# 13. Thailand

## CHAMNIERN VORRATNCHAIPHAN AND DAVID VILLENEUVE

### INTRODUCTION

Thailand has grown impressively in recent decades, particularly in comparison with its neighbors in the Greater Mekong Subregion (GMS). However, growth was interrupted by the 1997 financial crisis, which badly affected the economy and increased poverty across the nation. The past few years have seen the economy rebound and poverty rates falling again, particularly in urban areas. Table 13.1 presents recent national development statistics.

### COUNTRY CONTEXT

### Economic and Social Trends in Thailand

In many ways, Thailand has become the economic gateway to the GMS. With its ranking of 73rd in the Human Development Index, and 21st out of 88 in the Human Poverty Ranking (2003), Thailand is economically more advanced than most of its neighbors and constitutes the subregion's most developed and largest market. It is an important source of expertise, economic knowledge, and capital resources in the region. It also serves as a communication and transportation hub, and an entry point from which many potential foreign investors view the GMS. In spite of its impressive growth, poverty remains a key issue, particularly in the northeastern region bordering the Lao People's Democratic Republic, and border areas adjacent to Cambodia to the east and Myanmar to the west.

Thailand considers that it "will achieve most, if not all, of the Millennium Development Goals (MDGs) well in advance of the global targets set for 2015." Since 1990, poverty has been reduced by two thirds, the proportion of underweight children has fallen by half, and universal access to primary school education is likely to be achieved within a few years (National Economic and Social Development Board [NESDB] 2004). Building on its achievements, the country has introduced the concept of "MDG Plus" as a set of tailor-made and ambitious development targets going well beyond the international MDG targets.

### Table 13.1: Country Development Profile, Thailand

| | |
|---|---:|
| Human Development Index (HDI) rank of 177 countries (2003)^ | 73 |
| GDP growth (annual %, 2004) | 6.05 |
| GNI per capita, Atlas method (current $, 2004) | 2,540 |
| GNI, Atlas method (current $ billion, 2004) | 158.7 |
| GDP per capita PPP ($, 2003)^ | 7,595 |
| GDP PPP ($ billion, 2003)^ | 471.0 |
| Population growth (annual 2005–2010 %) # | 0.87 |
| Population, total (million, 2005)# | 64.08 |
| Urban population, total (million, 2005)# | 20.82 |
| Urban population percent of total population (2005)# | 33 |
| Population largest city: Bangkok (million, 2005) | 6.60 |
| Population Growth: 9 capital cities or agglomerations > 750,000 inhabitants (2000)# | |
| - Est. average growth of capital cities or urban agglomerations 2005–2015 (%) | 16 |
| - Number of capital cities or urban agglomerations with growth > 50%, 2005–2015 | 0 |
| - Number of capital cities or urban agglomerations with growth > 30%, 2005–2015 | 0 |
| Sanitation, % of urban population with access to improved sanitation (2002)** | 97 |
| Water, % of urban population with access to potable water (2002)** | 95 |
| Slum population, % of urban population (2001)** | 2 |
| Slum population in urban areas (million, 2001)** | 0.25 |
| Poverty, % of urban population below national poverty line (1992)** | 10.2 |
| Aid (Net ODA received ($ million, 2003)^ | -966.3 |
| Aid as a share of country income (Net ODA/GNI 2003 %)* | -0.7 |
| Aid per capita (current $, 2003)^ | -15.6 |

GDP = gross domestic product, GNI = gross national income, ODA = official development assistance, PPP = purchasing power parity.
Sources: See Footnote Table 3.1,; World Bank (2005); Organisation for Economic Co-operation and Development (2003); United Nations (2004, 2005).

While substantial progress has been made in reducing poverty since the early 1980s, the 1997 Asian financial crisis dealt a blow that was felt throughout all income groups, with the poorest being the most affected. Government sources estimate that the incidence of poverty increased from about 11.4% in 1996 to 15.9% in 2001 (NESDB 2003a). However, with the return to stronger economic growth over the past few years, poverty has fallen significantly. It is the rural areas, particularly in the northeast, that are not likely to have gained as much from economic growth as the greater Bangkok area and other urban areas.

Urban and rural poverty in 1993 were relatively evenly distributed. But by 2002, the incidence of urban poverty had dropped to 4.0% while rural poverty was at 12.6%, resulting in an overall national poverty rate of 9.8% (Table 13.2). However, when applying the $1 per day criterion, in 2000 only 1.9% of the population was below this threshold.

## Urban Trends

### *Urban growth*

Thailand is estimated to be about 43% urbanized by 2006, and will have 50% of the population living in urban areas by the year 2015 (NESDB 1998). Figure 13.1 illustrates past and projected changes in urban populations to 2030. Thailand is experiencing a slower rural-urban transition than other countries in the region. While the return to higher economic growth may see more rural to urban migration, urbanization pressures are being tempered by overall low rates of natural population increase.

Previous projections showed Thailand's population at over 50% urbanized by 2008; however, the economic crisis of 1997 substantially slowed the pace of urbanization. Much of this urban growth is occurring at the expense of

**Table 13.2: Population Statistics, Thailand[1]**

| | |
|---|---|
| **Total area (km²)** | 513,225 |
| **Total population (million)** | |
| 1980* | 46.7 |
| 1995 | 59.4 |
| 2000 | 62.4 |
| 2003 | 63.9 |
| 2015* | 66.3 |
| **Population Density (persons/km²)** | |
| 1995 | 116 |
| 2000 | 122 |
| 2003 | 123 |
| **Population annual change (%)** | |
| 1995 | 1.2 |
| 2000 | 1 |
| 2001–2015* | 0.6 |
| **Urban population as percentage of total population** | |
| 1990 | 32.7 |
| 2000 | 38.1 |
| 2006 | 40 |
| 2006** | 43 |
| 2015** | 50 |
| **Urban population % annual growth rate 1990–2003** | 5.3 |
| **Population (%) below the national poverty line (2002)** | |
| Total | 9.8 |
| Urban | 4.0 |
| Rural | 12.6 |

km² = square kilometers.
Unless otherwise noted, the source is *Key Indicators 2004*. Manila: Asian Development Bank.
* Source: *2003 World Development Indicators*. Washington, DC: World Bank.
** Source: PSUT Project. The Future of Thai Urbanization: New Drivers, New Patterns.

adjacent arable lands being transformed into peri-urban zones. This growth on the urban fringes means that 70% of Thais live within 75 kilometers (km) of an urban area of at least 50,000 inhabitants (NESDB/ADB 2003b). Given the relatively good road network and readily available public transportation, major urban areas are now easily accessible to the majority of the Thai population.

## Urban policies

While Thailand does not pursue an overall urban strategy, various government agencies set a number of explicit and implied urban policy guidelines that affect the urban system. Thai policy for the past several decades has not promoted urbanization. Rather, it has sought to maintain a balance, resulting in a cautious approach to urbanization. Since 2000, there has been increased concern about urban areas in terms of such issues as housing and planning for mega infrastructure investment projects (NESDB/ADB 2005).

## Challenges of peri-urban growth

The main direction of urbanization is in the peri-urban areas, which still largely fall within the "rural-focused" administration of the Tambon administrative organizations (TAOs). Many of these local authorities are ill-equipped to manage the new demands for the timely provision of necessary infrastructure

**Figure 13.1: Trends in Urban and Rural Population, Thailand**



Rural population (million)   Urban population (million)   Urban population (percent)
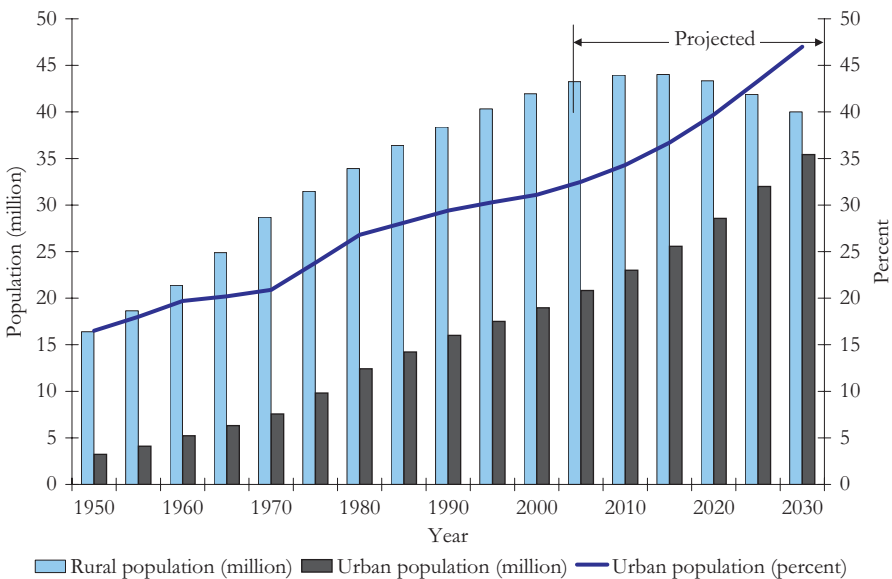
as well as other services. An emerging challenge is how local jurisdictions can cooperate effectively to manage urban growth and address strategic issues in a coordinated manner. For example, in "Samut Prakarn and Pathum Thani and other Bangkok vicinity provinces, there are TAOs located next to the Bangkok metropolis that have to grapple with the expansion forces of a mega-city of 11 million persons, but do so equipped only with the organization, staffing, and resources of a rural district administration" (Archer, 2001).

## *Poverty*

While Thailand has made significant strides in reducing poverty, poor and below-average health conditions still exist in the northeast, remote highland areas of the north, and the three predominantly Muslim southernmost provinces. When considering poverty from a rural-urban perspective under the Planning for Sustainable Urbanization in Thailand (PSUT) Project, it was noted that geographic income disparity in Thailand is mainly rural-urban rather than interregional. "To a significant extent, lower incomes in regions such as the northeast have been explained by lower levels of urbanization" (NESDB/ADB 2003b).

    The mean household income in Bangkok is about 3.4 times higher than the nation as a whole and eight times more than in the poorest provinces in the northeast. Still, about 1.3 million of the estimated 2 million people nationwide living in substandard housing are in Bangkok. The geographic structure of slum areas is changing rapidly with the decrease of slum areas in the urban core and the rapid rise of new slums in the urban fringe areas, typically near the industrial areas in the north and east of Bangkok. Additionally, slums are starting to emerge around the edges of major secondary cities.

## *Environment*

Ongoing environmental degradation and increasing pollution detract from the quality of life of urban Thai people. Urban environmental concerns are also spreading well beyond Bangkok to the broader Bangkok region and other urban areas. There is also a lack of capacity and often initiative to undertake the needed analysis, mobilization, and action to tackle these emerging problems. With the ongoing focus on economic development at the local level, this situation can be expected to worsen. Of critical importance are problems associated with wastewater, air quality, and solid waste. Public health is increasingly threatened by declining environmental conditions, especially air pollution in urban centers, leading to increased public and private health care costs. For example, 39% of Bangkok residents suffer from respiratory diseases, a rate that is seven times higher than in rural areas (NESDB/ADB 2005).

Only about 60% of urban solid waste is disposed of to a high standard, with even a smaller proportion being properly handled in the urban fringe areas (NESDB/ADB 2005). In the area of wastewater, while vast sums have been spent on treatment plants in cities throughout the country, virtually none are operational. Linked to the underperformance of city planning is the neglect of managing the built environment in most Thai municipalities, severely affecting quality of life and overall public health and safety.

### Public participation in decision making

There has not been a strong tradition of public participation in the decision-making process at any level. However, with the advent of the new Constitution in 1997, there are explicit provisions for public input into the local decision-making process, especially in managing the local environment and resources. While there is now a strong constitutional and legal basis for civic participation, the reality is much weaker. On the positive side, through the recent "SML" program, community-level planning is being introduced for the first time as a means of better integrating grassroots input into the development process. However, coordination within the municipal development plans is not being encouraged as funding is going directly to villages, bypassing the local administrative planning process.

*Efficiency of local authorities:* With the adoption of the 1997 Constitution, Thailand began an ambitious decentralization process made possible by the adoption of the Decentralization Act (1999) and subsequent Decentralization Plan (2001). As part of this decentralization process, the total number of municipalities dramatically increased from 149 to 1,129 and former "sanitary districts" were upgraded, thereby creating a major demand for well-qualified local managers and staff. While there are signs of change, very few localities are led by a clear vision and supporting strategies. Municipalities still have difficulty in attracting and retaining a critical mass of high quality, appropriately skilled persons, due to arrangements in the national civil service commission. Typically, officers working in local governments are rotated to other assignments every 3–4 years as part of the promotion process and to facilitate sharing of experience.

### Fragmented urban areas

Many urban/urbanizing areas are fragmented into multiple jurisdictions. With the devolution of authority and financial resources to the subdistricts in 1994, there has been little interest by these units to merge with adjacent municipalities as the urban areas expand to "engulf" them, thereby creat-

ing a situation of uncoordinated urban service delivery. Additionally, local authorities of different designations (i.e., municipality and TAO) are not permitted to share budgets.

### City/urban planning

Planning is an area where Thai urban areas tend to perform very poorly. Part of the issue is that the development and spatial planning processes are still largely carried out by two separate levels, with development planning carried out at the local level and local spatial planning conducted by a national-based agency through its provincial offices. The result is that town planning has had almost no effect on shaping Thai urban form and land use. Essentially, Thai cities remain "self-organizing" systems rather than planned. At the development planning level, emphasis is still predominantly placed on economic development with few attempts at true integration of the other development aspects.

### Decentralization process under threat

Because of local inefficiency and corruption, recent changes threaten the ongoing decentralization process. Whether these remain a reaction to individual circumstances or part of an overall attempt to recentralize power has yet to be determined. To date, only 172 of the 245 functions specified for devolution in the master plan have been or are in the process of being devolved (NESDB/ADB 2003b), and the rate of devolution has declined over the past 2 years. The nine policy measures to improve local revenue mobilization, approved by the Cabinet in 1994, have made slow progress toward legal enactment. More recently, the decentralization of education has been postponed and possibly reversed in response to a large protest by teachers, citing their concerns at being placed under local government direction rather than under the central ministry.

### Urban finance

Local governments prepare and execute their own budgets through annual plans, but they still remain subject to central government direction and provincial oversight. A significant share of local expenditure is still centrally mandated, with the largest percentage being assigned to personnel expenses (representing about 30% of local budgets). Central regulations govern staffing, salaries, and benefits. Major bureaucratic reforms are being proposed to eventually restructure this highly centralized civil service to one where local governments have considerable authority over personnel management.

While the Constitution has mandated a reallocation of a percentage share of the national revenue to the local level, there are neither specific formulae nor criteria. Whether this will in reality provide additional funds at the urban level is yet to be determined; it currently appears that the *tambons* (subdistricts) and provinces have been the main beneficiaries of redistribution. Most urban governments generally still lack sufficient revenues to undertake needed capital works projects. With the recent introduction of strategic and 3-year rolling plans of operation by municipalities, there is now a better opportunity to undertake a longer-term development perspective and to secure funding on a program rather than on individual project basis. However, few municipalities have access to commercial loans from which to finance major infrastructure works and must still rely upon allocations from the central Government.

### Multiple actors in service delivery

In spite of the ongoing decentralization process, state enterprises still play a very important role in the delivery of urban services, such as water, electricity, expressways, and wastewater. Up to about 58% of infrastructure spending related to urbanization is by national-scale state enterprises (NESDB 1997).

### The changing urban structure of slum settlements

In Bangkok and its surroundings, urban development has generated many slums. They increased from 50 in 1968 to 1,020 in 1985 (Pornchockchai, 1985) and to 1,208 by 2000, containing 243,204 households in Bangkok and its peri-urban areas (NHA, 2002).

Starting in the 1980s, low-income settlements in Bangkok have shifted increasingly to the peri-urban areas. Using aerial photos taken in 1974 and 1984, the National Housing Authority estimated that 150 slums with approximately 30,750 households had disappeared from Bangkok proper and the land changed to other uses during that period. Moreover, between 1984 and 1988, another 107 slums had disappeared (Khan 1994). During the same period, new settlements appeared in the peri-urban areas and expanded into the adjacent provinces. Low-income settlements increased by 84% in the outer zone of Bangkok during 1990–1993 alone (Pacific Consultants International 1997).

Factors pushing low-income residents from the city center originated in the first economic bubble of 1988–1990 and continued through to the second boom ending in the 1997 Asian financial crisis. These factors were related to new urban development projects, such as expressways, office complexes,

and shopping centers, and were reflected in the property market in Bangkok where prices of prime land in the city center and suburbs increased up to tenfold (Phongpaichit and Baker 1998).

Related to this, the income of Bangkok citizens has become more skewed. A few became extremely rich as a result of the economic boom and inflation of urban land prices, resulting in the average income of the top 10% of the nation's households tripling between 1981 and 1994. The incomes of the bottom 10% barely changed during the same period, such that the gap between the top and bottom widened from 17 times to 37 times. A combination of rapidly rising land prices and enormous redevelopment pressures, coupled with the widening gap between the rich and the poor during these boom years (until 1995), saw many lower income groups unable to compete for access to land in good locations for their housing and livelihood needs[2] (Phongpaichit and Baker 1998).

This shift in the growth of slums to the suburban areas was typically not a voluntary one. A survey on evictions in 1988 showed that 28% of slum communities were in various stages of eviction and about 71.5% expressed fear of the threat of eviction. From 1981 to 1985, approximately 16 slum communities were demolished each year to make way for new developments (NHA2002). In 1994, the National Housing Authority reported that only 50% of total slum households in Bangkok had some security of land tenure (NHA 2002). This lack of secure land tenure resulted in an unwillingness of residents to improve their living conditions, thereby contributing to further decline in the quality of life for people living in these communities.

To help redress the affordability of housing not only in Bangkok but throughout the country, the Government introduced three mega schemes that offer to subsidize the provision of 1.4 million houses for the poor in the country: (1) Baan Mankong, 300,000 secure housing units for slum dwellers; (2) Baan Uah A Thon, 600,000 housing units for the poor; and (3) Baan Knockdown, 500,000 prefabricated houses. Qualifying persons will pay about $12–37 per month for these units. The total cost of the three schemes is about $10 billion. The minister claims that these projects will be operated with a "combination of socialist goals for housing provision and the capitalist means of investment for profit." The projects are expected to help drive the national economy in terms of employment, construction, and finance mobilization. The Baan Mankong project has a process different from the other two in that it relies on a demand-driven approach and consensus decisions. People of Baan Mankong can choose their own design, costs, location, and neighborhood.

The concern is that this mega approach to housing and development will create significant problems in the future. The social and environmental impacts may be to create more, rather than reduce the number of, slum communities.

This approach could lead to the mismanagement of land use by not providing proper and effective infrastructure, or for its long-term maintenance.

### NGO participation

The role of civil society groups is limited, but growing slowly. However, the recent government policy to go directly to the community level (urban and rural through the village fund program) effectively bypasses both the local governments and nongovernment organizations (NGOs) that previously had active roles as partners in promoting public participation at that level. Reducing their role has had the effect of building greater dependency on the central Government and reducing the self-sufficiency of communities.

  ***Private sector participation:*** Typically, the private sector is involved at the national level in implementing mega projects. However, the sector has not been fully utilized nor promoted at the subnational level due to a lack of a policy framework to involve them in local planning and development.

## National Regional Development and Decentralization Policies

### National regional development policies

For the last half century, the national Government in Thailand viewed cities and the associated urbanization process rather cautiously, often considering them agents of spatial inequality. This careful attitude toward urbanization comes through strongly in all nine 5-year plans produced by the Government to date as well as in policies and programs administered by the Ministry of Interior—for instance, in rural development programming that stressed self-sufficiency. The result is that compared to other policy approaches in East Asia, Thailand has had a rural bias.

  For many decades, successive governments have been concerned about the primacy of Bangkok and attempted to disperse secondary and tertiary activities. They have sought to create a more balanced urban system through the promotion of special economic zones, regional cities development, and border towns (NESDB/ADB 2003a).

  More recently, national policy has shifted from focusing on urban areas or places to projects and issues, and the provision of mega infrastructure projects under six thematic areas. As part of its strategy to reduce poverty and in keeping with the change in investment orientation to a project/issue approach, the Government is implementing a "1 million houses" project through the Community Organization Development Institute in the Ministry of Human Security.

  Regional integration of development priorities was supported by a Cabinet resolution requiring all provinces to adopt the concept of Integrated Pro-

vincial Administration (IPA). Under this, each province is required to establish its own management strategies and targets correlated with those of the country as a whole. Each province is also required to integrate its approach within a cluster of provinces so as to work together and share resources to set common development strategies and subsequent cocoordinated actions. An example of such a grouping is the Upper North Region Cluster involving nine provinces.

The IPA Committee[3] (IPAC) independently (of the central Government) sets down development indicators in detail. This is an attempt to place importance on the integrated development of economic, social, environmental, and administrative factors. Annual monitoring and evaluating of the results are to be carried out via the network of the Ministry of Interior monitoring system and the Office of the Public Sector Development Commission. Through this network, information and results concerning provincial development can be assessed on an ongoing basis.

## Decentralization policies

There is no precedent in Thailand for autonomous local governance. In 1932, the system of absolute monarchy was modified to a constitutional monarchy. The major feature of this system of governance has been a very strong central Government, with its focus of operation in Bangkok. Unlike most of its neighboring countries, Thailand was not colonized by any Western power; therefore, while other Asian countries have developed or been influenced by a western approach to local self-government, Thailand has not. As a result, the unitary form of government has proceeded largely unchanged for the last 7 decades. While the concept of decentralization was being legally pursued in the form of minor constitutional changes (1978) and through stated government policy (NESDB 5-year plans), there is a substantial difference between the legally prescribed frameworks and the reality as it exists in the administrative implementation of the laws and policies.

With the adoption of the new Constitution in October 1997, a major step was taken toward effective decentralization.[4] For example, Section 79 states*:*

*The State shall promote and encourage public participation in the preservation, maintenance, and balanced exploitation of natural resources and biological diversity and in the promotion, maintenance, and protection of the quality of the environment in accordance with the persistent development principle as well as the control and elimination of pollution affecting public health, sanitary conditions, welfare, and quality of life.*

Organic laws were subsequently enacted, among them the Decentralization Act (1999), which structured the planning and implementation of decentralization to the local level as well as assigning responsibility to the National Decentralization Committee for elaborating a Decentralization Plan (2001), with the Office of Decentralization as the secretariat. This framework formed the guiding strategy for the formulation of the ninth National Economic and Social Development Plan (2002–2006) as well as the forthcoming 10th plan.

**Reallocation of functions**
The Decentralization Plan was set up in two phases: 4 years and 6 years. The first 4 years (2001–2004) dealt primarily with reclassification and allocation of service responsibilities among different levels of government, outlining reform of key central administrative systems regarding intergovernmental relations and proposing a planning framework. Policy was elaborated for reform of regional administration concerning public service provisions as well as revitalizing laws and regulations concerning local service performance standards. Important objectives that would affect changes in the budgeting and accounting systems were also established. Civil service reform policies have been elaborated and are in the process of being implemented. The second phase (2005–2010) looks to continue the reclassification and devolution of public service responsibilities, finance, and personnel administration to a full-scale operation. The target is to have all local services fully devolved to local authorities (Suwanmala 2000).

Under the plan, six areas of public services are to be devolved to local governments: construction and maintenance of local infrastructure, social welfare, public safety, local economic development, natural resource and environmental management, and promotion of culture.

**Financial reallocation**
Concurrent with increased devolution of services to local authorities, the Decentralization Act provides financial decentralization benchmarks where a specified percentage of the national revenue must be allocated to local authorities. By 2007, this will amount to 35%, which represents a significant increase since fiscal year 1999, when local governments received only an estimated 9% of national revenues.[5] This has attracted significant public attention. For fiscal year 2004, the national Government transferred 22% of the mandated 27%, which was in contravention of the Decentralization Act. An explanation was presented from the Finance Committee to the effect that the ratio was less than had been mandated because two major services (i.e., education and public health) had not been transferred, so the budget remained at the central level.

**Transfer of staff**

Major reforms are underway to eventually transfer the highly centralized civil service to one where local governments have considerable authority over personnel management. By 2003, 4,100 people had been transferred[6] from senior levels of the administration to the local level,[7] representing less than 1% of the 1.2 million national civil servants. Most transfers involved five departments in the Department of Public Works and the Ministry of Interior's Accelerated Rural Development Department.

Thus, the transfer of staff has not followed the transfer of functions as stipulated in the decentralization legislation. The strategy of the Office of the Civil Service Commission for transferring remaining staff prioritizes voluntary transfers, although mandatory transfers and compensated retrenchment are still options. The commission has set up a public sector personnel development and deployment center as a hub for training and deploying central staff to positions in local government. Provincial personnel transfer centers are evaluating the staffing implications of devolved authority for local governments.

In light of the new and expanding responsibilities, many localities are expressing the view that the shortfall in personnel is still increasing in relative terms. This situation is worsened by the limited access to financial resources to hire additional human resources from either the government or private sector. In response, many local governments want to increase the capability and capacity of their existing personnel rather than wait for an increase in staff or financial resources.

**Regional economic governance and intergovernment financial relations**

Even with the ongoing decentralization process, Thailand's central Government is still highly involved—either directly through line agencies or indirectly through state enterprises—in regulating, planning, and funding many local services. A significant share of local expenditures thus remains centrally mandated, with the largest portion devoted to personnel expenses (representing 30% of local budgets, on average). Subnational revenues include locally collected tax and nontax revenues, as well as centrally collected taxes and shared taxes.

Central government and local sources of revenues are both available to local governments. However, in Thailand, as in many other developing countries, local government authorities have limited tax resources at their disposal. By law, they can now levy seven taxes locally: on house and rent, land development, signboards, animal slaughter, gasoline, tobacco, and entertainment. Shared taxes include value-added tax and sales tax, special business tax, natural resource tax, excise taxes, and vehicle tax, all of which accrue to local governments. In addition, local authorities are authorized to collect license fees, fines, and user charges and permit fees.

In 2001, locally collected revenues accounted for only 11–12% of subnational revenues, while shared revenues accounted for about 54%, including about 18% from the value-added tax. The recent Property Tax Act—which combines the land and building tax and the land development tax—could provide subnational governments with more local revenue. Some shared taxes are not truly unconditional. Specific grants are mostly for capital expenditures, with one type earmarked for education and other types being less restricted and not so heavily conditional. Some "general" transfers are subject to conditions (World Bank 2005). For major capital improvements, such as bridges and drainage systems, there is usually a capital cost-sharing arrangement between central and local governments. With the delivery of services being either directly provided or regulated by the central Government, local administration is often assigned the maintenance of such projects upon completion.

Through a detailed approval procedure of projects and subsequent budgets, the central Government retains considerable regulation of major decisions by local government administration for spending on development services. The Ministry of Interior and Bureau of Budget must approve any budget or project amendments proposed by local government prior to implementation. This process applies to both regulation of development and the revenue structure of local government.

Regarding intergovernmental transfers, the effect of the constraints imposed by the central Government is that local administration cannot determine accurate funding levels (revenues) to support local government services. This is mainly due to delays in establishing the criteria for distributing the allocations from the central to the local governments.

Local governments may borrow domestically and internationally, with prior authorization from the Cabinet, and issue debt securities and borrow from official, external bilateral creditors for development projects. In practice, local debt financing is somewhat limited, including that from domestic capital markets. The primary source of borrowing has been local development funds managed by the Ministry of Interior. Subnational governments have more recently borrowed from commercial banks and public revolving funds.

## The Role of International Aid in supporting Regional Development

Thailand is moving from being a recipient country to being a donor, with a focus on providing assistance to its immediate neighbors. In terms of its bilateral arrangements, several donors are either downscaling or ending their direct cooperation. Major interventions are now coming from such agencies as the World Bank, Asian Development Bank (ADB), and United Nations agencies. An example is the World Bank's assistance, focusing on working in

partnership with the Royal Thai Government, other donors, the private sector, and civil society to support the country's efforts to reduce poverty, improve the business environment, protect the environment, and promote public sector management and governance. ADB has recently supported the PSUT project.

## GOOD PRACTICE CASE STUDIES

Three case studies have been selected from three regions (Figure 13.2), representing three levels of municipal government. Each municipality was the winner in its class of municipality for the 2005 Sustainable City Award for Thai municipalities. A panel of representatives from the National Municipal League of Thailand, the central Government, NGOs, and key experts selected the winners. The appraisal of the entrants was based on criteria related to aspects of good governance, sustainability, and innovative urban management practices, as well as submission of documentation. The initiation of this award has not only raised awareness among municipalities; it has seen increased "competition" where they genuinely strive not only to perform well but also to have these efforts recognized. As a result, several municipalities are now discussing possible application to the Dubai International Award for Best Practices to Improve the Living Environment.

## Muang Klaeng Municipality: Sustainable City Initiative

The good practice from this municipality, winner of the 2005 "Sustainable City" award for *Tambon* class municipality (the smallest level municipality), focuses on aspects of citizen and private sector mobilization and participation to rehabilitate the primary river in the municipality. The river serves not only consumption needs but also plays an important economic and social role.

| GOOD PRACTICE | |
|---|---|
| Good Governance | ✓ |
| Urban Management | ✓ |
| Infrastructure/Service Provision | |
| Financing and Cost Recovery | |
| Sustainability | ✓ |
| Innovation and Change | |
| Leveraging ODA | |

### Location and characteristics of the region
The municipality is located in Rayong Province in the east-central region of the country. The municipal jurisdiction covers 14.5 km² with a registered population of 18,843 (2005 estimate) residing in eight communities (*chumchon*). The growth rate of the registered population is about 1% per annum. Klaeng is an old town, previously famous as a trading place in the region. It still functions more as an important rural service node than an urban center.

**Figure 13.2: Map Showing the Location of the Case Studies**

Land use in the municipality is made up of agriculture and rural areas, 54%; low density residential, 22%; moderate density residential, 8%; high density/core commercial, 4.5%; open space, recreation, and environmental protection, 4.3%; institutional uses, 1%; public areas, 2.5%; major highways, 0.2%; industrial, 1.4%; academic institutions, 0.9%; and religious establishments, 1.2%. The major occupations of the residents are listed as agriculture (rubber plantation, fruit orchard); fisheries; livestock; and industrial (para-wood furniture factory, flour processing, and motorcycle helmet manufacturing).

A small, unregistered population of migrants from northeastern Thailand and Myanmar work in the para-wood processing and furniture industry. Priority development issues identified by the municipality concern public health. Notably, the municipal leaders have worked to keep the town "small and beautiful." Part of this initiative has seen the municipality become one of the first Thai local governments to achieve the ISO 14001 certification (environmental management standards).

**Good practice: conservation of Pra Sae River**
The Pra Sae River is a major resource of Klaeng for transportation, consumption (domestic, agricultural, and commercial), and food (through fisheries). With increased urbanization, waste discharged directly into the river and upstream pollutants from agriculture and other uses entering the system, the overall quality and viability of this important resource are being threatened. Rather than waiting for a national response to local requests for action, the mayor initiated an operation to begin managing and rehabilitating this important resource.

In 2002, Klaeng Municipality, in cooperation with Makut College and a local private company, implemented a project called Nak Sueb Sai Nam (River Spy to conserve Pra Sae River). With private sector support, the project activities included the mobilization of six youth groups, who monitored water quality along the river within the municipal area. Consequently, the municipality scaled up pollution control and protection by focusing on steps to rehabilitate the river environment and ecosystem, including a mangrove replanting program.

A key component was the promotion of people's participation in and increased awareness of river conservation. This involved a wider set of participants beyond the municipal boundaries to include other districts and players in the surrounding jurisdictions. The "River Spy" program was extended to youth groups from 18 schools, with the intention of mobilizing young people and increasing their awareness early to help them develop as leaders in promoting more sustainable practices.

Within the program, the municipality implemented related activities to conserve and rehabilitate the river (e.g., canal dredging, increasing the quantity of aquatic animals, campaigns to promote the use of grease traps by street

vendors and residents). To track the effectiveness of the actions, the municipality monitored the water quality every 3 months. Complementary to these activities, it introduced a process of fermenting organic waste with microorganisms that helped the water treatment process.

To build public awareness, the municipality published the *Rak Nam Pra Sae Newsletter* to disseminate news and information about activities concerning river conservation to the public. The newsletter has now been produced for 3 years with close support from two private companies, Apina Industrial Company and National Starch and Chemical (Thailand) Company.

The activities have markedly improved the river water quality and the quantity of aquatic animals, and enhanced the scenic view along the river, creating additional tourism activities and income-generating opportunities for local fishers. At present, there are 25 monitoring stations along the river involving three additional districts, all in Rayong Province.

The success of the work is largely attributable to the initiative demonstrated by the mayor (Somchai Jareeyajarun), who has been pursuing a vision for the municipality, and going from analysis to action. A unique aspect of the plan is that the mayor is looking well beyond his own tenure and has a true vision of the future for the municipality. With his leadership qualities, he is able to mobilize government officers, the key community stakeholders, and the private sector to take action on a priority basis. This is also reflected in related matters, such as the achievement of the ISO certification and general willingness to participate in such global-scale activities as projects related to climate change. To minimize administrative costs, the municipality has intentionally avoided seeking an upgrading to a higher municipality classification, for which it is entitled—the belief being that they are able to better manage what they have with a streamlined operation and greater involvement of citizens and businesses.

## Phichit Municipality: Waste Recycling

Phichit Municipality was the winner of the 2005 "Sustainable City" Award for Muang Class Municipality (medium-level municipality). The good practice from this municipality focused on creating projects that linked improving the environment with generating income for the people. Three projects were identified under this theme: paper recycling for income generation, creating a "waste bank," and producing fertilizer pellets from organic waste.

| GOOD PRACTICE | |
|---|---|
| Good Governance | ✓ |
| Urban Management | ✓ |
| Infrastructure/Service Provision | |
| Financing and Cost Recovery | |
| Sustainability | ✓ |
| Innovation and Change | ✓ |
| Leveraging ODA | |

**Location and characteristics of the region**

The municipality is the capital of Phichit Province in the north central region of the country, 345 km north of Bangkok. The municipal jurisdiction covers 12.017 square kilometers (km$^2$) with a registered population of approximately 25,000 in 2005, residing in 15 communities, and 8,242 households. The resultant density is relatively high at 2,093 persons per km$^2$. The population growth rate from 2002 to 2003 was only 0.02%. With an average working age income of $800 per year, income generation is a very important challenge for residents. To formulate its 3-year development plan, the municipality undertook an extensive public input process that involved questionnaires and public hearings to identify people's needs and opinions as well as to prioritize key problems. Local people and experts were subsequently invited to help formulate the municipal development plan. Phichit Municipality now has a strategy to improve working methods and procedures for delivery of municipal services to the public.

**Saving Paper Project (halving the amount of waste paper)**

One activity emphasized by the municipality was improving the workplace through well-organized service delivery in all aspects. This activity sought to increase satisfaction levels of the people using municipal services and to introduce approaches that would help generate income for municipal staff by recycling paper products.

The paper recycling project involved municipal staff collecting used paper from offices to form a waste paper "bank," which was subsequently processed into pulp and formed into a variety of moulds and dried in sunlight. The product was eventually used as decorative paper. Currently, officers and staff of the Public Health and Environment Department are providing their own time to fabricate products from recycled paper as a secondary occupation. The results and lessons learned from this project have not only brought the municipal staff kudos due to their innovative products created from waste materials but also additional income, with the most important aspect being the building up of expertise and maximizing resource utilization in an organization.

**Paak Tang Community Waste Bank**

Concern about waste management in Phichit Municipality has been growing, partly because of its growing expense. The municipality developed a way to minimize costs for waste management while also minimizing the quantity of waste produced. The goal was to minimize the quantity of waste in the municipal area by promoting domestic and community waste separation at the source.

The Paak Tang Community Waste Bank was established at the end of 2000 and was an entry point for the separation and recycling of materials of value from domestic waste. Seed money to run this activity was borrowed from the Local Public Health Volunteer Fund as well as capital raised through the efforts of the municipal executives.

The Waste Bank is run like other waste recycling shops but rather than being a private enterprise, it is managed by a community committee. In practice, it is organized like a bank where members have waste "bank-books" for depositing/selling their recycled materials to the waste bank. Presently, there are more than 80 members, mostly children and adolescents. The cash flow is more than $2,500 per month, involving 4–8 tons of recycled materials. The Waste Bank has also established a low-price grocery for community members and others where other community produce can also be sold. The bank offers many advantages to the local people as a source of income for households, providing money for children that can be spent on their education, and as a depot for people who buy recycling materials from households and subsequently sell them to this bank. From the profit, the bank can also allocate funds to organize social and sporting activities for the community, which help create a more livable and harmonious populace.

## Using Waste to Make Fertilizer Pellets

Based on the achievements gained from the Waste Bank, the mayor of Phichit Municipality sought to minimize organic waste from the fresh food market. There resulted a joint collaboration between the municipality, the Provincial Administrative Organization, and the Regional Environmental Office for utilizing organic waste.

With input from a local university, the initiative involved the composting of organic waste to produce fertilizer pellets. The municipal composting plant is the first such instrumentality in Thailand. The process to make fertilizer pellets involved collecting organic waste from fresh food markets and households, which was then chopped up and mixed with molasses in a composting chamber. As an alternative to molasses, they now use fruit peels (such as banana, papaya, and pineapple). An anaerobic process carries out the initial composting with further composting undertaken on an aerobic basis. In this step, additional ingredients are added, such as ash, to augment nutrient composition, depending on the composition of the plants. After further blending, the output is finally formed into pellets, which are sun dried, packaged, and distributed back to community leaders either for use or resale by the community. People interested in this product can also trade their organic waste for fertilizer pellets as a further source of income.

While the end results for the above projects are admirable, the initiatives represent stand-alone work and are not really integrated as part of an overall management system at the local level. In essence, the success of the work rests with the mayor (Prakasit Yuwawet) and is more the result of a "one-man-show" with the support of only a few key staff members rather than a concentrated effort at overall teamwork. Due to the desire to produce concrete success, the mayor used a combination of proven good practices (paper recycling and waste banks), with a search for alternate and innovative approaches that involved academic research (fertilizer pellets).

## Songkhla Municipality: Waste Management and Education

Songkhla Municipality was the winner of the 2005 "Sustainable City" Award for Nakorn Class Municipality (the largest-level municipality), the good practice from this municipality focused on aspects of citizen and private sector mobilization and participation. The aims were to undertake better solid waste management practices to extend the life of the landfill, to promote education and reading, and to enhance key tourist attractions.

| GOOD PRACTICE | |
|---|---|
| Good Governance | ✓ |
| Urban Management | ✓ |
| Infrastructure/Service Provision | |
| Financing and Cost Recovery | |
| Sustainability | ✓ |
| Innovation and Change | |
| Leveraging ODA | |

### Location and characteristics of the region
The municipality is the capital of Songkhla Province in the southern region of the country, 950 km south of Bangkok. It is situated on a peninsula between Thaleh Sap (an inland estuary) and the Gulf of Thailand. The municipal jurisdiction covers a very compact 9.27 km$^2$ with a population of 83,000 registered and 15,000 nonregistered persons living in 18,298 households at a density of over 10,500 persons per km$^2$. The municipality is composed of 30 communities, most of which are slum or squatter settlements. Songkhla's function must also be considered in regard to Had Yai—for which Songkhla is the provincial administrative center. Had Yai is the region's economic hub, where the wealthier population tends to live.

Songkhla has very little land on which to expand or develop. Surrounded on three sides by water and steep hillsides on the fourth, Songkhla must intensify its urban development. Additionally, all land is typically owned by government agencies that in turn lease the land, resulting in very few direct landowners. Under these constraints, Songkhla is one of the very few municipalities to adopt a "specific plan" to guide its land use and development. Because of

its limited land, the municipality has paid considerable attention to acquiring open spaces; there are approximately 13 square meters of green area per person (primarily in the hillsides), one of the highest such ratios in Thailand.

Government administration is the main activity of the municipality; tourism and fishing are the main sources of revenue for many residents. While the locality is predominantly Buddhist, large communities adhere to other beliefs, with good integration of the differing religious groups, in spite of such crowded living conditions. In recognition of Samila beach as an important domestic tourist destination, considerable efforts have previously been made to clean up the area and persuade the beach vendors to conform to certain standards of layout and operation. Considerable energy has gone into mobilizing communal participation, including efforts by the executive to hold forums in all communities, with representatives from all of them becoming involved in the local planning process, leading to an impressive 29 events per year.

## Solid Waste Management

Songkhla Municipality is one of the larger cities in southern Thailand. As in other cities, solid waste management remains one of the most challenging problems. The quantity of waste generated is 81–85 tons per day, which is categorized as 60% wet/organic garbage and 40% dry. Previously, most solid waste in the municipality was treated through sanitary landfill. Hazardous waste was transferred for incineration to Had Yai Municipality.

Based on the volume and weight of waste being disposed of each day, it would take less than 20 years to use up the landfill's capacity. Given the scarcity of land available to Songkhla, maximizing the life of such facilities is imperative. Therefore, to prolong the life of the landfill, Songkhla Municipality undertook to take old waste from the landfill site for processing at a waste separation plant for subsequent separation and production of usable compost.

The process involved extracting and sifting waste that had been buried for more than 10 years and separating metal, plastic, glass, and other nonbiodegradable materials, which were either recycled or returned to the landfill site. The remaining mixture of dirt and organic waste was used as material for creating compost. This was supplemented with collected sewerage and processed using an anaerobic fermentation procedure, which was dried in sunlight. Tree branches and other similar matter were chopped and mixed with dirt, organic waste, and sludge. After further processing, the materials were further sifted and sorted for eventual use as fertilizer in municipal areas as well as for sale to the public.

## Mobile Library

Education has a high priority in Songkhla. One initiative is the establishment of a symbol and mechanism of learning at Samila beach to remind

people that "Knowledge creates man, man creates the nation, and knowledge is power…to create nation and man." To put this into effect, a mobile library was established on the city beach to supplement the implementation of the city's learning strategy. This promotes reading among city people and visitors to Songkhla. The mobile library was converted from containers donated by the Southern Informal Education Center. The municipality designed and decorated the library and provided more than 1,000 up-to-date books and magazines. The library also provided a lending service and mats to allow people to sit on the beach, along with toys and games for children.

The mobile library rotates its service between Samila beach and other communities, with 10 days in each locale, operating on Tuesdays to Sundays from 1100 to 1900 hours.

As in the other case studies above, the success of this work is largely attributable to the initiative of the mayor, in this case, Uthit Chuchauy, who has sought to find a workable integration of the social, economic, and environmental development outcomes. However, unlike smaller municipalities, success also depends on achieving good teamwork from a core group of municipal officers at the senior level, whereby results can be incorporated as part of the overall planning and development system in the municipality. This overall teamwork approach under strong leadership is vital in such a complex work setting. The above good practices must also be considered in light of the previous development initiatives that focused on improving the built environment, ensuring that both public and private activities are well-structured and organized, and where land use is well planned and implemented (unlike many other municipalities). The commitment of the mayor to the processes of planning and participation is very clear and is the key to the success of such initiatives.

### Key Lessons Learned

Leadership is one of the common features that emerge from the three case study municipalities. In Thai municipalities, good governance needs good, strong, and persevering leaders who also demonstrate their leadership, beyond providing management inputs, by their decisiveness and ability to see projects through and to monitor and follow up the results. This involves mobilizing resources (financial, human, and material) at all levels. For the cases cited, this mobilization of resources occurred irrespective of political allegiance. The attributes of the mayor were crucial in all cases. The mayors had a desire to learn and be innovative. The learning was not necessarily an academic process but involved a practical mentality, which seeks specific solutions and alternatives.

How this leadership takes form varies from locality to locality. In the case of Phichit, it resulted in specific actions that were demonstrable, practical, and offered visual improvement. In Klaeng, the focus was on decision making and mobilization of people. In Songkhla, the main aspect was the ability to integrate a range of development issues. One key characteristic common to all the case studies was that they all moved beyond awareness building to mobilization of people in various communities.

The main urban management quality that emerges in these cases is respect for people and community. While this is much easier to realize in smaller centers, the principles are observable in all cases, including the much larger center of Songkhla. These effective decision makers typically listen first and subsequently involve and motivate people in the processes.

Specific "management processes" cannot truly be defined in these cases but each generally worked under strategic principles of moving from vision, through analysis, into action. This involved each mayor seeing beyond his tenure and looking to the future, which is a very different way of looking at issues by many mayors in many parts of the world.

In the case of Songkhla, the examples of good practice demonstrate the impacts of considering issues beyond economic concerns and attempting to undertake a more integrated and holistic approach to managing the area.

While such leaders are effective in their own jurisdictions, their impact on the overall urban situation is frequently limited by many factors pointed out in previous sections. Urban-wide effectiveness is hampered mostly by a lack of willingness to cooperate on common issues by adjoining jurisdictions. Some may see the need for a "legal" solution; however, the results of these case studies support the argument for a capacity-building solution that builds on local leadership regardless of the enabling environment.

## STRATEGIES TO ENHANCE SUSTAINABLE URBAN REGION DEVELOPMENT

Many strategic options can be pursued to address the urbanization issues identified earlier. Following is a small selection of strategies that emerge from the results of the case studies.

*Building local leadership.* While the above good practices identified a number of tangible activities, the solutions to urban issues being faced in these communities are not necessarily technical in nature but concern managerial and leadership qualities. Therefore, one of the key strategies is to focus on building leadership capacity at all levels (elected and senior staff) within the municipal and subdistrict organizations that are being confronted by growing

urban issues. These capacity-building inputs must nurture local leadership while promoting innovation, with the further aim of involving the affected communities. There must be a concentrated effort to "break the mould" of creating "administrators." Centrally produced administrators can no longer effectively cope with the emerging complex urban situations occurring in and around Thai cities. There is a need for innovative and strategically oriented leaders. Such training has been conducted on a pilot basis under the Department of Environmental Quality, which supported a training project for local officials in "strategy management" approaches that introduced the use of such tools as the balanced scorecard and strategy mapping techniques.

Such a capacity-building strategy can be supported by enhancing technical and professional capacity at the provincial level. The provincial level is where the capacity-building role changes from undertaking planning and project implementation activities, to providing the needed inputs according to local requirements and demands.

*Overcoming the fragmentation of urban areas.* To gain a more sustainable approach to Thai urban region development, there needs to be a means to overcome the fragmentation of urban areas. This could be achieved either through supporting and facilitating local government cooperation led by the central municipality, or possibly through an aggressive replotting of municipal boundaries to encompass urbanizing areas. This would expand municipal jurisdiction on a legal basis. It requires a national urban development strategy that moves away from viewing urbanization based on jurisdictional boundaries, and considers it from a more functional perspective.

To be truly effective, urban policy must look beyond the immediate municipal jurisdictions and increasingly pay attention to the planning and development of the urban fringe areas that have become the main urban growth areas. These locales lack the capacity, infrastructure, and resources to effectively manage this development. Such a perspective would build up local capacities and support local authorities entering into agreements for local cooperation toward achieving impacts at the regional level. An example for such an approach in the Thai context can be drawn from the emerging work of the integrated provincial administration clusters, which seek to coordinate provincial development activities at a functional region scale that recognizes the commonalities and synergies to be gained from coordination. However, to implement this at the local level, some legal obstacles, such as the prohibition of different classes of local government from sharing budgets on development projects, need to be overcome.

*Integration of physical and development planning.* To support development at the city-region scale, development and physical planning must be integrated at the local level, freeing up the provincial agencies to provide

technical and professional support to the local process. Such planning should also provide regional frameworks that involve local input to help guide the local planning process.

   ***Supporting decentralization.*** The ongoing decentralization process must continue to be supported and efforts to recentralize power countered. With greater local capacity, one of the main arguments against fiscal decentralization will be overcome. In addition, greater access to and mobilization of local resources are needed, whereby there is a more direct link between taxes paid and services provided at the local level. An example would be the introduction of a local tax based on capital value of land.


## CONCLUSION

Given Thailand's generally slow urbanization rate and available wealth for infrastructure investment, there is an opportunity to take a rational view to implementing strategies without having to deal with crisis situations of rapid urbanization and limited resources. The above strategies will need to be placed within an overarching initiative that looks to clarify and redefine the roles of all three levels of government. Such a redefinition will need to see the central level shift from direct implementation of development projects to one of facilitating the local development process. While strengthening its coordinating role, the provincial level will need to adapt to become more professionally and technically competent to provide direct support to the local level on a needs basis, leaving local level personnel to truly become the planners and implementers of development initiatives.

   Such a reorientation will need supporting mechanisms, guidelines, and frameworks to facilitate the needed cooperation not only at the local level, but also between the various government levels and agencies. While various new forms of planning and development innovation are often good, there is also the potential to make use of existing planning systems and processes by seeking to strengthen them through building "innovative leadership" rather than introducing "innovative technology."

## Notes

[1] There are considerable differences between the population and urbanization data from United Nations sources in the Country Profile Table 13.1 and Figure 13.1, and the data from these sources. They reflect definitional issues about what is classified as urban. These problems are most acute in peri-urban areas.

[2] Most low-income households spend approximately 12% of their income on housing (and about 51% on food). (Source: Somsook Boonyabancha. *Community Ennoblement Through Savings and Integrated Credit Schemes as a Strategy for Dealing with Poverty Alleviation*).

[3] Mae Hong Son Province appointed its Integrated Provincial Administration Committee on 19 November 2003; the governor is chairman and the chief of the provincial office is secretary. There are 56 members in total from 44 chiefs of central and regional agencies located in the province, 6 local mayors (from Mae Hong Son Provincial Administrative Organization and municipalities), 3 private enterprise representatives, and 3 nongovernment organizations and civil society representatives.

[4] Specifically sections 56, 78, 79, 282–284, and 290 of the 1997 Constitution.

[5] Ministry of Interior Information.

[6] Government civil servants are transferred to local authorities. They will be under local authorities. Their payment would not be less than their current salary. Other benefits would be the same as centrl government's civil service commission.

[7] Civil Service Commission. 2003.