# Decentralization Process in 1990-2010 In Case of Thailand

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#### **Decentralization Process in 1990-2010**

#### In Thailand

#### I. Introduction

Thailand has a system of local government more than a hundred year<sup>1</sup>. But only the last two decades that decentralization and local government has been an active issue. The democratic movement after the political crisis of the 1992 Black May<sup>2</sup> had pushed decentralization to be the integral part of the political reform toward a more democratic regime. The new decentralization era in Thailand, however, did not start, however, until the 1997 Constitution was promulgated. It mandated the state to "decentralize powers to localities for the purpose of independence and self – determination of local affairs." It had brought about a local government reform that was so extensive and comprehensive. Even though the 1997 constitution is revoked due to the 2006 military coup, the 2007 constitution has still sustained the decentralization process.

Under the context of the centralized nature of Thai administration and a long and slow development of local government, it is interesting to see how this new era of decentralization has been taken place and what the approach and process of decentralization are. This paper focuses on the detail of decentralization process and changes in the last two decade during 1990-2010.

#### II. Decentralization Process in 1990-2010

#### 2.1. Change of Political Situation

Political situation in Thailand during 1990-2010 had been unstable and, subsequently, had frequent changes in government. As seen in Table 1, the list of Prime Minister and the period of his government was shown. There were about 12 prime ministers during this period.

At glance, Thailand seemed to be on the path of democratic stability at the end of 1980s. Evidently, Thailand had a general election and the Prime Minister came to power by means of an election.<sup>3</sup> The influence of bureaucratic force especially military in politics and administration was subsided. However, the aspiration to be a sustained democratic regime was impeded by the unexpected military coup on February 23, 1991. The coup-makers, who called themselves the National Peacekeeping Council (NPKC), abrogated the 1978 Constitution and replaced it with a temporary charter. NPKC appointed a new unicameral National Assembly of 292 military

<sup>1</sup> The history of local government can be traced back to King Chulalongkorn period (1868-1910) when the *Sukhaphiban* or sanitary district was introduced as an experiment in 1898.

<sup>&</sup>lt;sup>2</sup> The 1992 Black May refers to the political crisis that the public protest against General Suchina Kraprayoon taking the premiership were faced with military forces and led Thailand into the turmoil.

<sup>&</sup>lt;sup>3</sup> General Chatchai Choonhavan was the Prime Minister of Thailand from 1988 to 1991. He was the leader of the Thai Nation Party which won the most votes in the general election of 1988. Then he became the Prime Minister.

officers and supports and then the Assembly appointed Anand Panyarachun as the Prime Minister. Anand's interim government promulgated a new constitution of 1991 and scheduled general election for March 22, 1992.

Table 1: List of Prime Minister and Duration of Government

Prime Minister	Type of Government	Duration
Chartchai Choonhavan	Democratic Government	1988-1991
Anand Panyarachun	Interim government	1991-1992
General Suchinda Kraprayoon	Short-lived	April-May 1992
Anand Panyarachun	Interim Government	June 1992
Chuan Leekpai	Democratic government	Sept. 1992-1995
Barnharn Silpa-archa	Democratic government	1995-1996
Chavalit Yongchaiyudh	Democratic government	1996-1997
Chuan Leekpai	Democratic Government	1997-2001
Thaksin Shinnawatra	Democratic Government	2001-2006
Surayud Chulanont	Interim government	2006-2007
Samak Sundaravej	Democratic government	2007-2008
Somchai Wongsawat	Democratic government	Sep.2008-2008
Abhisit Vejjajiva	Democratic government	Dec.2008-2011 (July)
Yingluk Shinnawatra	Democratic government	July 2011-present

Source: Author

After election, General Suchinda Krapayoon, a member of coup leader, was appointed to be the Prime Minister. Public response to his premiership was a massive outcry and protest on streets, especially from the educated middle-class in Bangkok. On 17 May 1992, 200,000 demonstrators massed near the Democracy Monument. Situation turned violent when General Suchinda ordered military units loyal to him to quell the demonstrators. On 20 May 1992, the King had to intervene. After that, General Suchinda resigned and new election was announced and the crisis was defused. Anand was appointed interim Prime Minister again in June 1992.

After the political turmoil of Black May 1992, Thailand had been on the path to democracy again. Political atmosphere at that time was overwhelmed with the public calls for a political reform. Governments in power were under public pressure to have a concrete political reform especially the call for the creation of an entirely new constitution by a special committee outside the National Assembly. Then Constitution Drafting assembly was formed with 99

members.<sup>4</sup> The economic crisis of 1997 was another factor that led to the public awareness about the need for comprehensive political and administrative reform. The constitutional draft was approved by the National Assembly in 1997.

The 1997 Constitution (promulgated October 11, 1997) had contained several innovations including election reform based on a mix system (a constituency and proportion system), strengthening the executive branch, the separation between the executive and legislation branches, increased check and balance, explicit recognized of human rights, criminal justice reform, the creation of constitution independent public agencies (such as Constitution Court and the National Counter Corruption Commission), increased direct people participation in politics and administration and decentralization of power to local government. The first general House election contested under the 1997 Constitution was in January 2001. The Thai Rak Thai party cofound and led by Thaksin Shinawatra won the largest amount of votes. He became the Prime Minister of Thailand from 2001-2006. He was the first prime minister of Thailand to serve a full term (4 years).

Once again, Thailand went back on the democratic path. Politically, Thaksin got stronger by merging other political parties to be the part of Thai Rak Thai Party. His Thai Rak Thai Party won a landslide victory in the 2005 general election. However, the Thaksin government also faced with allegation of corruptions, conflict of interest and violation of human rights. These allegations led to the protest against him by the People's Alliance for Democracy (PAD) in 2006 and on 19 September 2006 a military junta which later called itself the Council for Democratic Reform (CDR) overthrew Thaksin's government in a coup while he was abroad.

After the 2006 Coup, CDR, led by General Sonthi Boonyaratglin, abrogated the 1997 Constitution and appointed General Surayud Chulanont as the Prime Minister of Thailand. A new constitution was drafted by the Constitution Drafting Commission, then; a national referendum for the draft 2007 constitution was called and was accepted by the majority of the voters. On December 23, 2007, the national election was held with the result that the People Power Party (Thai Rak Thai's and Thaksin's proxy party) gained the majority, yet under the half of the total seats in the Parliament. Coalition government, led by People Power Party leader, Samak Sundaravej, came into office. However, new election and election did not put an end to the conflict.

From 2008 to 2010, Thai political situation was in the turmoil of conflict. Governments during this period were short-lived. The conflict centred on the Constitution. The People Power Party supported the amendment of the 1997 Constitution while anti-government protesters, to be known as "the Yellow Shirt" considered it as the political amnesty of Thaksin and his followers verdicted previously. The political crisis got its heat when anti-government protesters led by PAD (People's Alliance for Democracy) occupied Government House compound in Bangkok. Moreover, in September 9, 2008, the position of the PM Samak was terminated with the charge concerning violation of the conflict of interest obligation of being a private employee while holding the PM position. Later, Somchai Wongsawat, a brother in law of Thaksin, was named by

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<sup>&</sup>lt;sup>4</sup> It is comprised of seventy-six of members directly elected from each of the province and 23 qualified persons short-listed by the Parliament from academic and other sources.

the ruling People Power party, as the Prime Minister. He also faced with the protests including the siege of Bangkok's Suvarnabhumi international airport terminal. He was the prime minister who never worked in the Government House, since it was siege by the anti-government protesters. PM Somchai was forced out after the Constitution Court found the People Power Party to be violation of election law.

Abhisit Vejjajiva, the leader of Democrat Party, became the Prime Minister in December 2008. He also faced with protests. But it was the red shirts turn to take to the streets. The huge demonstration of the Red Shirts turned Thailand to crisis. In 2010, the Parliament approved the amendment of the 2007 constitution. PM Abhisit dissolved the parliament and called for a general election on July 3, 2011. The election result was the landslide victory of Puea Thai Party and Yingluck Shinnawatra becomes the first female Prime Minister of Thailand.

#### 2.2. Decentralization Process prior the 1997 Constitution

Local government in Thailand had a slow development; changes in local government system were minimal. But after the Black May of 1992, political atmosphere brought high attention to decentralization. Some academicians view it as the beginning of decentralization process. To reform Thai politics, decentralization was seen as the key driver. The major movement on decentralization after the 1992 Black May was the call to replace appointed with elected provincial governors. This movement stirred widespread debates and discussion among civil servants, politicians and academics as well as public attention concerning decentralization and local government reform. During the campaign on the 1992 general election, major political parties including Democrat Party, New Aspiration Party and Chatthai Party included decentralization in their policy platforms. Some parties went further to propose the election of provincial governor.

Even though the Chuan Government did not implement the elected provincial governor campaign policy, after taking office, the government supported decentralization policy by promulgating the Tambol Council and Tambol Administrative Organization (TAO) Act of 1994. However, the structure of the TAOs was dominated by appointed officers and far from being an autonomous local government unit. TAO's council had both appointed and elected members. In addition to being a member of TAO's council, the head of Tambol also acted as the chairman of the TAO executive committee. TAO was established as the smallest and closest type of local government.

It is certainly that debate, discussion and atmosphere during this period contributed the rising interest in decentralization as the necessary part of political reform toward democracy. This was evidenced in the 1997 Constitution.

#### 2.3. The 1997 Constitution and the Provision of Local government

Since the change from an absolute to a constitutional monarchy, Thailand has had 18 constitutions. The 1997 Constitution was the sixteenth. It had special characters. First, it was widely viewed as a landmark in democratic political reform. Promulgated in 11 October 1997, it was the first constitution to be drafted by an elected assembly and was popularly called the "People's Constitution". Second, the Constitution was aimed at promoting participation of the

people, both at local and national level, in the governance under democratic system. In particular, unlike past constitutions, it provided a comprehensive reform on the system of local government.

There were two main places in the 1997 Constitution that was devoted to decentralization and local government. First, Chapter V: Directive Principles of Fundamental State Policies provided the key principle of decentralization and mandated the state to "decentralize powers to localities for the purpose of independence and self – determination of local affairs". Second, Chapter IX: Local Government devoted the entire chapter (Section 282 to 290) for decentralization and local government.

The provisions of the 1997 Constitution on decentralization and local government had an impact on the all aspects of local government system as shown in Table 2

Table 2: The Provision of Decentralization and Local Government in the 1997 Constitution

Aspects of local government system	Sections in the 1997 Constitution	Changes in Local Government
Local Structure	285, 78	Making local government having the same form of structure (council and executive form);
		Requiring direct elected councils and direct or indirect elected executives;
		All councils and executives have a four-year term
		Opening opportunity to establish the province as the large-scale local government
Local Functions and responsibilities	284, 289, 290	Mandating mechanisms to delineate the responsibilities between central, provincial and local government
		Extending functions and responsibilities to cover the environment and natural resources management, the conservation of local culture tradition and local wisdoms as well as the participation in education provision in locality
Local Finance	284	Guaranteeing t local autonomy in local finance
		Mandating mechanisms to reallocate the proportion of revenues between central and local government
Central-local relationship	78, 282,283, 284	Guaranteeing the autonomy of local government
returnonsmp		Supervision by the central government can be done as it is necessary
		• Local autonomy in laying down policies for their governance, administration, personnel administration and finance
Local Personnel	288	Local government has autonomy in personnel management
		Setting up the central agency, responsible for local government personnel management
Local Public Participation	285, 286, 287	Making voting as the duty of citizens to elect local councils and executives
		Extending the right of citizens to recall local councils and executives and local initiatives of local Ordinances

#### 2.4. Legal Reforms as a Result of the 1997 Constitution

As a result of what was stipulated concerning decentralization and local government in the 1997 Constitution, there were altogether 11 pieces of legislation need to be enacted. Two categories can be identified. First, as displayed in Table 3, five laws had to be amended in order to harmonize with the content with the Constitution.

Table 3: Laws Amendments to harmonize with the 1997 Constitution

Section	Law Amendment	Details of Amendment
285	Changing the Status of Sanitary Committee to Municipality Act of 1999	This Act stipulated that a sanitary committee is to be changed to be a tambol (sub-district) municipality since the structure of a sanitary committee, which used a commission form (no separation of council and executive) and had an appointed district officer as the chairperson of the committee, was not in conformity with the Constitution. This resulted in the abolished of a sanitary committee form of local government and changed 999 sanitary committees to be the status of Tambol Municipality.
285,286, 289, 290	Provincial Administration Organization (No.2) Act of 1999	The amendment is to conform to the constitution in following points: 1) adding recall by constituencies as a mean to terminate the term of office of executive and councilors 2) extending PAOs functions to include what was stipulated in the Constitution.
285,286, 289,290	Municipal Administration Act (No. 10) of 1999	To harmonize with the Constitute, the Municipal Administrative Act had to be amended in several points: 1) changing the term of office of both the mayor and councilors from 5 to 4 years; 2) adding functions of a municipality including what stipulated in the Constitution and 3) adding the recall by constituencies as a mean to remove a mayor and councilor from office.
285,286, 289,290	Tambol Council and Tambol Administrative Organization (No. 3 ) Act of 1999	TAO Act was amended in several points: 1) changing from partly appointed to all elected council members; 2 changing from appointed executives to for executive committee including of one chairman and two vice chairman must come from elected councilor, selected by the council.
285,286, 289,290	Bangkok Metropolitan Administration (No.4) Act of 1992	BMA Act was amended in several points to conform with the Constitution: 1) changing qualification of voters and candidates to the post of the governor and assembly; 2 adding right of citizens in voting to remove the governor and assembly from office and to request local ordinances and 3) adding function s as stipulated in section 289 and 290.

Second, in addition to amend existing laws, the 1997 Constitution led to enact six new laws to fulfill the stipulations of the Constitution. They included as shown in Table 4. These laws have turned local government system in Thailand to a new face. It should be noted that Pattaya City, which a special form of local government since 1978, had several management problems concerning the relationship between the council, the mayor and the contract-based city

manager and do not harmonize with the provision. Therefore, instead of amend the 1978. The new law, the Pattaya Administration Act of 1999, was promulgated replaced the old one. Pattaya is still a special form of local government but the structure is similar to the City Municipality. <sup>5</sup>

Table 4: New Laws Enacted As a Result of the 1997 Constitution

	Sections in the 1997 Constitution	New Laws
1	284	Determining Plans and Process of Decentralization Act of 1999
2	288	Local Government Personnel Management of 1999
3	285, 289, 290	Pattaya Administration Act of 1999
4	287	Subscription for Proposal of Local Ordinance Act of 1999
5	286	Voting for the Removal from Office of Local Executives and Members of Assembly of 1999
6	285	Election of Member of Local Assembly and Local Executives Act of 2002

#### 2.5. Determining Plans and Process of Decentralization Act of 1999

Section 284 was at the heart of decentralization process in the 1997 Constitution since it was mandatory to draw up a law containing a plan, and a step-by-step procedure for decentralization. Moreover, it determined that this law was to be drawn up in two year time. As a result, the Determining Plans and Process of Decentralization Act of 1999 (hereinafter referred to as "the 1999 Decentralization Act") became effective on November 1999. It was considered the most important piece of legislation because it provided the basis for the concrete process of decentralization in Thailand. The key contents of this Act included:

- 1) Setting of a National Decentralization Committee: it was multi-parties committee, having responsible to formulate, to plan, implement and monitor decentralization process.
- 2) Delineating duties and responsibility among different types of local government. The Decentralization Committee was assigned to have power in determine the duties of local government in case of having conflicts or overlapping in performing duties;
- 3) Determining sources of revenues, including taxes, fees and other incomes, of different types of local government.

<sup>5</sup> Municipality in Thailand has three classes: City (Nakorn) Municipality, Town (Muang) Municipality and Sub-district (Tambol) municipality.

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4) Providing the scope and content of the decentralization plan to local government as well as the process of drafting it. It stipulated the mandatory transfer functions and revenues from the government to local government within the period of time and sets the target goal of revenue transfer. Within the period of not exceeding the year 2001, local government must receive the increased revenue in the ratio of government revenue of not less than 20%, and within the period of not exceeding the year 2006, local government must receive the increased revenue in the ratio of Government revenue of not less than 35%. It also provided the decentralization committee had to prepare an operational plan. This operational plan would contain all the detail concerning responsibilities and their transfer, the allocation of taxes and laws that would have to amend.

However, it should point out that since the goal of the ratio of 35% could not be achieved as specified in the Act, Section 30 of the 1999 Decentralization Act was amended in 2007 that the local government must receive the revenue in the ratio of government revenue of not less than 25% and the ratio would be increased to 35% but there was no prescribed time line.

#### 2.6. National Decentralization Committee

The National Decentralization Committee (NDC), established according to the 1999 Decentralization Act, was aimed to be a major policy body to guide the direction of decentralization process, to make the suggestion to the government what should be done to decentralize power to local government as well as to push the decentralization process forward. Its major power and duties include the provision of decentralization plan for the cabinet approval, the consideration of tax allocation to each type of local government, the delineation of functions and duties between levels of government and the provisions of recommendations to the cabinet concerning decentralization.

#### 2.6.1. Composition of the NDC

The composition of NDC has reflected the changing approach of decentralization. It was clear that decentralization to local government was no longer the matter of the Ministry of the Interior alone but rather involved various departments and ministries. The NDC is a three-party committee of 36 members. Each party has 12 members. They are:

- (1) Twelve members from the government consisting of the Prime Minister or Deputy Prime Minister delegated by the Prime Minister as the Chairman, Minister of Interior, Minister of Finance, Permanent Secretary of Interior, Permanent Secretary of Finance, Permanent Secretary of Education, Permanent Secretary of Public Health, Secretary General of the Council of State, Secretary General of the Civil Service Commission, Secretary General of the National Economic and Social Development Board, Budget Director of the Bureau of The Budget and Director-General of the Department of Local Administration;
- (2) Twelve members from representatives of local government consisting of two provincial administrators of Provincial Administrative Organization, three municipal administrators, five administrators of Tambol Administrative Organization and

Bangkok Metropolitan administrator, Pattaya City administrator or other two administrators of local government provided by the law;

(3) Twelve qualified persons composed of experts in the field of public administration, local development, economics, local governance, political science and law.

The election of representatives of local government and the selection of qualified experts had to be according to the regulations and procedures determined by the Prime Minister. A committee member holds a position for the term of four years.

#### 2.6.2. Office of the National Decentralization Committee to Local Government

In performing power and duties, the NDC has the secretary office. It is the Office of the National Decentralization Committee (ONDC) which is attached to the Prime Minister's Office. The head of this Office also acts as the Secretariat of the NDC. Powers and duties of the ONDC are to take charge of administrative works of the Committee, to provide data and analysis about decentralization and to coordinate with concerned partners in decentralization.

#### 2.7. The Plan for Decentralization of Power to the Local Government

The Plan for Decentralization of Power to the Local Government (Decentralization Plan) is considered the master plan or a blueprint for decentralization. As determined by the 1999 Act, the NDC has to draw up the decentralization plan and an operational plan, and review them every five years. Decentralization Plan was first formulated and approved in 2000 <sup>6</sup> and was reviewed to make the second edition of decentralization plan of 2008.<sup>7</sup>

#### 2.7.1 Vision, Goal and Framework of Decentralization

(1) The Decentralization Plan of 2000 had the vision and 3 steps to be taken towards decentralization

The first four years (2001-2004) was the period for a certain level of services would be transferred to local government while the central and provincial governments took supporting roles thereto with regards to guarantee that the social services transferred were up to standard.

<sup>6</sup> The 2000 Decentralization Plan and its operational plan were passed by the Cabinet on October 3, 2000, and were reported to the House of Representatives and the Senate on October, 18 and 19, 2000, respectively. The Action Plan was published in the Government Gazette on January 17, 2001. Professor Dr. Anek Laothammathat was the member of National Decentralization Committee and acted as the Chairman of the Taskforce on drafting the first Decentralization Plan.

<sup>&</sup>lt;sup>7</sup> The second edition of Decentralization Plan and its operational plan (2008-2010) were approved by the Cabinet of Ministers on January 2, 2008 and were report to National Legislative Assembly on January 10, 2009. They were published in the Government Gazette on February 26, 2008. At the moment, the NDC is in the process of review the decentralization plan to make the third edition of decentralization plan.

- After the first four years to the tenth year (2005-2010) was the period when transfer of services were completed and there were an increase in services that served local residents' needs and an increase in the participation of local residents in local administration.
- After ten years (2011 onward), a local government would become the main service providers with the central and provincial governments absolutely taking supporting roles. This would lead to a real meaning of local-self government.

To achieve the above vision, six areas of the action plan was lay down in detail including 1) transfer of functions, 2) transfer of revenue, 3) transfer of personnel, 4) development of monitoring and evaluation system with citizen involvement, 5) the improvement of local government's efficiency and 6) the legal amendment.

As the first Decentralization Plan and its action plan had been in force for five years, in addition to the legal requirement in the 1999 Decentralization Act to review the Plan after the implementation for five years, the promulgation of the 2007 Constitution was another contributing factor for the review of the Decentralization Plan.

The second edition of Decentralization Plan was effective in 2008. It had been in force for the period of three years; that was until 2010. The Plan set four goals as follows:

- o Function transfers to local government with readiness should be finished by 2010
- Local government should have adequate revenue to perform both current and new transfer functions.
- The allocation of government grants should respond to the delivery of public services of local government.
- o Personnel transfers should take place in several ways and forms as well as be according to the mission transfers.
- Laws and regulations were to be amended and enacted according to the transfer of power.

Concerning operational plan, six areas were formulated including 1) transfer of functions, 2) transfer of revenue, 3) the improvement of efficiency concerning fiscal management, 4) transfer of personnel and local human resource development, 5) the promotion of public participation and the monitoring and evaluation system, and 6) the legal amendment and provision.

#### 2.7.2. Transfer of Functions to Local Government

The detail of the transfer of functions to local government as identified in the Decentralization Plan and Operational Plan was as follow:

#### (1) Guidelines of Decentralization

General principles of the consideration of functions transfer were set including, for examples,

- Functions related to national security, foreign affairs and macro economics were excluded from the scope of a function transfer;
- The consideration of transfer focused mainly on functions delivered by the government bureaucratic agencies; whether transferring the functions delivered by public enterprises or autonomous public organizations or not was the decision of the government
- The consideration of a function to be transferred had to pay attention to the readiness of a local government in terms of revenue, size of population, quality of services and unit of cost of services as well as the potential of local government in providing concerned services.

#### (2) Categories of transferred functions

As the result of the analysis of functions transfer, six categories of transferred functions were identified as shown in Table 5:

**Table 5: Categories of Transferred Functions** 

	Categories	Detail functions
1	Infrastructure	communications and transport (land transport, bus terminal and water transport), public utilities ( water supplies/local pipe water system, central market provision and market control, city planning and building control.
2	Quality of Life	vocational promotion, social welfare for children, women, the aged and the disadvantaged, recreation services (sport and parks), education both formal and non-formal education, public health and health care, preventing and controlling of contagious diseases and improving dense communities (slums) and public housing.
3	Order and security of community and society	promoting democracy, rights, equality and freedom of people, promoting people participation in local development, preventing and relieving public disaster, promoting and maintaining public safety, registration of population, issuance of ID cards, the control of foreign labor.
4	Planning, investment promotion, and commerce and tourism	local development plan, technology development, investment promotion, commercial registration, industrial development, tourism, factory controls and industrial standard provision.
5	Natural resources and environment protection and management	conservation of land, forests, natural resources and environment, environment and pollution management, maintenance of public land
6	Art, culture, tradition and local wisdom	maintenance of ancient remains and antiques and management of local museums

#### (3) Operational Plan for Transfer of functions

The operation plan provided the detail of the function transfer. It identified what public services to be transferred, which ministries and departments concerned, which types of local government were a receipt, which year was the target of completion and whether services were mandatory or optional for local government. Table 6 displays the transfer of functions, as of the first and second decentralization plans. It was the total of 245 functions to be transferred from 57 departments in 15 ministries to local government, the 1<sup>st</sup> Decentralization Plan but 181 transferred services, or 73.87% were completed. The 141 services identified to be transferred in the 2<sup>nd</sup> Decentralization Plan include three types of services. First, thirty three services were service that could not be completed in the 1<sup>st</sup> Decentralization Plan. Second, thirty nine were services which had already transferred to local government or in the process of the transfer but were redefined the scope or improved the method of services. And third type was total new service to be transferred to local government.

**Table 6: Overall Picture of Functions Transfer** 

Categories	Operational Decentralization Plan of 2000		Operational Decentralization 2008	ation Plan of
	No. services and of ministries and dept.	Transfer complete	No. services and of ministries and dept. concerned	Transfer complete
Infrastructure	87 services 15 departments in 5 ministries and 1 independent org	71	45 services 12 departments in 4 ministries	NA
Quality of life	103 services 26 departments in 7 ministries	70	19 services 7 departments in 5 ministries	NA
Order and security of community and society	17 services 9 departments in 6 ministries and 1 independent org.	9	22 services 9 departments in 8 ministries	NA
Planning, investment promotion and commerce, and tourism	19 services 5 departments in 7 ministries	14	18 services 6 departments in 3 ministries	NA
Natural resources and environment protection and mgt.	17 services 10 departments in 4 ministries	15	8 services 6 departments in 2 ministries	NA
Art, culture, tradition and	2 services	2	1 services	NA

Categories	Operational Decentralization Plan of 2000		Operational Decentralizate 2008	ion Plan of
	No. services and of ministries and dept.	Transfer complete	No. services and of ministries and dept. concerned	Transfer complete
local wisdom	1 department in 1 ministry		1 department in 1 ministry	
Total	245 services	181 (73.87)	114 services	57(50)

NA= data is not available

Source: Compiled by Author from the data obtained from the Office of the National Decentralization Committee, 2008

#### 2.7.3. Transfer of Revenues

One of the most salient characteristics of the Decentralization Act of 1999 was the benchmark on the revenue side of financial decentralization. It mandated that aggregate local government revenue must not amount to less than 20% of the total government revenue in 2001, with the requisite level rising to 35% by 2006.

#### (1) Approach to the transfer of revenues

Certainly, the target was a challenge to the government since the ratios of aggregate local government to central government revenue before 2001 were only 13.10% (1998), 13.79% (1999), and 13.39% (2000). Local government revenue derived from three sources, including 1) locally collected revenue, 2) centrally collected revenue, 3) grants or subsidies from the central government. Local collected revenue referred to the revenue, which local government collected from both taxes and non-taxes for its own expenditure. Centrally collected revenue was both shared and surcharged taxes that central government collected and redistributed the revenue to local government either partially or entirely. Grants were the revenue that the central government gave to local government both with and without conditions to meet the expenditure of local government. In general, centrally collect revenue and grants from the central government were the main sources of local revenue while the local collected revenue accounted for the smallest proportion for local government.

How had the legal mandate concerning the increase of the proportion of local revenue been achieved? The transfer of revenues' approach was not the transfer or increase of any new responsibility for or authority over local revenue to local governments such as the discretion to determine tax rates. According to the first Decentralization Plan of 2000, for locally collected revenue, the Plan focused on increasing local government's efficiency and transparency in tax collection as well as encouraging local government to initiate local-raising activities. However, this measure had a very limit result on increasing the higher proportion of local revenues.

<sup>&</sup>lt;sup>88</sup> Lao-Araya, Kanokpan, Effect of Decentralization: Strategy on Macroeconomic Stability in Thailand, ERD Working Paper Serires No. 17 Economic and Research Department, August 2002, p.7

Actually, the transfer of revenues heavily relied on two measures to stimulate local revenue: (1) shifting some tax bases from national to local government, and (2) increasing local grants. 9

- Shifting tax bases: this had been implemented in two dimensions. First, some national tax bases had been shifted to local, namely mineral resource tax, land registration fees, gambling tax, groundwater fees, and swallow nest tax. National agencies collect most of these taxes and transfer revenues to local government afterward. Second, it was the increase share of local government in two significant shared taxes: value-added tax and excise taxes. Compared to the first dimension, the latter contributed a large proportion of local revenue. According to the 1999 Decentralization Act, local government is entitled to receive a share of not more than 30% of VAT collected by the central government. Allocation of this tax to local government is undertaken by the National Decentralization Committee (NDC) and is subject to amend on an annual basis.
- Increasing local grants or subsidies: this had been implemented by introducing 'subsidies with transfer of functions', in addition to the general and specific grants. General grant refers to the revenue that the central government distributed to local government based on indicators that are proxies for local government expenditure needs and revenue capacities. Specific grant is the revenue that the central government gives to local government for special purposes or specific projects. Subsidies with transfer of function were used in 2001 and 2002 to aid the transition from central to local service delivery, and to meet the 20% target. In 2003, it was replaced by the sectoral block subsidies which grant more autonomy to local government because it specifies the sector on which local government can spend. 10

As for the local government borrowing, the 1999 Decentralization Act grants local government the right under certain conditions and with permission from the Cabinet, to issue bonds and to borrow domestically and externally. In practice, local government rarely employs borrowing power because the process is complex and tightly controlled as well as the lack of experience of local government. In addition, local government primarily finance costly local infrastructure development projects with local government saving or grants from the central government. As a result, local borrowing has been relatively unimportant to local government.

#### (2) Changes in 2006 and the 2007 Constitution

The implementation of the 1999 Decentralization Act concerning the increase proportion of local to central revenue to the 20% target in 2001 had been achieved successfully. As displayed by the Table 7, Local government revenue had increased each year from 20.68% during the fiscal year 2001 to 21.88%, 22.18%, 22.75%, 23.50% and 24.05 during the fiscal years 2002 – 2006 respectively. However, the transfer revenue measures were not adequate to

Amornvivat, 2004 p.7

<sup>&</sup>lt;sup>9</sup> Amornvivat, Sutapa. Fiscal Decentralization: the Case of Thailand. 2004. <u>www.econ.hit-</u> u.ac.jp/~kyokyo/APPPsympo04/FiscDect%20 Thailand, retrieved on April 9,2011 pp.6-7

raise the proportion of local to central revenues' target of 35% by the year 2006. In addition, the transfer of education and public health services were delayed.

Table 7: Total and Type of Income of Local Government Organizations

Type of Revenues	2006	2007	2008	2009	2010	2011
Locally collected revenues	29,110.41	32,021.45	35,223.60	38,745.96	29,110.41	38,745.96
Centrally collected revenues	110,189.59	120,728.70	128,676.40	139,192.79	126,589.59	218,609.04
Revenue from shared taxes collected by government	61,800.00	65,300.00	65,000.00	71,900.00	45,400.00	-
Government grants	126 ,013.00	139,374.00	147,840.00	150,500	139,895.18	173,900.00
Total Local Revenue	327,113.00	357,424.15	376,740.00	400,338.75	340,995.18	431,225.00
Total Government Revenue	1,360,000	1,420,000	1,495,000	1,585,000	1,350,000	1,650,000
Proportion of Local to Government Revenues	24.05	25.17	25.20	25.25	25.26	26.14

Unit:Million Baht

Source: Office of the National Decentralization Committee

In 2007, the interim government under the premiership of General Surayud amended the Determining Plans and Process of Decentralization Act. This amendment was to determine the proportion of local to central revenue not less than 25% with the aim to be increased to be not less than 35% but there was no specific time frame as determined by the previous one. Table 7 shows that since 2006 the proportion of local to the national revenue has been not less than 25% but the number also reflects the miserable fact that the target of 35% was far from expectation if the structure of local revenue remain unchanged.

#### 2.7.4. Transfer of personnel to local government

Compared to the transfer of functions and revenue, the transfer of personnel from central and provincial to local government had rather small progress.

At the beginning, the approach of the transfer of personnel to local government was to harmonize with revenue and function transfers with the condition that transferred personnel's work status and benefits must not be worse off as compared to the current employment. In this sense, personnel transfer was obligated if revenues and functions were transferred. However, this

approach faced several problems in practice. First, civil servants who had to transfer to local government were unwilling to be transferred as they had to leave the Civil Service Retired Pension Fund. This issue solved by allowing transferred personnel to stay as the member of the Civil Service Retired Pension Fund for another three years after the transfer. Second, it was able to place the transferred personnel to the equivalent rank and position since local government already had its own personnel. Third, Civil Service Commission was unable to identify which positions had to be transferred. Target government agencies tended to not cooperate and provided information that they still need manpower to work in the agencies. No personnel could be transferred. This was one of major obstacle of personnel transfer.

As a result, illustrated in Table 8, 4,459 persons, 1375 of who accounted for government officers, another 3,081 for permanent employees, were transferred to local government. Majority of them about 2,739 persons were officers of the Department of Accelerating Rural Development which was abolished due to the Public Sector Reform in 2002

**Table 8: Number of Transferred Personnel** 

Period of transfer	Government officer	Permanent Employee	Total
First period 2003	1,310	2,801	4,111
Second period 2005	68	280	348
Total	1,378	3,081	4,459

Source: Office of the National Decentralization Committee

Facing the difficulties in transferring personnel to local government, the transfer personnel to local government took a more flexible and voluntary approach. It was the case of the transferred of teachers. The transfer of school to local government was not well accepted among teachers. In principle, the transfer of a school had to accompany with transfer of teachers and associated school employees. But teachers had a choice. First, teachers could decide to be voluntarily transferred to local government. Second, teachers, who decided not to be transferred, remained government officers, but they had to temporarily work in that transferred school for five years. In this period, the Ministry of Education would place them in other government schools. And after five years, they could decide again whether to be transferred to local government or not.

This approach was proven to be more effective. There were 5,806 persons of educational personnel voluntarily transferred to local government, as compared to 2,654 persons decided to remain with the government.

#### 2.8. Changes in Local Government Structure

Before 1990, local government structure in Thailand was characterized as a one-tier system and had five types of local government including three general types and two special ones. General types, referring to local government types that existed in every province, were municipalities, sanitary districts, and provincial administrative organizations while Bangkok Metropolitan Administration and the City of Pattaya were special types of local government. Each type of local government had no overlapping jurisdiction. In general, the municipality was found in urban areas, the sanitary district was the type of local government in semi-urban areas while PAO was responsible for the provincial territory which was not under the jurisdiction of municipalities and sanitary districts.

For internal management, each types of local government had different forms. Municipality was based on a council-mayor form in which council members were directly elected while a mayor was indirectly elected on a five-year term. The sanitary district was under the commission form. There was no separation between legislative and executive power. Sanitary district was comprised of both appointed and elected members. The Sanitary District Act determined that the district officer and a deputy district officer (under the line of provincial government) acted as the chairman and the secretary of sanitary committee respectively. Provincial Administrative Organization was based on the council-executive form. While council members of PAOs were directly elected on a five-year term, the provincial governor<sup>11</sup> acted as the executive of the PAOs. Bangkok Metropolitan Administration employed the strong executive form; both BMA council and the governor were directly elected from residents. The City of Pattaya took a city-manager form. Council members were both appointed and elected. The mayor was in charge of ceremonial functions and policy matters while the administrative functions were in the hand of the contact-based city manager.

#### 2.8.1. Establishment of TAO as the newest and smallest type of local government

Changes in local government structure have first started by the establishment of "Tambol (sub-district) Administrative Organization (TAO)" as a new type of local government in 1994. TAO is the smallest and closest local government. According to the Tambol Council and Tambol Administrative Organization Act of 1994, the structure of TAO was comprised of the TAO council and executive committee. The council had two types of membership: appointed and elected members. Appointed members included the head of tambol, the head of all villages and the tambol (sub-district) doctor. For the elected membership, each village has two representatives which were directly elected by village's constituents, on a four-year term. The size of TAO council depended on the number of villages. The executive committee included a tambol head, two village heads and four councilors. The Act determined that for the first four of the establishment of TAO, the Tambol Head acted as the president of the executive committee.

 $<sup>^{11}</sup>$  A provincial governor is the appointed civil service of the Ministry of the Interior; he or she is the head of a province according to the provincial government.

#### 2.8.2. Amendment of the role of Provincial Administrative Organization (PAO): Changing local government structure from one to two tier system

The second major change concerning the structure of local government was the replacement of the 1955 Provincial Administrative Organization Act with the 1997 Provincial Administrative Organization Act. The main reason was the overlapping between PAOs and TAOs, as a result of the establishment of TAOs. Another reason was the move to abolish the role of provincial officers in the administration of PAOs especially the role of provincial governor as the executive of PAOs. The PAO's structure, according to the 1997 PAO Act, was comprised of the council and executive. PAO council was directly elected and executive was indirectly elected. Council members selected among themselves the executive of PAO. In addition, the functions of PAO were modified to focus on provincial-wide activities and coordinating roles. This has resulted in the changing of local government structure in Thailand from one to two tier system in which PAO is the upper level, while municipality and TAO are the lower tiers of local government. Table 9 shows the current types and number of local government units in Thailand.

**Table 9: Number of Local Government Units** 

	Types	Units
1	Provincial Administration Organization	76
2	Municipality	2010
	Metropolitan Municipality	27
	City Municipality	145
	Town Municipality	1,838
3	Tambol Administrative Organization	5,765
4	Bangkok Metropolitan Administration	1
5	Pattaya City	1

Source: Department of Local Administration, at 30 June 2011

#### 2.8.3. Changes in local government structure as the result of 1997 Constitution

The next major changes in the local government structure were caused by the Section 285 of the 1997 Constitution, mandating that local government must have a directly elected council and direct or indirectly elected executive. They must be on the four-year term. To harmonize with the Constitution, several changes were introduced as follows:

(1) Abolishment of Sanitary District: sanitary district, based on the commission form, did not harmonize with the 1997 Constitution because it had no separation of council and executive. As a result, the Changing the Status of Sanitary Committee to Municipality Act of 1999 was enacted to change status of all 989 sanitary committees to become Tambol (sub-distrct) municipalities. Sanitary District no longer exists in Thailand.

- (2) Amendment of the term of office of local councils and executives: the term of office of all types of local government council and executives were changed from five to four years.
- (3) Restructure of the City of Pattaya: since the structure of the Pattaya city did not harmonize with the 1997 Constitution, as the council was partial elected and the executive was hired, the City of Pattaya Act of 1999 was passed. The structure of the City of Pattaya is similar to the city municipality. Both council members and mayor of Pattaya city are directly elected by the citizens.

#### 2.8.4. Changing from indirectly to directly elected executives

In addition to amend existing laws and introduce new laws to harmonize with the Chapter 285 of the 1997 Constitution, there was a call from local politicians and academicians to change the internal structure of municipalities, PAOs and TAOs from indirectly to directly elected executives. The reason to support the directly elected executive system was to strengthening the direct accountability between the executive and the people. Moreover, under the indirectly elected executive system, local government faced problems of lacking leadership continuity and political conflicts. Power of the mayor and executives was rather weak. The ability of the mayor in holding the office depended on the political compromise between the council members and the executive rather than the responsiveness to the need of the people. At first, only city and town municipalities adopt the strong executive form in which both municipal councils and mayors are directly elected on a four- year term. Later, in 2003, the executives of the Municipality, PAOs and TAOs were changed from indirectly directly elected executives. Three laws were amended for this matter, including the Municipality Administration Act (No. 12) of 2003, the Provincial Administrative Organization Act (No.3) of 2003, and the Tambol Council and Tambol Administrative Organization Act (No.5) of 2003. This amendment makes local government in Thailand having the same internal structure, based on a council-executive form. Both local council and executive are directly elected by the people.

#### 2.9. Local Government Personnel Management

Personnel management is one of the dimensions of decentralization process in Thailand. Prior the 1997 Constitution, local personnel management was complex involving more than 7,000 committees and sub-committees at national, provincial and local levels. It was even worse that these committee and subcommittees' members were centrally appointed. The proportion of representatives of local personnel was less in compared with those of central government. The office in charge of implementing local government personnel policies and activities was the government agency within the Department of Local Administration, Ministry of the Interior. It was said that local personnel before the 1997 Constitution were administered by the central government. Local executive had a very limit power over the management of their personnel.

Changes in the local government personnel came with the Section 288 of 1997 Constitution which determined that local government must have autonomy in personnel management and it must have the central agency, responsible for local government personnel management. As a result, the Local personnel Administration Act of 1999 was promulgated. Under this Act, the structure of local personnel management is organized into national and

provincial levels. At the national level, there is the National Commission on Local Government Personnel Standards (NCLGPS). This commission is responsible for setting and maintaining merit system, and formulating local personnel policies involving local government personnel development, general standards for recruitment, promotion, transfer, performance appraisal, disciplines, punishment and compensation. This commission also promotes researches as well as makes recommendations to the cabinet concerning local government management. The composition of the NCLGPS is a three-party committee:

- Six members from the government consisting of Permanent Secretary of the Ministry of the Interior, Permanent Secretary of the Ministry of Finance, Secretary General of the Civil Service Commission, Secretary General of the National Economic and Social Development Board, Budget Director of the Bureau of The Budget and Director-General of the Department of Local
- 2) Five qualified persons composed of experts in the field of local government management, personnel management, public administration, management and law.
- Representatives of each type of local government; each has one member. Presently, there are five members in this category.

According to the Act, the Chairperson of this commission must be a representative of qualified persons. In performing duties, the NCLGPS has the secretary office. It is the Office of the National Commission on Local Government Personnel Standards which is attached to the Ministry of the Interior's Permanent Secretary Office.

Under this Commission, there are three central personnel management commissions, following the types of local government. They include the Central Commission for Provincial Administrative Organization Personnel Administration, the Central Commission for Municipal Personnel Administration and the Central Commission for Tambol Administrative Organization. The duties and functions are to put the policies and guidelines of the NCLGPS into the clear standards relevant to each type of local government.

At the provincial level, there are three separate local government personnel committees. They are the Provincial Committee for Provincial Administrative Organization Personnel Administration, the Provincial Committee for Municipal Personnel Administration and the Provincial Committee for Tambol Administrative Organization Personnel Administration. Each committee has the same composition. It includes 1) the representative of provincial officers (appointed by the provincial governor) 2) qualified persons and 3) representatives of local personnel. It is chaired by the Provincial Governor. The power and duties of these provincial committees are to set personnel management rules, procedures and practices in accordance to the general standards and guidelines determined the national and central commissions as well as to manage activities concerning local government personnel in the province. In addition, there are also personnel management committees for Bangkok Metropolitan Administrative Organization and City of Pattaya.

As seen, the structure of local government personnel management is still very complicated involving several committees and the personnel management of each type of local

government was separated. The transfer and rotation of personnel between each type of local government is extremely difficult. It is also a need to maintain the merit system within the local personnel management. As a result, local government personnel system is a subject to be reformed under the 2007 Constitution.

To implement this provision of the 2007 Constitution, the Local Personnel Management Act of 1999 has been amended. The amended draft of the Local Personnel Management Act already gained the cabinet approval and is presently at the consideration of the Parliament.

#### 2.10. Local Election

Changes in the system of local election were led by the 1997 Constitution. First, the 1997 Constitution made voting at any level an obligation for an eligible citizen. The failure to fulfill this duty, without notifying the authorities of the appropriate cause of this failure, is subject to the revocation of political rights. Second, Section 144 of the 1997 Constitution stipulated that the Election Commission was responsible for controlling and holding an election of members of House of Representatives, senators, members of a local assembly and local executives. Third, Section 285 laid down the legal framework of local electoral system. As a result, the Election of Local Executives and Members of Local Assembly Act of 2002 was passed. It was amended once in 2003 when the executives of Municipality, PAOs and TAOs were changed from indirectly to directly elected by the residents. When the 2007 Constitution was promulgated, the local election system remains unchanged.

According to the Election of Members of Local Assembly and Local Executives Act of 2002 and amendment in 2003, a local assembly and local administrators have to be separated and their recruitments are related to elections. Local elections are controlled and hold by the Election Commission. The local electoral system is based on the plurality-majority principle. However, electoral procedures and conditions of candidature of local assembly and local executives have some differences as follows:

Local Assembly: The local assembly in all forms of local government is directly elected by the people on the four-year term. Qualifications for candidates are similar. For examples, the candidates must have Thai nationality by birth and must be at least 25 years on the election day. They must not be civil servants. While candidates standing for election to the national assembly are required to hold at least a bachelor's degree or equivalent and to be members of political parties for at least 90 days, such conditions are not required for candidates standing for election to the local assembly. The differences among forms of local government are found in the system of electoral boundary delimitation. For PAO and BMA, a single-member ward constituency and the first-past-the post rule are applied. In the case of Municipality, Pattaya City and TAOs, the multiple-member ward constituency is used. The difference is that the number of members in a constituency of Municipality and Pattaya City is six, while that of TAO is two. TAO regards a village as a ward.

Local Executives: After the amendment in 2003, all types of local government have their executives directly elected by the people on the four-year term, voting as one constituency and applying the first-past-the post rule. The direct election of the executives is the intention to strengthen to the role of the executives and enhance the political responsiveness and

accountability of local the executives to voters at large. It is based on the strong-executive form of local government.

While different types of local government share some similarities, as mentioned, the different conditions of candidatures can be noticed. For the election to the executive of PAOs, Municipality, TAOs and Pattaya City, candidates must be at least 30 years on the election day. Concerning the qualification on education, PAO, Municipality and Pattaya City require candidates for the election of local executives to hold at least a bachelor's degree or equivalent. In the case of the TAO, the certificate of secondary school is required. Candidates for the election of BMA governor is at least 25 years but no requirement on education qualifications.

#### 2.11. Public Participation in Local Government

(1) Public Participation in local government according to the 1997 Constitution

Local governance or the relationship between the local government and the people had been changed as the result of the 1997 Constitution. It provided several new mechanisms to empower citizens to check and to participate directly in local government administration.

The first one is the right to information. The constitution provided in Section 58 the right of the people to have access to public information. To put this provision into practice, the Official Information Act of 1997 was passed. It is the central piece of legislation imposing all types of public organizations including local government. This Act provides the types of information to be disclosing by published in the Government Gazette or make available for the public inspection.

The second mechanism is the direct public participation. The 1997 Constitution guaranteed citizens' rights to participate in the decision-making process, administration and inspection of public affairs of state agencies including local government. To put this provision into practice, the Prime Minister Office's Regulation on Public Consultation of 2005 was issued to specify types of development projects needed to be consult with impacted citizens as well as the means and processes of providing concerned information and of conducting public consultation before making decisions.

Specifically to local government, the Ministerial Regulation on Local Development Plan of 2003, issued by the Ministry of the Interior, describes the processes and actors involving in the formulating local development plan. In the process, the Regulation mandates that local government must organize civic forums to get inputs from the residents. Moreover, it states that the composition of local development committee, which supervises the overall planning process, must include representatives of citizens, selected by the local government.

The third mechanism is the citizens' right to recall a member of local assembly and local executives. This citizens' right was provided by Section 286 of the 1997 Constitution. As the result, the Voting for the Removal from Office of Local Assembly and Local Administrators Act of 1999 was ratified to describe the details and procedures of removal. There are two steps in this

matter. The first one is that voters, not less than one-fifth of the eligible voters, make a request to removal a member of local assembly and local administrators to a provincial governor in that area (to the Minister of the Interior for the case of BMA). The second step is the Election Commission holding a voting to remove that member or administrator. The voters, not less than three-fourths of the number of the voters who cast ballot consider that any member of the local assembly or any administrator of that local government organization is not suitable to remain in office, such member or administrator will be removed from the office.

The last mechanism is citizens' right of local initiatives. The Section 287 of the 1997 Constitution provided that voters, not less than one-half of the total number of eligible voters in locality, had right to gather signatures to petition president of local assemble to propose a local ordinance for local assembly's deliberation. The detail and process of this citizens' right was issued by the Subscription for Proposal of Local Ordinance Act of 1999.

#### (2) Public Participation in Local Government according to the 2007 Constitution

The 2007 Constitution still retains the original public participation mechanisms associating with the right to information, right to be heard, removal of local assembly and executives and local initiatives. Moreover, direct public participation spaces have been expanded by supplementing public participation mechanisms including local referendum as well as expansion of public roles in oversight of local government administration (Section 287). This is a new stipulation of the 2007 Constitution in promotion the direct public involvement in local administration; therefore, it also needs to have a new legislation specifying the mechanism of public participation. The draft Public Participation in Local Government Act was proposed but not yet approved.

#### **III. Concluding Remark**

The period of 1990-2010 can be considered the significant period of decentralization in Thailand since we witness the several major changes in the system of local government; from the intention in the 1997 Constitution to the implement of decentralization policies in the forms of legislations and mechanisms. As the result, the status and the role of local government has been a dramatic change. Today, the role of local government in politics and administration has been well recognized.

The progress of decentralization so far has to be gratitude to the local government provision of the 1997 Constitution. However, the implementation has been faced with several problems and obstacles. This is related to the centralization of Thai state as well as the lack of political commitment. Clear evidence can be viewed from the stagnation in legal amendments and the transfer of revenues and personnel as well as the slow implementation of the provision of local government of the 2007 Constitution. Decentralization to local government is at the crossroad and the further development will need the commitment and cooperation from the concerned partners including local government, the government as well as the public.

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Table 1

Concise History of Local Government in Thailand Prior 1990

Period 1: La	Period 1: Local Government after the 1932 Revolution: Local government as an Experiment and School for Democracy (1933-1956)		
Year	Event		
1932	The 1932 Revolution has changed Thailand from absolute monarchy to democracy. A European style parliamentary system was introduced together with a written constitution.		
1933	The Municipal Administration Act of 1933 came into effect; this resulted in the establishment in 1935 of the Municipality as a basis for local government in 48 urban areas across the country. The structure of the Municipality imitated the parliamentary style, comprising of the elected local council and the indirect elected mayor (selected by members of local council).		
1952	Sanitary District was reintroduced as a form of local government by the Sanitary District Act of 1952.		
1953	The performance of municipalities was unsatisfactory. The Municipal Administration Act was several amended until the 1953 Municipal Administration Act.		
1955	The Provincial Administrative Organization (PAO) was established by the 1955 Provincial Administrative Organization Act to oversee the territory outside Municipality and Sanitary District within the provincial boundary.		
1956	Tambol Administrative Organization was created by the Tambol Administrative Organization Act of 1956		
Period 2: Loca	l Government under the Military Rule: Setbacks of Local Government (1957-1972)		
Year	Event		
1957-1972	Thailand was long governed by the military government. Decentralization and local government faced several setbacks; elected mayors and councilors were replaced with civil servants and local elections were suspended with the fear of communists. Later, even though local government was allowed to perform but tight controls over local government were imposed by the central government. Civil servants were appointed as the chief executive of local government units. Appoint provincial governors were the chief executive of PAOs and appointed chief district Officers were the chairman of sanitary		

	districts.
1972	Tambol Administrative Organization was abolished.

#### Period 3: Local Government after the 1973 democratic movement and during the Semi-Democratic Government

Year	Event
1973	The student uprising in October 1973 against the military leaders had turned Thailand on the transition to democratic rule.
1975	Bangkok Metropolitan Administration (BMA) gained a special status, introduced by the Bangkok Metropolitan Administration Act of 1975.
1978	The Pattaya City Administration Act was introduced to upgrade the small fishing village of <i>Na-Klua</i> sanitary committee to become the Pattaya City. It was a special type of local government which the council and city-manager form of internal management was adopt. The Pattaya city council was composed both elected and appointed members. Pattaya city's chief administrator was hired on the contract basis.
1985	The Bangkok Metropolitan Administration Act of 1975 was replaced by the 1985 Bangkok metropolitan Administration Act to have more autonomy and have a directly elected governor. It was the first time for the introduction of the directly elected executive system in Thailand.

Table 2
Major Events of Decentralization Process in Thailand
1990-2010

Year	Month	Events
1991	February	There was the military coup. The coup-makers, who called themselves the National Peacekeeping Council (NPKC), seized power from the government of Chaichai Choonhavan with the reasons of rampant corruptions.
	December	The Constitution of 1991 was promulgated
1992	March	General election was hold.
	May	Black May occurred. It was the Political massive unrest against the premiership of general Suchinda Kraprayun. It ended with violence. As a result, General Suchinda resigned.
	September	General Election was hold. Decentralization was a political issue during political campaign. More than five political parties had a policy platform on decentralization such as the legalization of Tambol administration and promotion of the direct election of provincial governors etc.
1994	November	The Tambol Council and Tambol Administrative Organization (TAOs) Act of 1994 was promulgated. TAOs became the newest and smallest type of local government.
1997	11 October	The Constitution of 1997 was promulgated. This Constitution had turned decentralization in Thailand to the new era. It provided a comprehensive reform to the system of local government in terms of structure, duties and responsibilities, personnel management, center-local relationship, local finance and local governance.
	12 October	The Provincial Administration Organization (PAOs) of 1997 was promulgated. It resulted in changing the tier of local government in Thailand from one to two-tier system in which PAOs were as the upper tier of local government and municipalities and TAOs were the lower tier of local government
	September	Public Information Act of 1997 was promulgated. It stipulates that public agencies including local government has to provide channels for citizens' accesses to public information such as annual budget, strategic plan, projects and concerned rules and regulations etc.
1999	February	The Changing the Status of Sanitary District to Municipality Act of 1999 was promulgated to change the status of sanitary districts to be tambol municipalities. This was a result of the Section 285 of the 1997 Constitution. With this Act, Sanitary District, as a type

Year	Month	Events
		of local government, was abolished in Thailand.
	March	<ul> <li>Municipal Administration Act (No. 10) of 1999 was announced. Municipal Administration Act was amended in order to harmonize with the 1997 Constitution.</li> <li>Provincial Administrative Organization Act (No.3) of 1999 was announced. The PAO Act was amended in order to harmonize with the 1997 Constitution.</li> </ul>
	May	Tambol Council and Tambol Administrative Organization Act (No. 3) of 1999 was announced. The TAOs Act was amended in order to harmonize with the 1997 Constitution.
	October	<ul> <li>Subscription for Proposal of Local Ordinance Act of 1999 was promulgated. This law provides a mechanism for a direct participation in local legislature process, as determined by the 1997 Constitution. It determines that qualifications and numbers of subscribers and concerned processes for this matter.</li> <li>Voting for the Removal from Office of Local Executives and Member of Assembly Act of 1999. This Act guarantees the right of citizens in recalling local executives and member of local assembly, as determined by the 1997 Constitution. It determines qualification and numbers of eligible voters and concerned processes for this matter.</li> <li>Bangkok Metropolitan Administration (No.4) of 1999 was promulgated. This law was amendment in order to harmonize with the 1997 Constitution</li> </ul>
	November	<ul> <li>Determining Plans and Process of Decentralization Act of 1999 was promulgated, as determined by the Section 284 of the 1997 Constitution.</li> <li>Local Personnel Administration Act of 1999 was promulgated, as determined by the Section of the 1997 Constitution</li> <li>Pattaya City Administration Act of 1999 was promulgated. This was the amended legislation in order to harmonize with the 1997 Constitution.</li> </ul>
2000	May	Municipal Administration Act (No.11) of 2000 was promulgated. This amendment was to change from the indirect to direct elected mayor in the categories of city and town municipalities.
	September	Office of the National Decentralization Committee, as the secretary office for the National Decentralization Committee, was established as an agency under the Prime Minister Office.
	December	The first Plan for Decentralization of Power to the Local Government (Decentralization Plan) was issued.

Year	Month	Events
2002		Thaksin's government launched the extensive bureaucratic reform and resulted in expanding the structure of central government.  Ministries increased from 16 to 20 ministries. Moreover, the CEO governor policy was introduced. Powers and status of appointed provincial governors were strengthening to take the role of prime minister's assistant in each province and to be in charge of the task of planning and coordinating provincial administration.  Above changes were seen as the obstacle to the decentralization process.
	February	The status of the Office of National Decentralization Committee was upgraded to be the department under the Prime Minister Office
	October	Election of Member of Local Assembly and Local Executives Act of 2002 was promulgated. This Act determined the local electoral system involving the qualifications of candidates and eligible voters, terms of offices, voting and counting methods, election expense and constituency demarcation as well as penalty for illegal actions. The management of local election was changed from Ministry of the Interior to be the National Election Commission.
2003	June	Tambol Council and Tambol Administrative Organization Act (No. 4) of 2003 was announced to change the internal structure from the council-executive committee form to the council and executive form. This made the TAOs had a similar internal structure with other types of local government.
	November	Provincial Administrative Organization Act (No.4) of 2003 was announced. PAOs executives were changed to be directly elected and could not stay in office more than two consecutive terms.
	December	<ul> <li>Tambol Council and Tambol Administrative Organization         Act (No. 5) of 2003 was announced. The major amendment         was to change the local executive recruitment from indirect         elected to directly elected executive by the people. Moreover,         local executive could not stay in office more than two         consecutive terms.</li> <li>Municipal Administration Act (No.12) of 2003 was         announced. The mayors of all categories of municipalities         were directly elected by the people and could not stay in         office more than two consecutive terms.</li> </ul>
2005	July	Regulation of the Prime Minister Office on the Public Consultation of 2005 was issued to oblige government agencies including local government to inform and, or, to consult with the concerned/impacted public before decisions were to be made.
	September	Regulation of Ministry of the Interior on the Local Development

Year	Month	Events
		Planning of 2005 was issued to determine a composition of planning committee, mechanisms and details of planning process of local government.
2007	January	Determining Plans and Process of Decentralization (No.2) Act of 2007 was promulgated. This amendment was to determine the proportion of local to central revenue not less than 25% and would be increased to be not less than 35% but there was no specific time frame as determined by the previous one.
	August	<ul> <li>The Constitution of 2007 was promulgated.</li> <li>This Constitution retains major contents from the 1997 Constitution. It guarantees the position of local government as the primary public service provider and expands the channels for public participation in local administration.</li> <li>At the same time, this Constitution strengthens the role and status of provincial administration. It provides that Thai public administration must consist of central, provincial and local government and each province must have its own development plan and budget. It is probably the first time in Thai modern history that provincial administration is clearly mentioned in the constitution.</li> </ul>
2008	February	<ul> <li>Council of Community Organizations Act of 2008 was promulgated. This Act was to legalize community organizations as well as to promote and strengthen community organizations. The role of community organizations was to present problems and provided recommendations on solutions to various public agencies including local government in locality. Before this Act was passed, there was a protest from local government about the status and role of community organizations in directly involving and supervising local administration. The draft was revised and the role of community organizations does not directly involve in the administration of local government.</li> <li>The second Plan for Decentralization of Power to the Local Government (Decentralization Plan) of 2008 was issued.</li> </ul>
2009	April	Regulation of the Prime Minister Office on Provincial Good Governance Committee of 2009 was issued. The regulation determines that the representatives of local assembly are member of the Provincial Good Governance Committee. This committee acts a watchdog committee to inspect of wrong doings of public officials and to promote good governance in the province.

Year	Month	Events
	November	<ul> <li>Tambol Council and Tambol Administrative Organization Act (No. 6) of 2009 was announced. This amendment was to take off the two-term limit in staying in office of the TAO executive.</li> <li>Pattaya City Administration (No.2) Act of 2009 was promulgated. This amendment was to take off the two-term limit in staying in office of the executive of Pattaya City.</li> <li>Municipal Administration Act (No.14) of 2009 was announced. This amendment was to take off the two-term limit in staying in office of the municipal mayors.</li> <li>Provincial Administrative Organization Act (No.5) of 2009 was announced. This amendment was to take off the two-term limit of the executive of PAOs.</li> </ul>

## Decentralization Process in 1990-2010 in Thailand

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#### Presentation

Brief History of Local Government prior 1990

Decentralization Process in 1990-2010

### Modern Thai History of Local Government Prior 1990



Period 1: Local Government after the 1932 Revolution: Local government as an Experiment and School for Democracy (1933-1956)



Period 2: Local Government under the Military Rule: Setbacks of Local Government (1957-1972)



Period 3: Local Government after the 1973 democratic movement and during the Semi-Democratic Government

#### Period 1:

Local Government after the 1932 Revolution: Local government as an Experiment and School for Democracy (1933-1956)

- In 1932, the major political change was the abolishment of absolute monarchy and the introduction of democracy and constitutional monarchy.
- Immediately after 1932 revolution, the Municipal Administration Act of 1933 came into effect; this resulted in the establishment in 1935 of the Municipality as a basis for local government in 48 urban areas across the country.
- It is clear that local government was established with the expectation to be served as a
  school for general public to learn and practice democracy. The structure of the
  Municipality imitated the parliamentary style, comprising of the elected local council
  and the indirect elected mayor (selected by members of local council).
- Later on, other forms of local government had been added with the emphasis on the rural area.
  - Sanitary Committee was reintroduced as a form of local government by the Sanitary Committee Act of 1952.
  - Provincial Administrative Organization (PAOs) was established by the 1955
     Provincial Administrative Organization Act to oversee the territory outside
     Municipality and Sanitary Committee.
  - Tambol Administrative Organization is also created by the Tambol Administrative Organization Act of 1956.

#### Period 2:

Local Government under the Military Rule: Setbacks of Local Government (1957-1972)

- Thailand was long governed by the military government. It was also under the context of cold war and anti-communism.
- It is considered the painful period of local government.
   Decentralization and Local government faced several setbacks;
   elected mayors and councilors were replaced with civil servants and local elections were suspended with the fear of communists.
- local government was allowed to perform but tight controls over local government were imposed by the central government. Civil servants were appointed as the chief executive of local government units.
- Tambol Administrative Organization was abolished in 1972.

#### Period 3

Local Government after the 1973 democratic movement and during the Semi-Democratic Government

- Thailand was once again in the transition to democratic rule. New constitution was enacted and general elections (1975 and 1976) were held but the democratic government lacked political stability and failed to manage the country economically. Then, the army and the right-wing political parties returned to power.
- Since the government emphasized on the economic issues, local government, municipalities, PAOs and sanitary districts performed with limited functions and resources as well as under the central control.
- The major developments of local government in this period were the reorganization of the Bangkok administration and the establishment of the Pattaya City as the special types of local government.

## **Decentralization Process**

1990-2010

#### **Political Situation**

- Political situation in Thailand during 1990-2010 had been unstable and, subsequently, had frequent changes in government.
- There were about 12 prime ministers during this period.
- Major political events were the unexpected military coup on February 23, 1991 and was followed by political turmoil of Black May 1992.
- Political atmosphere of the Black May 1992 was overwhelmed with the public calls for a political reform. Governments in power were under public pressure to have a concrete political reform especially the call for the creation of an entirely new constitution.
- Five years later, the 1997 Constitution was promulgated.
- The 2006 Coup led to the 2007 Constitution.

#### List of Prime Ministers and Duration of Government

Source: Author

Prime Minister	Type of Government	Duration
Chartchai Choonhavan	Democratic Government	1988-1991
Anand Panyarachun	Interim government	1991-1992
General Suchinda Kraprayoon	Short-lived	April-May 1992
Anand Panyarachun	Interim Government	June 1992
Chuan Leekpai	Democratic government	Sept. 1992-1995
Barnharn Silpa-archa	Democratic government	1995-1996
Chavalit Yongchaiyudh	Democratic government	1996-1997
Chuan Leekpai	Democratic Government	1997-2001
Thaksin Shinnawatra	Democratic Government	2001-2006
Surayud Chulanont	Interim government	2006-2007
Samak Sundaravej	Democratic government	2007-2008
Somchai Wongsawat	Democratic government	Sep.2008-2008
Abhisit Vejjajiva	Democratic government	Dec.2008-2011
Yingluck Shinnawatra	Democratic government	July 2011-present

## Decentralization process prior the 1997 Constitution

- After the Black May of 1992, political atmosphere brought high attention to decentralization. Some academicians view it as the beginning of decentralization process. To reform Thai politics, decentralization was seen as the key driver.
- The major movement on decentralization was a call for elected provincial governor
- The establishment of Tambol (Sub-district) Administrative Organization as the smallest local government unit.

## **Decentralization Process**

#### After the 1997 Constitution

### The 1997 Constitution

- The 1997 Constitution was the sixteenth of the total 18 constitution.
- Special characters:
  - 1) it was widely viewed as a landmark in democratic political reform. Promulgated in 11 October 1997, it was the first constitution to be drafted by an elected assembly and was popularly called the "People's Constitution".
  - 2) the Constitution was aimed at promoting participation of the people, both at local and national level, in the governance under democratic system. In particular, comprehensive reform on the system of local government.
- Unlike past constitutions, it provided a comprehensive reform on the system of local government
- Turning point in the decentralization process

# Legal Reform as the result of the 1997 Constitution

11 laws: 5 law amendment and 6 newly enacted laws

#### Laws Amendments to harmonize with the 1997 Constitution

Law Amendment	Details of Amendment		
Changing the Status of Sanitary Committee to Municipality Act of 1999	This Act stipulated that a sanitary committee is to be changed to be a tambol (sub-district) municipality since the structure of a sanitary committee, which used a commission form (no separation of council and executive) and had an appointed district officer as the chairperson of the committee, was not in conformity with the Constitution. This resulted in the abolished of a sanitary committee form of local government and changed 999 sanitary committees to be the status of Tambol Municipality.		
Provincial Administration Organization (No.2) Act of 1999	The amendment is to conform to the constitution in following points: 1) adding recall by constituencies as a mean to terminate the term of office of executive and councilors 2) extending PAOs functions to include what was		
Municipal Administration Act (No. 10) of 1999	stipulated in the Constitution.  To harmonize with the Constitute, the Municipal Administrative Act had to be amended in several points: 1) changing the term of office of both the mayor and councilors from 5 to 4 years; 2) adding functions of a municipality including what stipulated in the Constitution and 3) adding the recall by constituencies as a mean to remove a mayor and councilor from office.		
Tambol Council and Tambol Administrative Organization (No. 3 ) Act of 1999	TAO Act was amended in several points: 1) changing from partly appointed to all elected council members; 2 changing from appointed executives to for executive committee including of one chairman and two vice chairman must come from elected councilor, selected by the council.		
Bangkok Metropolitan Administration (No.4) Act of 1992	BMA Act was amended in several points to conform with the Constitution: 1) changing qualification of voters and candidates to the post of the governor and assembly; 2 adding right of citizens in voting to remove the governor and assembly from office and to request local ordinances and 3) adding function s as stipulated in section 289 and 290.		

#### **New Laws Enacted**

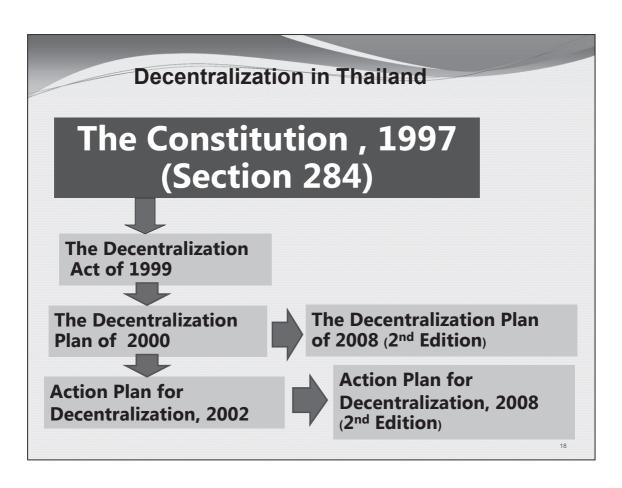
Sections in	New Laws	
the 1997		
Constitution		
284	Determining Plans and Process of Decentralization Act of 1999	
288	Local Government Personnel Management of 1999	
285, 289,	Pattaya Administration Act of 1999	
290		
287	Subscription for Proposal of Local Ordinance Act of 1999	
286	Voting for the Removal from Office of Local Executives and	
	Members of Assembly of 1999	
285	Election of Member of Local Assembly and Local Executives	
	Act of 2002	

## Determinating Plan and Process of decentralization Act of 1999

- Section 284 was at the heart of decentralization process in the 1997 Constitution since it was mandatory to draw up a law containing a plan, and a step-by-step procedure for decentralization.
- Moreover, it determined that this law was to be drawn up in two year time. As a result, the Determining Plans and Process of Decentralization Act of 1999 ("the 1999 Decentralization Act") became effective on November 1999.
- It was considered the most important piece of legislation because it provided the basis for the concrete process of decentralization in Thailand

## Key content of Decentralization Act of 1999

- Setting of a National Decentralization Committee: it was multi-parties committee, having responsible to formulate, to plan, implement and monitor decentralization process.
   The NDC is a three-party committee of 36 members. Each party has 12 members.
- Delineating duties and responsibility among different types of local government.
- Determining sources of revenues, including taxes, fees and other incomes, of different types of local government
- Providing the scope and content of the decentralization plan to local government as well as the process of drafting it.



## Transfer functions The first and second operational Plans

	Categories	Detail functions
1	Infrastructure	communications and transport (land transport, bus terminal and water transport), public utilities ( water supplies/local pipe water system, central market provision and market control, city planning and building control.
2	Quality of Life	vocational promotion, social welfare for children, women, the aged and the disadvantaged, recreation services (sport and parks), education both formal and non-formal education, public health and health care, preventing and controlling of contagious diseases and improving dense communities (slums) and public housing.
3	Order and security of community and society	promoting democracy, rights, equality and freedom of people, promoting people participation in local development, preventing and relieving public disaster, promoting and maintaining public safety, registration of population, issuance of ID cards, the control of foreign labor.
4	Planning, investment promotion, and commerce and tourism	local development plan, technology development , investment promotion, commercial registration, industrial development, tourism, factory controls and industrial standard provision.
5	Natural resources and environment protection and management	conservation of land, forests, natural resources and environment, environment and pollution management, maintenance of public land
6	Art, culture, tradition and local wisdom	maintenance of ancient remains and antiques and management of local museums

#### Transfer of Finance

- One of the most salient characteristics of the Decentralization Act of 1999 was the benchmark on the revenue side of financial decentralization. It mandated that aggregate local government revenue must not amount to less than 20% of the total government revenue in 2001, with the requisite level rising to 35% by 2006
- Approach: the transfer of revenues heavily relied on two measures to stimulate local revenue:
  - (1) shifting some tax bases from national to local government
    - some national tax bases had been shifted to local, namely mineral resource tax, land registration fees, gambling tax, groundwater fees, and swallow nest tax.
    - it was the increase share of local government in two significant shared taxes: value-added tax and excise taxes. Compared to the first dimension, the latter contributed a large proportion of local revenue.
  - (2) increasing local grants.
    - introducing 'subsidies with transfer of functions'

### Proportion of Local to Government Revenues

Year	%
2007	24.05
2008	25.17
2009	25.20
2010	25.26
2011	26.14

## Transfer of Personnel to Local Government

- Approach of the transfer of personnel to local government was to harmonize
  with revenue and function transfers with the condition that transferred
  personnel's' work status and benefits must not be worse off as compared to
  the current employment. In this sense, personnel transfer was obligated if
  revenues and functions were transferred.
- However, this approach faced several problems in practice.
  - civil servants who had to transfer to local government were unwilling to be transferred as they had to leave the Civil Service Retired Pension Fund. This issue solved by allowing transferred personnel to stay as the member of the Civil Service Retired Pension Fund for another three years after the transfer.
  - it was able to place the transferred personnel to the equivalent rank and position since local government already had its own personnel.
  - Civil Service Commission was unable to identify which positions had to be transferred. Target government agencies tended to not cooperate and provided information that they still need manpower to work in the agencies. No personnel could be transferred. This was one of major obstacle of personnel transfer.

#### **Number of Transferred Personnel**

Source: Office of the National Decentralization Committee

Period of transfer	Government officer	Permanent Employee	Total
First period 2003	1,310	2,801	4,111
Second period 2005	68	280	348
Total	1,378	3,081	4,459

## Transfer of Personnel to Local Government

- Changing approach: the transfer personnel to local government took a more flexible and voluntary approach. It was the case of the transferred of teachers.
- In principle, the transfer of a school had to accompany with transfer of teachers and associated school employees. But teachers had a choice.
  - First, teachers could decide to be voluntarily transferred to local government.
  - Second, teachers, who decided not to be transferred, remained government officers, but they had to temporarily work in that transferred school for five years. In this period, the Ministry of Education would place them in other government schools. And after five years, they could decide again whether to be transferred to local government or not.
- This approach was proven to be more effective. There were 5,806 persons of educational personnel voluntarily transferred to local government, as compared to 2,654 persons decided to remain with the government.

#### Changes in Local Government Structure

#### Before 1990

- a one-tier system and five types of local government.
- Various forms of internal management

#### **After 1990**

- Two-tier system and five types of local government
  - Establishment of TAO as the newest and smallest type of local government
  - Upgrading of PAO as the upper of local government
- Changes in local government structure as the result of 1997 Constitution
  - Abolishment of Sanitary District
  - Amendment of the term of office of local councils and executives from 5 to 4 years
  - Restructure of the City of Pattaya
  - Changing from indirectly to directly elected executives

#### Changes in Local Personnel Management

- Changes in the local government personnel came with the Section 288 of 1997 Constitution which determined that local government must have autonomy in personnel management and it must have the central agency, responsible for local government personnel management.
- As a result, the Local personnel Administration Act of 1999 was promulgated. Under this Act, the structure of local personnel management is organized into national and provincial levels.
- At the national level, there is the National Commission on Local Government Personnel Standards (NCLGPS). This commission is responsible for setting and maintaining merit system, and formulating local personnel policies involving local government personnel development, general standards for recruitment, promotion, transfer, performance appraisal, disciplines, punishment and compensation. This commission also promotes researches as well as makes recommendations to the cabinet concerning local government management.
- The composition of the NCLGPS is a three-party committee and composed of 16 members

### Changes in electoral system

- Changes in the system of local election were led by the 1997 Constitution.
- the 1997 Constitution made voting at any level an obligation for an eligible citizen.
- the Election Commission was responsible for controlling and holding an election of members of House of Representatives, senators, members of a local assembly and local executives.
- the Election of Local Executives and Members of Local Assembly Act of 2002 was passed

### Election of Local Assembly

- Local Assembly: The local assembly in all forms of local government is directly elected by the people on the four-year term. Multi-seat system is applied.
- the candidates must have Thai nationality by birth and must be at least 25 years on the election day. They must not be civil servants.

#### **Election of Local Executive**

- After the amendment in 2003, all types of local government have their executives directly elected by the people on the four-year term, voting as one constituency and applying the first-past-the post rule.
- Educational qualifications are required.

### Changes in Public Participation

- Local governance or the relationship between the local government and the people had been changed as the result of the 1997 Constitution. It provided several new mechanisms to empower citizens to check and to participate directly in local government administration.
  - the right to information: Public Information Act of 1999
  - The right to recall: Voting for the Removal from Office of Local Assembly and Local Administrators Act of 1999
  - Citizens' right of local initiatives: Request of Local Ordinance Act of 1999.
- The 2007 Constitution expand direct public participation mechanisms including public consultation, local referendum and expansion of public roles in oversight of local government administration.