a matter of principle, but it allows a maximum period of 10 years. A total of 50 central departments and 245 services are subject to the Decentralization Plan, and 180 functions have been transferred or are in the process of being transferred as of the

beginning of 2007. In other words, one in every four functions has remained intact.¹¹ The proportion of local authority revenues to total government revenues stood at 24.1 % in 2006, falling far short of 35 %, which was the target set to be attained by the end of that year. This prompted the government to amend the Decentralization Act in November of the year, which lowered the target to 25 % to be attained by the end of 2007. The former target of 35 % was downgraded to a non-binding target in the act. The following paragraphs look closely at the intergovernmental transfer of functions, financial resources, and human resources.

Intergovernmental Transfer of administrative functions. The Decentralization Action Plan has a three tier structure. The upper-tier part divides the services to be transferred into six categories: (i) infrastructure; (ii) quality of life; (iii) order and security of communities and society; (iv) planning, investment promotion, and commerce and tourism; (v) natural resources and environmental protection; and (vi) arts and culture, traditions, and local wisdom. The middle-tier part identifies the central ministries and departments concerned and the specific services to be transferred. The lower-tier part identifies the recipient local authorities by type, defines the target year of completion, and classifies these services into those that are mandatory and those that are optional for local authorities. Intergovernmental transfer of services is based on a written agreement between a branch office of the central government and the local authority concerned. For smooth transfer, each province has developed operation manuals and training programs under the direction of the Office of the National Decentralization Committee (ONDC), formally known as the Office of the Decentralization to Local Government Organization Committee. The earlier the target year is, the easier the service is for the local authority to perform and the less time-consuming the transfer is. It would be tremendously laborious to analyze when each of the transferred functions was actually transferred to which local authority (out of some 7,800 authorities), and why the transfer has not yet been made for each of the services yet to be transferred. This report does not afford such analysis because of time and space limitations. Table 1-2 provides only a general picture of these intergovernmental transfers.

Fiscal decentralization. As Table 1-3 shows, Thailand attained the target of increasing the proportion of local authority expenditures to 20 % by 2001 as stipulated in the Decentralization Act, but failed to achieve the other target of 35 % by 2006. In fact, the proportion of local authority expenditures rose only 4 % during a period of five years under the Thaksin government. Furthermore, the increase was attained by increasing the local taxes and shared taxes, both of which are collected by the central government, and by increasing grants to local authorities. It is not the result of local

¹¹ For detail, see Nagai, Fumio. “Tai no Chiho Bunken - Chiho Jichi no Genzai — Rensai Dai 3 Kai — Tai no Chiho Bunken ha Susunde Irunoka: Dai Ikki Takushin Seikenka deno Torikumi [the current state of decentralization and local government in Thailand (Part 3) — Is decentralization progressing in Thailand?: efforts toward decentralization under the first Thaksin government].” *Bankoku Nihonjin Shokokaigisho Shoho* 519 (July 2005): 39 - 45. Some schools are reported to be in the process of being transferred.

Table 1-2 Administrative Services to be Transferred under the Decentralization Action Plan — Classification and Progress

	Classification	Breakdown	No. of ministries and departments concerned*	Transfer completed or in progress	No action taken
1	Infrastructure	Traffic and transport, public works, public facilities, urban planning, building control, etc.	87 Services 17 departments in 7 ministries	71	16
2	Quality of life	Livelihood promotion, social security, sports promotion, education, public health, inner city improvement, habitat development, etc.	103 services 26 departments in 7 ministries	69	34
3	Order and security of communities and society	Promotion of democracy, equality, and civil liberties; promotion of community participation in local development; mitigation and prevention of natural disasters; maintenance of the order and security of life and property; etc.	17 services 9 departments in 6 ministries	9	8
4	Planning, investment promotion, and commerce and tourism	Planning, technological development, investment promotion, commerce, industrial development, tourism, etc.	19 services 9 departments in 4 ministries	14	
5	Natural resources and environmental protection	Conservation of natural resources, development and protection of forests, management of the environment and pollution, management and protection of public places, etc.	17 services 9 departments in 4 ministries	15	1**
6	Arts and culture, traditions, and local wisdom	Protection, management, and maintenance of archaeological remains and artifacts as well as national museums, etc.	2 services 1 department in 1 ministry	2	—

* Ministries and departments are two of the units of the central government before the ministerial reorganization in October 2002.

** The remaining one service is not included because it was abolished.

Source: Nagai, Fumio. “Tai no Chiho Bunken - Chiho Jichi no Genzai — Rensai Dai 3 Kai — Tai no Chiho Bunken ha Susunde Irunoka: Dai Ikki Takushin Seikenka deno Torikumi [the current state of decentralization and local government in Thailand (Part 3) — Is decentralization progressing in Thailand?: efforts toward decentralization under the first Thaksin government].” *Bankoku Nihonjin Shokokaigisho Shoho* 519 (July 2005). The accuracy of this table has been reconfirmed by the data and materials that the author obtained at the ONDC of the OPM on August 21, 2006.

authorities expanding their own revenues. Even today, local authorities collect only three types of local taxes: the signboard tax, the land and building tax, and the local maintenance tax. Their taxation assessment standards have remained the same. Financial resources for the ministries and departments concerned have been reduced in line with the intergovernmental transfers. Financial resources thus saved have been distributed among local authorities in the form of general grants based on the standards that are defined annually by the National Decentralization Committee (NDC).¹² This

¹² It is worth noting, however, that the central government also allocates “general grants for specified purposes” among local authorities until the fiscal year of 2007. The specified services include supplementary meals at primary school, livelihood assistance for the aged and disabled, and special allowances for teachers. The budget for this type of general grants is secured by NDC, separately from that of “general grants with no specified purposes.” “General grants with specified purposes,” which came in more than 10 kinds, are allocated according to the list at the Department of Local Administration. The government is now considering abolishing this type of general grants in the fiscal 2008 budget onward (according to Mr. Weerachai Chomsakorn of ONDC, who was interviewed by the author on February 22, 2007).

Table 1-3 Changes in Local and State Revenues for the Past Five Years

(upper figure: in million baht; lower figure: percentage against total local authority revenues)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Taxes collected by local authorities	17,701.88	21,084.47	22,258.28	24,786.27	27,018.96	29,110.41
	11.1 %	12.0 %	12.1 %	10.2 %	9.6 %	8.9 %
Local taxes	55,651.90	58,143.52	60,217.71	82,623.37	95,370.34	110,189.59
	34.8 %	33.1 %	32.7 %	34.1 %	33.8 %	33.7 %
Shared taxes	12,669.00	19,349.00	35,504.44	43,100.00	49,000.00	61,800.00
	7.9 %	11.0 %	19.3 %	17.8 %	17.4 %	18.9 %
Grants	73,729.80	77,273.30	66,085.56	91,438.00	110,610.70	126,013.00
	46.2 %	43.9 %	35.9 %	37.8 %	39.2 %	38.5 %
Total (A)	159,752.58	175,850.29	184,065.99	241,947.64	282,000.00	327,113.00
State revenues (B)	772,574.00	803,651.00	829,495.56	1,063,600.00	1,200,000.00	1,360,000.00
% (100 × A/B)	20.68 %	21.88 %	22.19 %	22.75 %	23.50 %	24.05 %

Note: Although the Decentralization Act sets targets concerning expenditures, the changes in local and state revenues are examined for two major reasons. First, the data and materials available concern revenues only. Second, local authorities are not allowed to spend more than their revenues without approval from MOI. In fact, no local authority in Thailand has been authorized to issue local authority bonds.

Source: Compiled by the author (Nagai) from the data and materials obtained on August 21, 2006, from ONDC of the Office of the Prime Minister (OPM). Those figures of state revenues for FY 2005 and FY 2006 are presumption.

contrasts with the Japanese practice of allocating grants to local authorities according to the needs that have been calculated based on the fixed formula. Many local authorities in Thailand express discontent, saying that they have been given many services but not the financial resources to perform them. Such discontent is especially strong among large-scale *Thesaban* and TAOs.

Intergovernmental transfer of human resources. Little progress has been made in transferring human resources to local authorities. No such transfers were made in 2005 and 2006 as Table 1-4 shows. In fact, the data on intergovernmental transfers in Table 1-2 have not changed since 2005. It is safe to conclude that the fiscal decentralization was not accompanied by the transfer of functions or human resources, although local authority expenditures slightly increased as a percentage of total government expenditures during the period between 2005 and 2006. This constitutes a significant deviation from the principles of the Outline of the Decentralization Plan.

Table 1-4 Intergovernmental Transfer of Civil Servants

Type	FY 2003	FY 2004	Total
Central government officials and officers	1,310	68	1,378
Government employees	2,801	280	3,081
Total	4,111	348	4,459

Source: Compiled by the author (Nagai) from data and materials obtained on August 21, 2006, from ONDC of OPM.

As the above description implies, the discussion of decentralization in Thailand totally lacks meticulous discussion about the “receptive capacity” of local authorities. The administrative services to be transferred to local authorities include those that need to be performed by a group of local authorities and those that do not need to be performed by all the local authorities. The Decentralization Plan, however, does not take full account of these different characteristics of these services. An increase in the transferred services demands increases in the human resources and capacity of local authorities. In fact, these increases are urgently needed now. The response by the central government was largely limited to increasing the percentage of local authority expenditures to the total government expenditures. The central government may not take full account of important factors for public service delivery, including the optimal scale of the local authority as a service provider, costs, and effectiveness. Decentralization in Thailand could result in some 7,800 local authorities performing — according to their own standards — nearly 200 services that were performed by 50 central departments. Progress in decentralization usually increases calls for cooperation among local authorities and even their merger and consolidation. Thailand has just started to promote interlocal cooperation (discussed later). In Thailand, however, such amalgamations are a political taboo. Inappropriate management and procedures of the decentralization process, which represents a shift in emphasis from bureaucratic functionality to local capacity, could significantly reduce the quality of public services instead of improving it.

To date, the decentralization process in Thailand has placed a disproportionate emphasis on the capacity building of individual local authorities. It has avoided reorganizing the existing local administration system as a whole, leaving the system intact. Thailand has retained the dual system of the governance and autonomy lines, the power of provincial governors and district officers to control and supervise local authorities, and the qualifications for each type of local authorities. While the existing framework has remained in place, the decentralization process has achieved three objectives: (i) clearly establishing the two-tier structure of umbrella local authorities and basic local authorities; (ii) implementing “bottom-up monitoring” with community participation; and (iii) introducing the system of electing the heads of local authorities directly by popular vote for clearer accountability, including clearer decision-making processes.

1-4 Changes in the Relationship between Central Government and Local Authority and the Roles and Functions of Local Authorities

How does progress in decentralization in Thailand, as seen in the preceding section, relate to each local authority? To find an answer to this question, it is necessary to look at the powers and duties of local authorities.

As has been emphasized at the beginning of this chapter, the local administration in Thailand is

intricate, and so are the powers and services of individual local authorities. First, Thailand does not have a comprehensive act for local authority, unlike Japan, the Philippines, and Indonesia, for example. All the country has is the act for establishing each type of local authority.¹³ (For this reason, this report collectively refers to such acts as “local government acts.”) This reflects the fact that local authorities were gradually established amid a succession of progress and regress in democratization in Thailand. Second, the powers and services of local authorities are limited to those that are defined by local government acts or by relevant acts, such as the Public Health Act of 1992 and the Enhancement and Conservation of the National Environmental Quality Act of 1992 (express enumeration). Third, the local government acts classify administrative services into mandatory ones (Table 1-5 and Table 1-7)

Table 1-5 Mandatory Services for *Thesaban*

	Mandatory services for <i>Thesaban</i>	Subdistrict	Town	City
1	Maintenance of peace and order of residents	○	○	○
2	Provision and maintenance of roads and canals	○	○	○
3	Clean-up of roads, pavements, and public spaces; waste and sewage disposal	○	○	○
4	Prevention and control of communicable diseases	○	○	○
5	Provision of firefighting equipment	○	○	○
6	Education and training of residents	○	○	○
7	Promotion of the development of women, children, youth, the aged, and the disabled	○	○	○
8	Conservation of arts, traditions, local wisdom, and good culture	○	○	○
9	Other services that are defined as duties of <i>Thesaban</i> by law	○	○	○
10	Clean water supply	—	○	○
11	Provision of slaughterhouses	—	○	○
12	Provision and maintenance of places for protecting the sick and injured	—	○	○
13	Provision and maintenance of drainage channels	—	○	○
14	Provision and maintenance of public lavatories	—	○	○
15	Provision and maintenance of electric or other streetlights	—	○	○
16	Provision and maintenance of pawnshops or local credit facilities	—	○	○
17	Provision and maintenance of mother and child welfare	—	—	○
18	Other activities necessary for public health	—	—	○
19	Management of hygiene and health at grocery stores, recreation facilities, and other business places	—	—	○
20	Management concerning the improvement of residential and depressed areas	—	—	○
21	Provision and management of market places, levees, ferry landings, and parking lots	—	—	○
22	City planning and construction management	—	—	○
23	Tourism promotion	—	—	○

Source: Nagai. 2001: 70.

¹³ MOI established a working committee for drafting a local government code. This committee was approved by the Cabinet and placed under consideration at the Council of State toward the end of the Thaksin government. The code drafting process was put to a halt, however, after the military coup on September 19, 2006. These facts were confirmed when the author interviewed Dr. Somkit Lertpaithoon, Professor at the Faculty of Law, Thammasat University (who chaired the drafting committee) on August 29, 2006; and Mr. Rungsun Aiumbootlop, Director of Local Regulations and Laws Division, DLA on January 4, 2007.

and optional ones (Table 1-6 and Table 1-8). Failure to perform mandatory services is subjected to administrative guidance based on the authority of provincial governors and district officers to control and supervise local authorities. It is ultimately up to local authorities, however, whether they will perform optional services or not. This reflects the idea that transferring the same mandatory services to any local authority may not be an efficient or effective approach in Thailand, which is characterized by diverse and varied localities. The problem is that the intergovernmental fiscal transfer system is not designed to appropriately meet the fiscal needs of the transferred services and responsibilities, except supplementary meals for pupils; salaries for teachers; livelihood assistance for the aged, disabled, and AIDS patients; and a few others. For this reason, the levels of administrative services vary greatly depending on the local authority. There are few signs that the decentralization process has reduced such gaps. Rather, it may have widened them due in part to the classification of even the services that have already been transferred into mandatory and optional ones.¹⁴

Table 1-6 Optional Services for *Thesaban*

	Optional services for <i>Thesaban</i>	Subdistrict	Town	City
1	Clean water supply	○	—	—
2	Provision of slaughterhouses	○	—	—
3	Provision and management of market places, levees, and ferry landings	○	○	—
4	Provision of graveyards and crematoria	○	○	—
5	Maintenance and promotion of people's livelihoods	○	○	—
6	Provision and maintenance of places for protecting the sick and injured	○	—	—
7	Provision and maintenance of electric or other streetlights	○	—	—
8	Provision and maintenance of drainage channels	○	—	—
9	Municipal enterprises	○	○	—
10	Provision and maintenance of mother and child welfare	—	○	○
11	Provision and maintenance of hospitals	—	○	○
12	Construction and restoration	—	○	○
13	Other activities necessary for public health	—	○	○
14	Provision and maintenance of vocational schools	—	○	○
15	Provision and maintenance of places necessary for sports and physical training	—	○	○
16	Provision and maintenance of parks, zoos, and recreational rest areas	—	○	○
17	Improvement of depressed areas, and maintenance of sanitation and order of rural areas	—	○	○

Note: Nagai. 2001: 71 mistakenly failed to list "Provision of graveyards and crematoria," "Maintenance and promotion of people's livelihoods," and "Municipal enterprises."

Source: Nagai. 2001: 71 (partly revised).

¹⁴ This classification is based on the criteria of NDC, not the local government acts, according to Mr. Weerachai Chomsakorn, who received an interview by the author at ONDC of OPM on February 22, 2007.

Table 1-7 Mandatory Services for TAOs

	Mandatory services for TAOs
1	Provision and maintenance of roads and canals
2	Clean-up of roads, canals, pavement, and public spaces; waste and sewage disposal
3	Prevention and control of communicable diseases
4	Prevention and mitigation of pollution
5	Promotion of education, religion, and culture
6	Promotion of the development of women, children, youth, the aged, and the disabled
7	Protection, supervision, and maintenance of natural resources and the environment
8	Conservation of arts, traditions, local wisdom, and good culture
9	Services commissioned by the central government as necessary, which provides financial and human resources for them

Source: Nagai. 2001: 77.

Table 1-8 Optional Services for TAOs

	Optional services for TAOs
1	Supply of water for domestic use and agriculture
2	Provision and maintenance of electric or other streetlights
3	Provision and maintenance of drainage channels
4	Provision and maintenance of meeting places, playing fields, recreational rest areas, and parks
5	Establishment and promotion of agricultural groups and cooperatives
6	Promotion of family industries
7	Protection and promotion of people's livelihoods
8	Protection, supervision, and maintenance of properties as national public goods
9	Profit seeking from the properties of the TAO
10	Provision of market places, levees, and ferry landings
11	Services related to commerce
12	Tourism
13	City planning

Source: Nagai. 2001: 77.

It is practically difficult to make an optimal distinction between mandatory and optional services. For example, the Department of Fisheries, the Ministry of Agriculture and Cooperatives (MOAC) transferred the management of some 1,000 rural fishing ponds to local authorities, but most local authorities virtually abandoned the fishing ponds. Farmers are now demanding directly or through politicians that the department perform maintenance works, including dredging, for these ponds, and their calls are showing no signs of abatement.¹⁵ The Department of Irrigation transferred the management of many weirs, irrigation canals, and roads along them to local authorities. The Bureau of Budget of OPM made the corresponding transfer of budget funds. Most local authorities, however,

¹⁵ According to the Director-General of the Department of Fisheries, who was interviewed by the author on January 6, 2007.

spent the funds in developing new infrastructure rather than maintaining the existing ones. This resulted in many farmers demanding that the department perform maintenance works. The Department of Ground Water Resources, the Ministry of Natural Resources and Environment (MoNRE) transferred the service of well drilling and the management of wells to local authorities. The problem was that after an earthquake occurred off Sumatra in 2004, the department could not embark on repairing wells damaged by sea water in the southern part of the Andaman Sea coastal area.¹⁶ Although the prevention and mitigation of pollution is now a mandatory service for TAOs, they do not have equipment for Environmental Impact Assessments (EIA). The provincial office of natural resources and the environment, which was set up in the provincial hall as part of the ministerial reorganization in October 2002, lack not only such equipment but also EIA experts; most officials at provincial halls are originally from the Royal Forest Department. For this reason, TAOs have no choice but to resort to 16 regional offices of MoNRE. Livelihood promotion services were transferred from a number of departments, including the Department of Agricultural Extension (DOAE) and Cooperative Promotion Department (CPD) of MOAC, and CDD of MOI. As these transferred services are classified as “optional services for local authorities,” budget funds for these services seem to have been reduced as a whole.¹⁷ Certain amounts of budget spending are allocated to groups of housewives and young people because they constitute an important constituent in Thailand, but these budget allocations are not large in amount by any standard.

All these examples point to a major dilemma. Local authorities may avoid allocating budget funds to an “optional service” (especially funds for maintenance costs). On the other hand, a “mandatory service” may be beyond the capacity of small-scale local authorities such as TAOs. In terms of local finance, the dilemma is a choice between two options: (i) transferring funds as general grants in expectation that local authorities will make effective use of them; and (ii) granting purpose-specific grants as in the local allocation tax system in Japan for delivering standardized services throughout the country.

The decentralization process in Thailand has had positive effects as well. First, the direct election of the local authority head by popular vote has resulted in smaller budget allocations for developing infrastructure and larger ones for improving the quality of life in some local authorities where candidates emphasized welfare, education, and the environment during their election campaigns.¹⁸ This positive effect is attributable to two major factors. The first factor is that local authority heads have come to be held accountable for the policies that they promised to implement during their campaigns. During the period of indirect election, they could be elected even if they had their constituency in only

¹⁶ According to the officials at the Office of the Natural Resources and Environmental Policy and Planning of MoNRE who were interviewed by the author on February 21, 2007.

¹⁷ According to the officials at DOAE and CPD on January 7, 2007.

¹⁸ One of these local authority heads is Ms. Penpak of the town of Ko Kha, Lampang Province. Ko Kha is one of the pilot sites of the Project on Local Management Cooperation: Phase II.

part of the election district. The second factor is that they are now able to serve up to two terms or eight years in office.

The second positive effect of decentralization is increased elasticity and flexibility in policy for local authorities. Until recently, local authorities were required to formulate a five-year development plan in accordance with the five-year National Social Economic Development Plan. This requirement was changed after Thaksin Shinawatra took power in 2001. The five-year plan for local authorities was replaced by a three-year rolling plan from FY 2003, partly because the Thaksin government placed more emphasis on the development strategy and outcomes rather than the decision-making process. The council and head of a local authority now have more freedom in programs in the rolling plan, allowing more flexible budget implementation.

The third positive effect is that some central ministries and departments now welcome the devolution process. MOAC, for example, has noted that the human resources of local authorities were instrumental in implementing measures to control avian flu. The Department of Disaster Prevention and Mitigation (DDPM) of MOI says that it is essential for local authorities to prepare a plan for disaster prevention and mitigation. This shows that the central government has high expectations for the role local authorities play in services that entail the mobilization of local manpower for emergencies.

Despite these positive effects, the decentralization process in Thailand faces a number of challenges in services that require interlocal cooperation, prompt action, or high levels of skills. The Ministry of Public Health (MOPH) does not want to transfer the management of health centers across the country for two major reasons. First, it fears that the transfer would dissect the referral system. Second, MOPH has decided that local authorities lack the operational capacity for controlling communicable diseases. The Pollution Control Department of MoNRE has not transferred the power to inspect sewage to local authorities because they do not have relevant inspectors or equipment in the first place. *Thesaban* and TAOs are required by law to have fire engines, but small-scale local authorities cannot afford to employ or train firefighters. Fire engines may be a waste of a valuable asset in areas where fires rarely occur. In fact, the author has witnessed a fire engine being used for spraying water within the area of a TAO more than once. In many parts of the country, waste generated in a *Thesaban* with a small area and a dense population is transported by garbage trucks to a neighboring TAO for illegal dumping. TAO residents physically try to block the passage of these vehicles. Such incidents are known as “waste wars.”

Cooperation among local authorities provides an effective solution to these challenges, but the environment for interlocal cooperation is unfavorable. First, a local authority is prohibited from using its budget funds outside its territory as a matter of principle. Second, there are no guidelines for establishing a formal interlocal association for joint service delivery (*sahakarn*). Third, there are legal

voids for interlocal cooperation, as highlighted by the fact that the TAO Act of 1994 has no provisions for *sahakarn*.

In relation to legal voids for decentralization, the legal amendment subcommittee of NDC has been working to include provisions on the responsibilities transferred to local authorities. Yet there has been little progress in legal amendment partly because popularly elected councils are not working properly. This poses a serious challenge for decentralization in Thailand.

A smooth decentralization process requires the mobilization of human and financial resources as well as legislative measures to ensure local authorities perform their duties properly. It is essential to establish a powerful organization that makes strategic coordination among these resources and measures. Although NDC, a standing committee under OPM, serves as a coordinating organization, it is too understaffed to perform its wide range of duties. Only 40 full-time officials work for NDC. Every year, these officials make themselves busy with the overwhelming work of calculating the amounts of local taxes, shared taxes, and grants for each local authority in consideration of many different criteria, not based on the statutory formula as in Indonesia and the Philippines. All ONDC can do is to cope with the problems that keep popping up and secretarial services for NDC. ONDC cannot afford to perform monitoring or evaluation of the devolution process. This situation is reflected in the fact that the second Decentralization Plan, which is now being drafted by NDC, places a special emphasis on legal amendment, monitoring, and evaluation.¹⁹

1-5 Issues to be Addressed by the Central Government and Local Authorities in Promoting Decentralization

The preceding sections have described the local authority system and the decentralization process in Thailand, which have been major defining factors for the objectives and procedures of the JICA Program on Capacity Building of Thai Local Authorities. Thailand is facing many outstanding issues. This sector identifies major issues among them for the central government and local authorities, as well as for the management and system design of decentralization in Thailand.

First, the central government clearly needs to formulate the Decentralization Plan meticulously and implement it steadily. The first Decentralization Plan, which actually took several months to be prepared, had an ambitious target of increasing the share of local authority expenditures to total government expenditures from around 10 % to 35 % in five years. This target is now criticized as being too ambitious by many scholars and government officials. Although the need to transfer authority, budget funds, and human resources simultaneously was emphasized, the central government

¹⁹ According to Mr. Weerachai Chomsakorn, who was interviewed by the author on February 22, 2007, at ONDC of OPM.

transferred budget funds first. Intergovernmental transfers of human resources have been quite limited to this day. In that sense, the decentralization process in Thailand does not deserve unreserved praise. The central government launched the decentralization process without a clear consensus on the interpretation and definition of decentralization, although it may involve various concepts, including: (i) devolution, (ii) de-concentration, (iii) community participation, and (iv) privatization. This tendency is particularly applicable to MOE and MOPH.

Second, any plan for large-scale decentralization must take full account of the “receptive capacity” of local authorities. For example, it may be a waste of a valuable asset that even a small-scale TAO has a fire engine and a garbage truck that are not used regularly. A more effective and efficient approach would be to organize an interlocal association (*sahakarn*) that jointly manages garbage trucks and train firefighters. In fact, it is quite natural that once local authorities are directly involved in affairs related to the quality of life such as public health and the environment, they think of establishing *sahakarn* or even amalgamations of local authorities for managing a hospital or developing an emergency treatment system, for instance. The fact that decentralization is inseparably associated with the receptive capacity of local authorities indicates the need to carefully select the most effective and practical approach to decentralization among a wide range of options. Evidence suggests, however, that the decentralization process in Thailand has not taken full account of the quality of public services, while retaining the existing local administration system, which is characterized by the dual system of the central government and autonomy lines and the two-tier structure of umbrella local authorities and basic local authorities. Although this approach might be fine for gradual and small-scale decentralization, it may not be feasible, especially in light of uncertainty in the future.

Third, it is necessary to strengthen both the system of local authority finances and the system of intergovernmental fiscal adjustment. A fiscal adjustment system based on a fixed formula, as in the Philippines and Indonesia, has an advantage of a high predictability of local finances and a disadvantage of entrenching the intergovernmental fiscal disparities. Significant annual variations in local finances due in large part to frequent revisions of fiscal equalization criteria, makes it difficult to manage fiscal affairs from a long-term perspective as in the case of Thailand. Every country needs to pursue a proper position between these two extremes so that its fiscal adjustment system is appropriate for the capacity and authority of local authorities. It is often the case in Thailand, however, that allocations of general grants to local authorities are made automatically according to the class of local authorities, which is determined by a set of certain indicators and variables. The combination of these indicators and variables is a problem in itself. In fact, it was taken up as an issue for a World Bank project (see Section 1-6), the Study Team for Government Decentralization Reforms in Developing Countries at the JICA Institute for International Cooperation, and the Thailand-Japan Joint Research Team (see Chapter 2). The average TAO has only a few full-time staff members (see Table 1-9). Increasing the staff is difficult, however, because it is virtually impossible for small-scale local authorities to employ staff on their own.

Table 1-9 Number of Local Authority Personnel

	Officials and officers	Employees	Temporary staff	Total
PAOs	6,362	2,634	4,891	13,887
TAOs	42,991	7,608	48,730	99,329
<i>Thesaban</i>	29,795	12,733	54,226	96,754
Others	NA	NA	NA	NA
Total	79,148	22,975	107,847	209,970

Note: The numbers are as of July 30, 2006 (excluding those of the Bangkok Metropolitan Administration [BMA] and the City of Pattaya)

Source: DLA, MOI

On the other hand, some TAOs have dozens of council members, accounting for nearly half of their budget. Decreasing the number of council members is difficult, however, because it is statutorily determined by the local government acts. A more serious problem is that although local authorities account for one-fourth of the total government budget, Thailand has only a few experts in local authority finance. Training for such experts is urgently needed, apart from accurate evaluation of the system of intergovernmental fiscal adjustment in Thailand.

Fourth, as has been discussed in the preceding section, exploring the possibility of interlocal cooperation and even the merger and consolidation of local authorities is an imperative issue now that local authorities are under increasing pressure to deliver public services more efficiently and effectively as decentralization progresses. MOI is not indifferent to this issue. In fact, MOI forced the merger of TAOs and *Tambon* Councils with a population of 2,000 or less with their neighboring local authorities in the legal amendment in 2003, except under special circumstances (for example, the case in which TAOs and *Tambon* Councils are located in remote areas, including those deep in the mountains and isolated islands). On the other hand, MOI has remained reluctant to promote the merger and consolidation of local authorities in anticipation of strong resistance against such moves. Nonetheless, the JICA Program on Capacity Building of Thai Local Authorities has stimulated the interest of MOI in interlocal cooperation, as discussed in detail in Chapter 3. In an interview in August 2006,²⁰ Mr. Saroch Kutthamath, the then director-general of the Department of Local Administration, expressed his expectations that interlocal cooperation would lead to the merger and consolidation of local authorities and that this would in turn reduce the number of local authorities.

Fifth, political will is essential in promoting decentralization. Smooth implementation of decentralization requires considering a number of factors, including the authority of each central government office, the tax and fiscal systems under the jurisdiction of the Fiscal Policy Office of the Ministry of Finance and the Bureau of Budget of OPM, and the agenda of OCSC. The ultimate key,

²⁰ This interview was conducted by the authors (Nagai, Ozaki, and Kimata) on August 21, 2006.

however, is strong political will that can persuade the bureaucrats and show the way toward decentralization.

The second Chuan government did have such will and forged ahead with the decentralization process. Embracing the philosophy of the 1997 Constitution, the government revised local government acts, drafted related legislation within the predetermined period, and achieved the fiscal decentralization target of increasing the share of local authority expenditures in total government expenditures.

In contrast, the Thaksin government lacked the political will for decentralization. Rather, the Thaksin government set out a policy of strengthening the powers of provincial governors, who are agents of the prime minister in the regions and played a pivotal role in the central government line (“integrated” or “Chief Executive Officer (CEO)-type” provincial governors). Under the agreement on performance targets with provincial governors, the prime minister urged them to develop and implement a provincial development strategy and a provincial integrated development plan. This policy made the ministries and departments focus solely on the CEO-type provincial governors, which in turn diminished public interest in decentralization and slowed progress in making regulatory arrangements necessary for decentralization, including amendments to the existing acts and the establishment of new ministerial ordinances and regulations. As a result, intergovernmental transfers of authority, budget funds, and human resources were not implemented smoothly as the (first) Decentralization Action Plan prescribed, especially in the health and education sectors.

What has been discussed earlier in this chapter should be given adequate attention in designing an international cooperation project or program in local administration or decentralization. This is because the state administrative structure and the local authority system play a major role in dictating the content and direction of decentralization. In other words, they are important factors for such a project or program.

Another important factor is political will, the ultimate key to successful decentralization. This factor, however, is volatile rather than permanent.

What is required of local authority or local administration is subject to constant change depending on the progress in socioeconomic development as well as in decentralization. These requirements pose a major challenge for many developing countries. The experiences of developed countries can provide important lessons for them.

How did Japan’s experiences help Thailand in the decentralization process? Before discussing this issue in the following chapters, it is worth reviewing how other donors supported Thailand in this sector.

1-6 Overview of Other Donors' Support for Decentralization in Thailand

This section overviews major international cooperation projects that other donors have implemented to support the capacity building of local authorities in Thailand. There are two objectives. One is to characterize these projects from the perspective of CD by classifying them by their target entity or entities in Thailand. The other objective pertains to the position of the JICA Program on Capacity Building of Thai Local Authorities in relation to these projects.

1-6-1 Classification and Characteristics of International Cooperation Projects

As discussed in Section 1-2, the decentralization process in Thailand is characterized by the strong leadership of the central government. This is attributable to the long history of the country's centralized governance system, which dates back to the end of the 19th century. Specifically, DLA and other government offices concerned have been promoting decentralization under a detailed plan based on the master plan. This characteristic is reflected in the implementing frameworks and the fields of assistance of the international cooperation projects designed to support the capacity building of local authorities in Thailand.

The international cooperation projects can be divided into four types depending on the target entity or entities in Thailand, which may be: (i) the central government, which develops a higher program for decentralization; (ii) the central ministries and departments that develop and implement necessary policies and systems under the higher program; (iii) local authorities; and (iv) universities or other research/training institutions, including the King Prajadhipok's Institute (KPI). Type-4 generally benefits the three layers of the target entity or entities [(i) - (iii)], although some projects are more focused than others. The following paragraphs review the characteristics of each of the four types (see Table 1-10).

Projects for the central government

Only a few Type-1 projects have been implemented for the central government. For the Office of ONDC of OPM, which is in charge of master planning for decentralization, there has been only one such project, that is, a policy advice project implemented by the World Bank in 2002.²¹ The World Bank presented policy recommendations on the system of local authority finances to the National Assembly and the Ministry of Finance²² as part of its response to the fiscal crisis in the wake of the Asian economic crisis in 1997. The World Bank reduced its activities in Thailand after Thaksin Shinawatra took power in 2001²³. As of August 2006, when the author visited ONDC, no World Bank

²¹ 'the Capacity Building Project' was carried out for two months by World Bank in 2002.

²² Policy recommendations were presented in the World Bank's Social Investment Project, which was launched in 1998.

²³ Prime Minister Thaksin Shinawatra pursued equal partnership, rather than a donor-recipient relationship, in international economic cooperation. He expressed his intention of limiting external technical assistance to a few sectors such as small and medium sized business promotion as well as information and communication technology and even reducing its scope in his speeches and comments.

project was underway and ONDC had no plans for a new World Bank project. It is said that Thailand made reference to the local authority system in France and other countries for intergovernmental division of public services in Thailand while developing the master plan for decentralization. However, the Thai government, which has more than a century of experience in local governance, did not need the direct involvement of donors in the decentralization process.

Projects for central ministries and departments

Many of the technical cooperation projects by donors are chiefly aimed at central ministries and departments (Type-2). Major technical cooperation projects in local administration by Danish Cooperation for Environment and Development (DANCED)²⁴ and German Agency for Technical Co-operation (GTZ) belong to this type. In general, Type-2 projects first focus on a few model sites and then take advantage of the outcomes produced there in policy review or technology diffusion to other local authorities. In that sense, the scope of the project implementation process includes local authorities as in Type-3. However, the ultimate purpose of Type-2 projects is not capacity building of the local authorities that have been designated as model sites, but support for central government offices in policy and institution development or diffusing relevant technologies to all local authorities. The centralized system of local governance covering four layers of provinces, districts, *Tambon*, and villages is in place for supporting activities at project sites and disseminating project outcomes.

DLA is the usual Counterpart (C/P) organization in Type-2 projects designed to support the capacity building of local authorities. However, the department that is in charge of a specific field of local authority services and has the resource persons for the field may serve as the counterpart agency. For example, GTZ worked with the Ministry of Science, Technology and Environment (now MoNRE) in its project for the improvement of municipal waste management. The Department of Town and Country Planning (DTCP) was the C/P agency for JICA in its project for “Development of the Method of Urban Development.”

DLA is responsible for both implementing policies for organization/institution building for local authorities and providing training for local authority personnel. DLA is therefore placed in an appropriate position for promoting CD both at the institutional level in local administration and at the organizational level in local authority. In addition, DLA is the only central government office that has a direct channel to local authorities,²⁵ facilitating project site selection, project implementation,

²⁴ DANCED is a program of the Danish Ministry of the Environment. As part of DANCED, the ministry implemented the Thailand Danish Country Programme for Environmental Assistance between 1998 and 2001.

²⁵ DLA has a field office in every province to provide administrative support to local authorities. Both the district officer and the officials at the district office, the most familiar central government branch office for local authorities, belong to DOPA. DLA and DOPA maintain close personnel relations as they were part of DOLA before the reorganization of the central administrative system in October 2002.

and dissemination of project outcomes nationwide.²⁶ It should be noted, however, that DLA officials are not experts or engineers in the specific field a technical cooperation project is trying to address. This means that for effective project implementation, it is advisable to work with both DLA and the government office responsible for that field. In reality, however, it is difficult to work with more than one ministry as the C/P because of deep-rooted interministerial sectionalism.

Projects for local authorities

Type-3 projects bypass the central government offices and directly target local authorities. They include (i) projects between local authorities in Thailand and those in another country such as sister-city exchange projects;²⁷ and (ii) projects in which an association of local authorities in another country supports local authorities in Thailand, as exemplified by assistance projects funded by local governments in European Union (EU) under the Asia Urbs Programme (ASIAURBS).²⁸

Joint projects with universities and research/training institutions

Joint projects with universities and research/training institutions (Type-4) are expected to increase in the future for three major reasons. First, Thailand is trying to transform itself from a recipient country into a donor country. As donors are decreasing their aid projects for Thailand, their projects at the central government level are on the decline. Second, local authorities in Thailand have been required to obtain approval from the Cabinet since 2004 if they want to work directly with an international aid agency for a project without the intermediation of the central government, making it almost impossible to implement projects that bypass the involvement of the central government.²⁹ Third, universities and research/training institutes in Thailand, including KPI and the Thailand Innovative Administration Consultancy Institute (TIA) are developing human resources who are capable of undertaking joint projects or projects under contract with international aid agencies. There are signs that such projects will increase both in number and scope.³⁰

²⁶ However, DLA has no authority to control and supervise local authorities because the local government acts provide that local authorities are independent juristic entities. DLA is well aware of this. The author (Ozaki) was often told that DLA is designed to support, not govern, local authorities while being stationed at the department.

²⁷ Among such projects by local governments in Japan are the abacus training project that the town of Yokota, Shimane Prefecture is implementing in Roi Et Province, and the waste management project that the city of Kitakyushu, Fukuoka Prefecture is promoting in BMA.

²⁸ ASIAURBS was established by EC in 1994 to implement cultural, economic, and development projects jointly with local governments in Asian countries. One of these projects was implemented by local governments in Europe to support the capacity building of municipalities in Asia as part of their assistance in decentralization.

²⁹ This policy change requires ASIAURBS to alter their approach of working directly with local authorities in Thailand. However, the association of *Thesaban* called the National Municipal League of Thailand (NMLT) states that international aid agencies can implement projects that directly support *Thesaban* if they sign an agreement with NMLT (a statement by Chief Executive Paithoon Boonyawatana on August 23, 2006).

³⁰ UNDP commissioned research on monitoring systems for participatory local development to KPI and the Thai Development Research Institute (TDRI) in the project called "Partnership for Local Empowerment through Democratic Governance (PLEDGE)" it conducted between November 2004 and November 2006. The Chulalongkorn University, TDRI, and other institutions undertook studies on local authorities in a World Bank project for the capacity building of local authorities. This project was part of the Social Investment Project the World Bank implemented between July 1998 and April 2004 as a major response to the Asian economic crisis.

Classification of JICA projects

The following paragraphs examine the position of four projects JICA implemented under the Program on Capacity Building of Thai Local Authorities in relation to the four types of projects.

The Thailand-Japan Joint Research Project is designed to study matters related to the capacity building of local authorities of which DLA is in charge. It is not intended to produce recommendations on the course of action for decentralization. In that sense, this project belongs to Type-2. Its principal purpose is to support DLA, a central government office, in policy and institution development. Yet the recommendations produced in this project as a research outcome include those on higher-level policy.³¹ In that sense, the project partly belongs to Type-1.

The remaining three JICA projects also belong to Type-2 because DLA is the C/P agency in these projects: the Project on Local Management Cooperation, the Project on Capacity Building for Local Authorities through Local Cooperation and Local Public Services Standards, and the Project on Capacity Building for Planning Management of Local Authorities.

Of the three, the last two projects place more emphasis on activities in the project sites (local authorities) and the project outcomes there than the first project. However, the ultimate purpose of the two projects is not to support CD of individual local authorities, but to assist DLA in institution building or capacity building in technical assistance. Specifically, the Project on Capacity Building for Local Authorities through Local Cooperation and Local Public Services Standards is aimed at supporting DLA in policy and institution development. The Project on Capacity Building for Planning Management of Local Authorities is designed to develop approaches to the planning of participatory local development that are applicable to small-scale local authorities under the existing institutional and organizational frameworks and support DLA in promoting such approaches. The overall goal of the two projects is to support CD of Thai local authorities in their respective fields.

The preceding paragraphs have characterized international cooperation projects for the capacity building of local authorities in Thailand by classifying them according to their target entities. In terms of the target level of CD, Types 1-3 correspond to three types of levels: (i) the institutional and societal level (higher-level policy); (ii) the institutional and societal level (institution building and management) and the organizational level (both central government offices and local authorities); and (iii) the organizational level (local authorities).

³¹ The Thailand-Japan Joint Research Team presented recommendations to ONDC. They suggested, among other issues, the introduction of grants for promoting interlocal cooperation and personnel exchanges among organizations concerned with provincial administration and local authorities.

Type-2 projects, in which the counterpart agency is served by a central government office, provide the most efficient and effective approach to CD of local authorities nationwide under the current administrative system. In fact, most of the international technical cooperation projects belong to this type.

Table 1-10 Classification of International Cooperation Projects for the Capacity Building of Local Authorities in Thailand

Classification	Key target entity	Project fields (examples)	C/P agencies (examples)	Projects (examples)
1	Central Government (master planning)	<ul style="list-style-type: none"> Policy advice on decentralization Reform of local finance 	ONDC of OPM	Office of Civil Service Commission Ministry of Finance
2	Central government offices (Ministries and departments in charge of implementation)	<ul style="list-style-type: none"> Support for policy and institution development for the capacity building of local authorities Training of central government officials and officers 	DLA MoNRE DTCP	GTZ: Urban Planning and Management Project (1996 - 2002) UNDP: Regional Urban Development Project (1994 - 1999) DANCED: Environmental Management and Development Project (1997 - 2000) JICA: Capacity Development of Thai Local Authorities (2000 - 2004)
3	Local authorities	Support for the capacity building of local authorities	<i>Thesaban</i> TAOs PAOs	ASIAURBS: the project for archaeological site protection and tourism promotion in Ayutthaya Province (2004 -), and the project for the management of the urban environment in Lamphun Province. <ul style="list-style-type: none"> Sister-city exchange projects
4	Universities and research/training institutions	Study projects (For developing evaluating and monitoring methods, building an information system, and other purposes)	KPI, TDRI, TIA, and universities	World Bank: A component of the Social Investment Project (1998 - 2004) UNDP: A component of the Partnership for Local Empowerment through Democratic Governance Project (2004 - 2006)

Source: Compiled by the author (Ozaki).