

Provincial Cities Management : A Case in Thailand

YABUTA Jinichiro*

A. Introduction

For regional development, management is just as important as investment due to increasing needs to achieve the local initiative in intersectoral coordination, the efficient use of natural resources and land and the effective use of the investment already made.

This paper reviews an experience of planning provincial cities management in Thailand and attempts to draw lessons from the experience for improving regional and urban management in the third world.

This experience is a part of the regional planning study for the Upper Central Region (UCR) of Thailand carried out jointly by National Economic and Social Development Board (NESDB) of the Royal Thai Government (RTG) and Japan International Cooperation Agency (JICA) of the Japanese Government during the period 1988 to 1990.

Planning of a region generally aims at (1) a higher quality of life of the people living in a region, (2) a strengthened capability of the people to plan and manage development, (3) better use of a region's comparative advantage for the national economy, and (4) an effective use of a region's planning experience as a pilot for improving national policies.

NESDB as a central government agency stressed the aims (3) and (4) above, while provincial government would have stressed the aims (1) and (2). Accordingly, major issues of the UCR Planning Study was to identify the strategies and projects which would best make use of the region's comparative advantage. It is in this context that this paper reviews a planning experience in the study, with a stress on the region-specific proposals for urban

* Visiting Research Fellow, Graduate School Of International Development, Nagoya University (from October 1991 to March 1992) : Director, Planning and Research Division, International Development Center of Japan, Tokyo.

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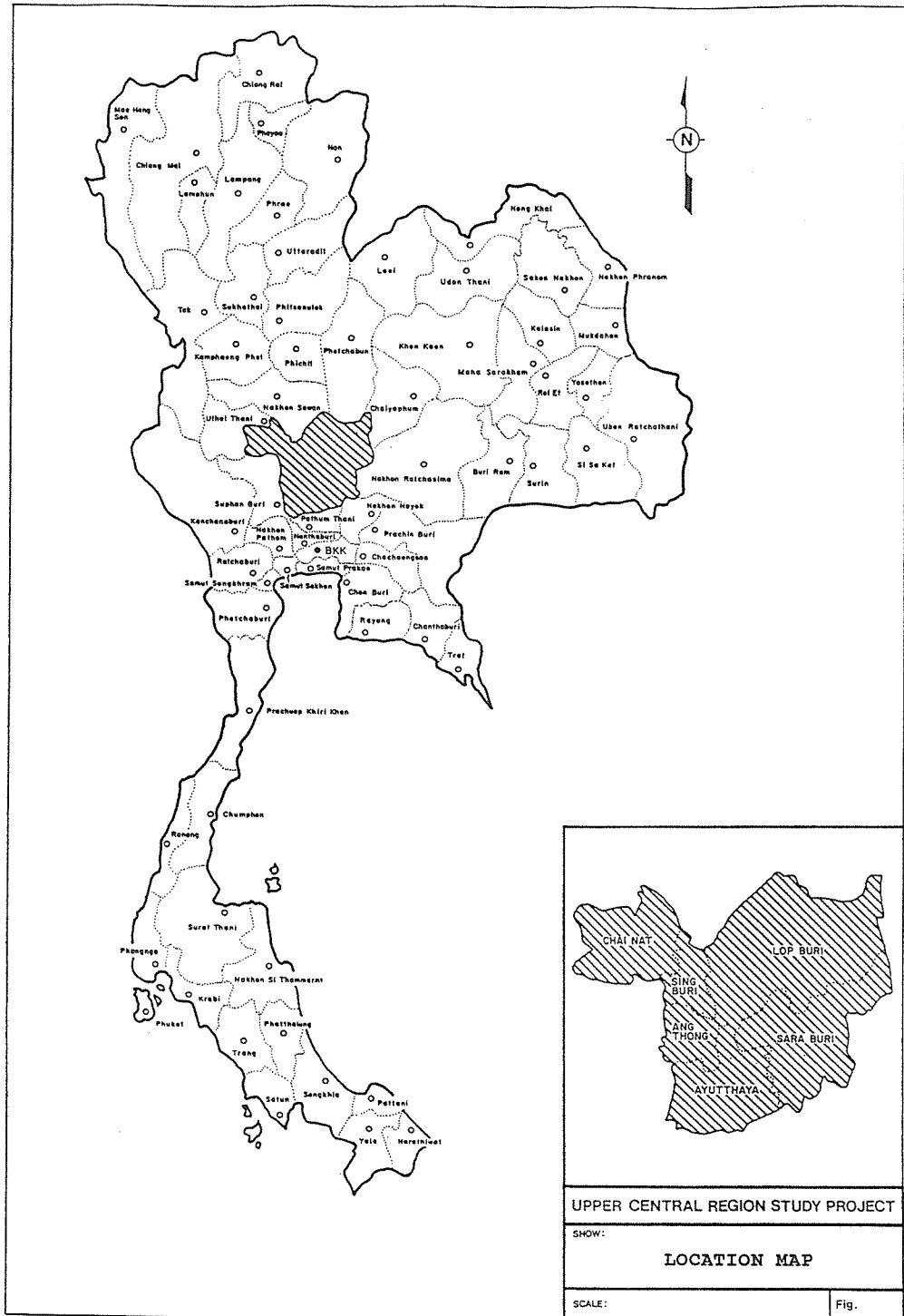
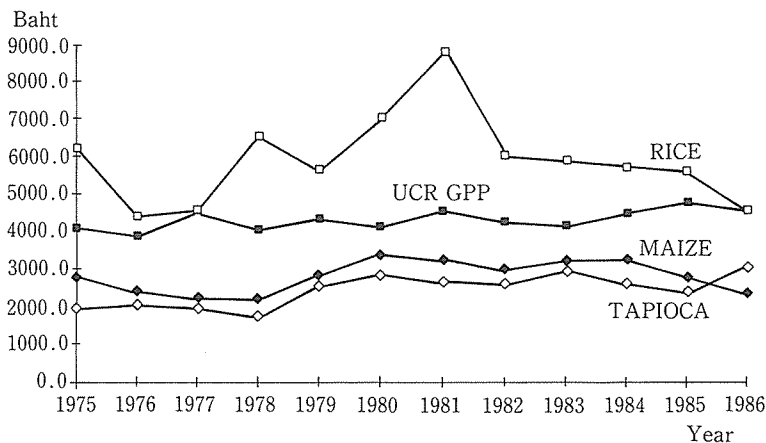


Fig. 1 LOCATION MAP



Source : Foreign Trade Statistics, Gross Regional and Provincial Products

Fig. 2 Fluctuation of International Market Prices and Agricultural GPR of UCR

management to be possibly applied to central government policies.

B. Regional Development Issues of the UCR

The UCR is a land-locked region having population of about 2.7 million and an area of 16,600 km² (see Figure 1). It is located in the Chao Phraya River Basin, the largest and best rice producing area in the country. It is also on the frontier of the Bangkok Metropolitan Region (BMR) and faced with impending industrial sprawl. The UCR is the getaway to the BMR from the northeastern region and the northern region, and now a focal point for the transport of agricultural exports.

Once being predominantly agricultural, Thai economy has been fast growing mainly due to rapid expansion of the export-oriented foreign direct investment in manufacturing. However, many national planners recognize that this growth can not be well sustained without either balancing development and environmental concerns, widening and deepening industrialization based on the domestic market, or reducing income disparity between urban and rural areas.

Inside the UCR, however, people face with a set of the following three interrelated constraints :

Firstly in the rural scene, the UCR's agriculture has been unstable due to its heavy dependence on the fluctuating international market (see Figure 2), the soil erosion caused by excessive cultivation in the upland (see Figure 3), the inflexible irrigation water supply vis-a-vis diversifying market demand (see Figure 4) and the high tenancy, which is a social

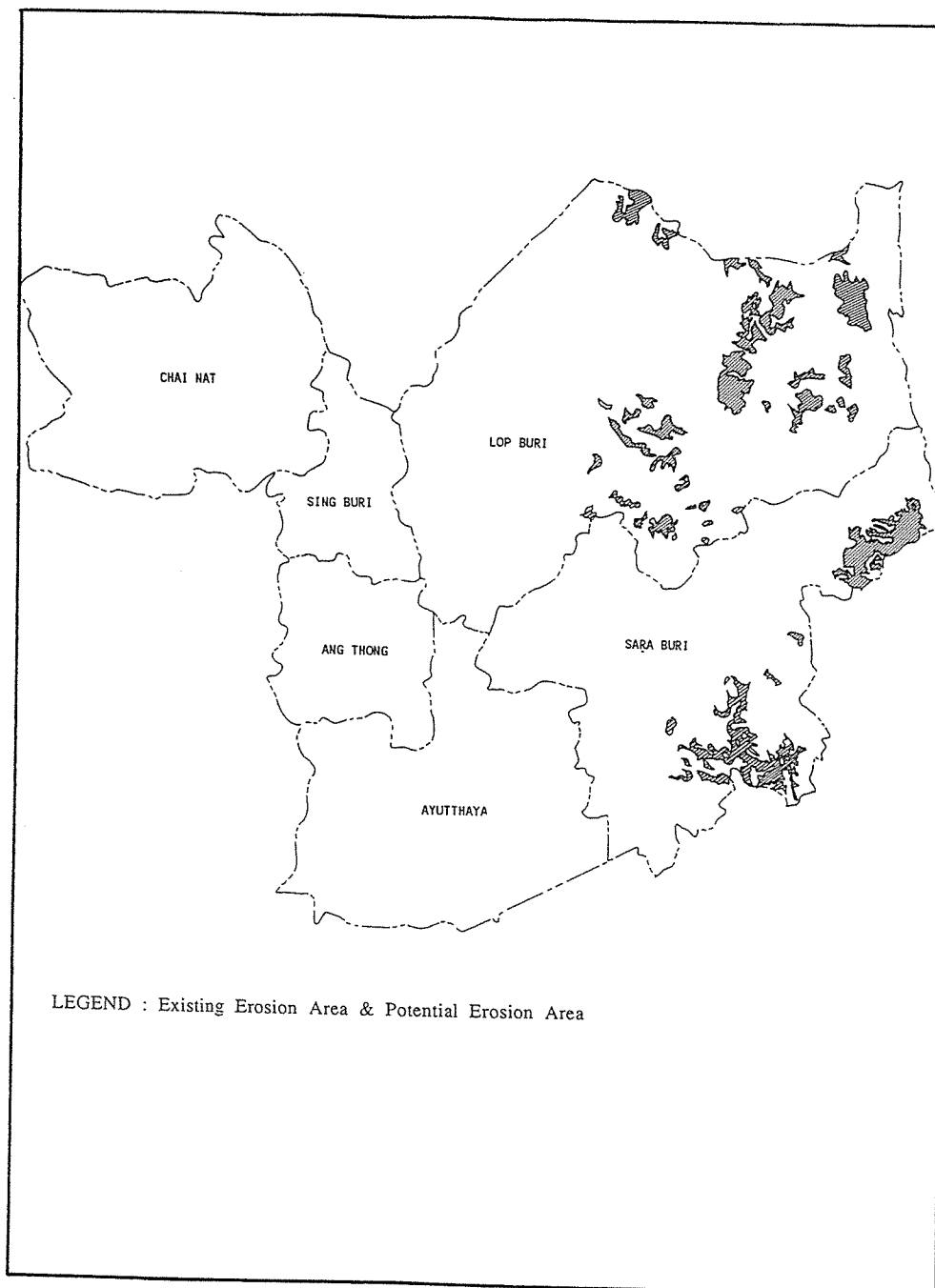


Fig. 3 Erosion Area in the UCR
Source : The Study Team/Soil Map LDD

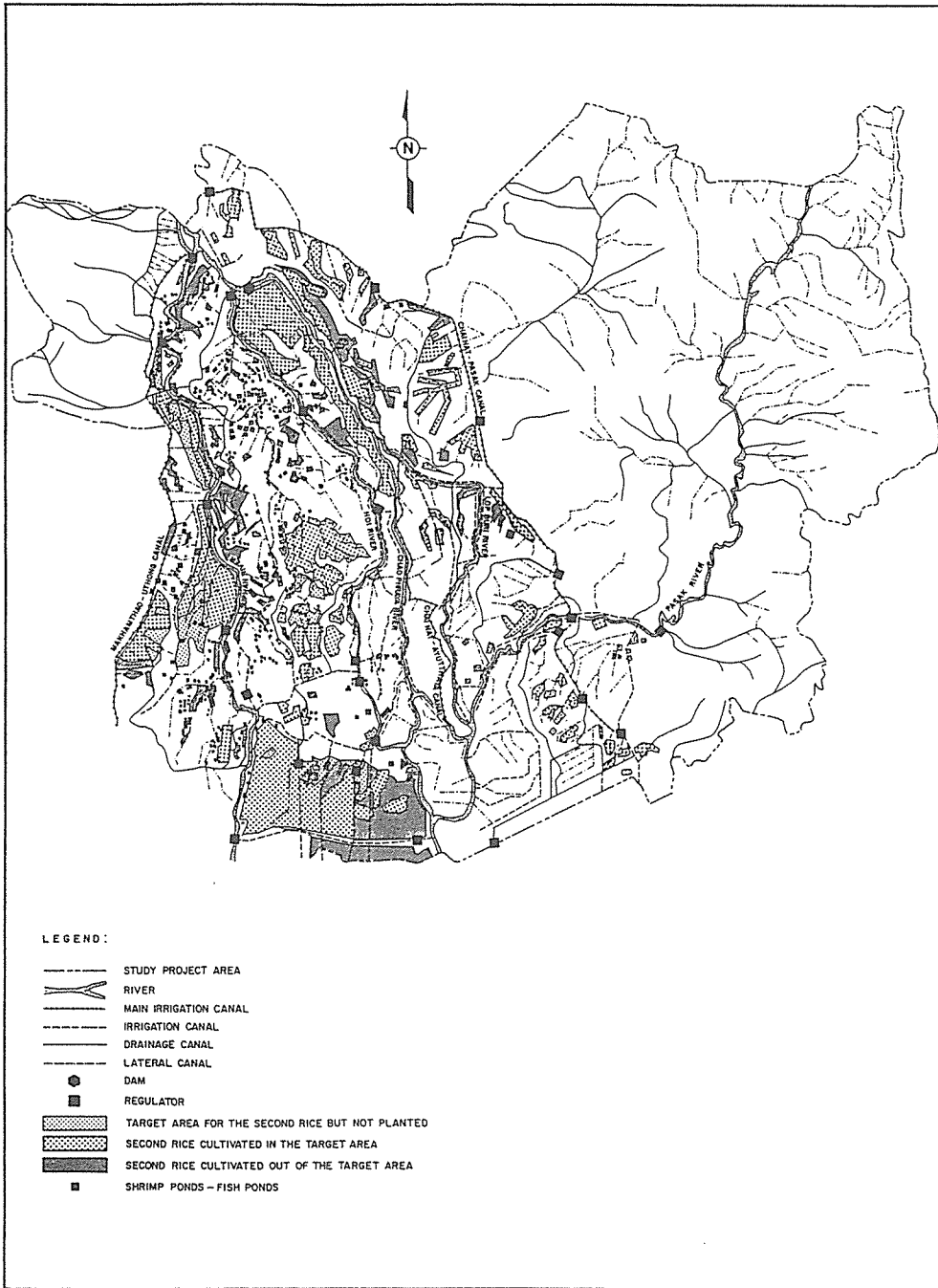


Fig. 4 Dry Season Irrigation in the Delta (1987/88)

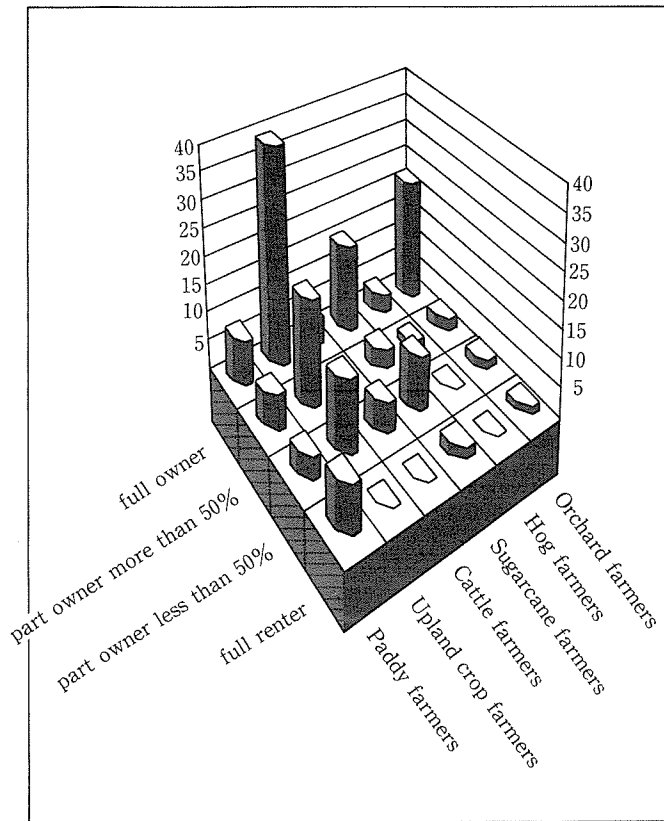


Fig. 5 Type of Land Holding

problem, too (see Figure 5).

Secondly in the urban scene, urban service centers have been very weak because of unstable agricultural hinterlands and, in addition, because of a strong neighboring pull factor of Bangkok. Without viable regional city, the UCR suffers from weak integration of economy within itself. Table 1 and Figure 6 show that funds collected from within the UCR drain out of the region.

Thirdly, these rural and urban constraints have resulted in the continuous out-migration for the past 30 years (see Figure 7). In addition, there is a great volume of seasonal outmigration from both rural and urban areas (see Figure 8).

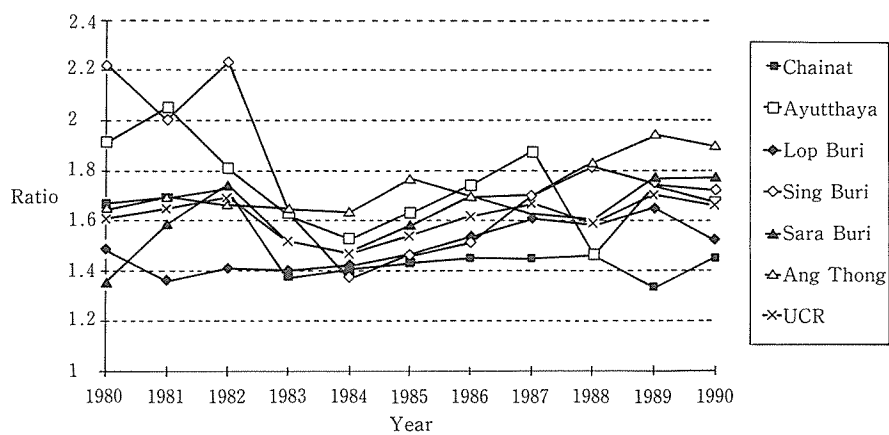
In order for the UCR to contribute to sustained national growth and overcome the constraints above, strategic agricultural and forest areas which are bases for long-term self-sufficiency in food, for resource-based export competitiveness and for flood control in Bangkok should be preserved from rapid industrial and urban sprawl. At the same time, a plan is needed for careful economic dispersion of the capital region. This plan must take care to maintain economies of scale. The economies of scale in the BMR is, in fact, a major source

Table 1 Deposit-to-Credit Ratios of Commercial Banks

	W. Kingdom	BMR	Central	North	Northeast	South
1980	0.98	0.83	1.46	1.39	1.69	1.46
1981	1.01	0.87	1.52	1.34	1.45	1.47
1982	1.07	0.93	1.61	1.39	1.36	1.43
1983	1.01	0.90	1.39	1.23	1.13	51.32
1984	1.04	0.96	1.35	1.18	1.13	1.32
1985	1.06	0.96	1.46	1.17	1.21	1.42
1986	1.15	1.05	1.58	1.30	1.31	1.51
1987	1.11	1.01	1.60	1.34	1.30	1.46

Source : Bank of Thailand

Notes : All banking institutions are included.



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Fig. 6 Comparison in Deposit-to-Credit Ratios in the UCR

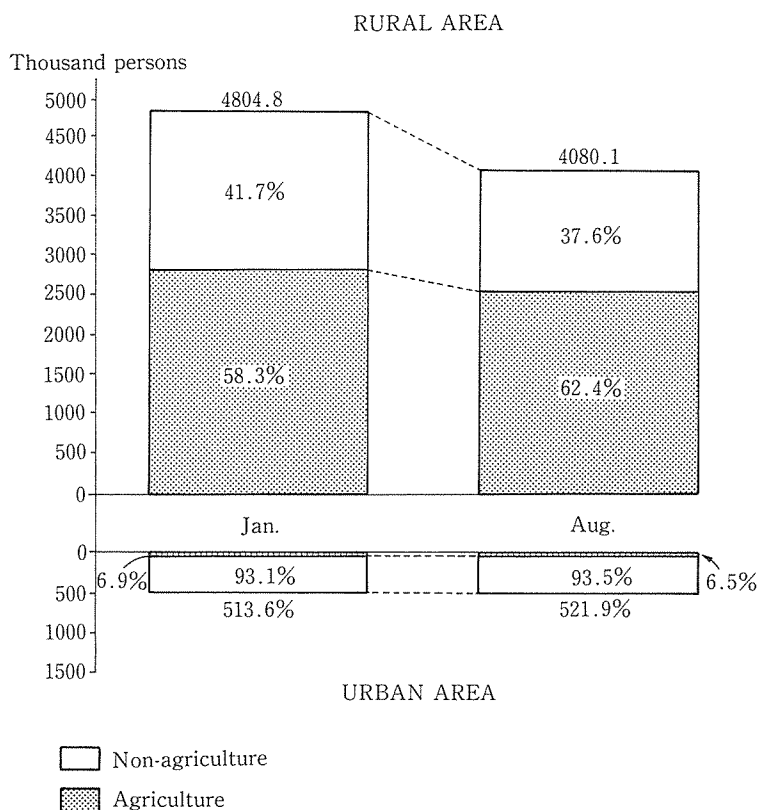


Fig. 8 Seasonal Fluctuation of Labor Market : Central Region

of domestic market expansion and international competitiveness. In addition, a link should be established between major field crop production, agro-processing and livestock. This link should develop markets to encourage crop diversity, the use of land during the dry season and promote distribution and processing to increase dry season employment.

These three points call for an emphasis on viable urban centers to be created in the UCR (see Figures 9 and 10). These urban centers are expected to become a strong magnet to keep industrial and urban dispersal from extensive pollution and agro-industrial conflicts and to attain efficient deconcentration of Bangkok. They will also be centers of the service activities to support externally dependent and thus unstable rural sector, to provide non-agricultural job opportunities thereby reducing the outmigration to Bangkok, and to offset a missing link existing between foreign-investment-led industrial expansion and regional economic development. In the UCR, some cities were found to be in a best position to make use of the development in other regions such as the traditional concentration of export agricultural crops in the northeastern region and a major industrial development in the

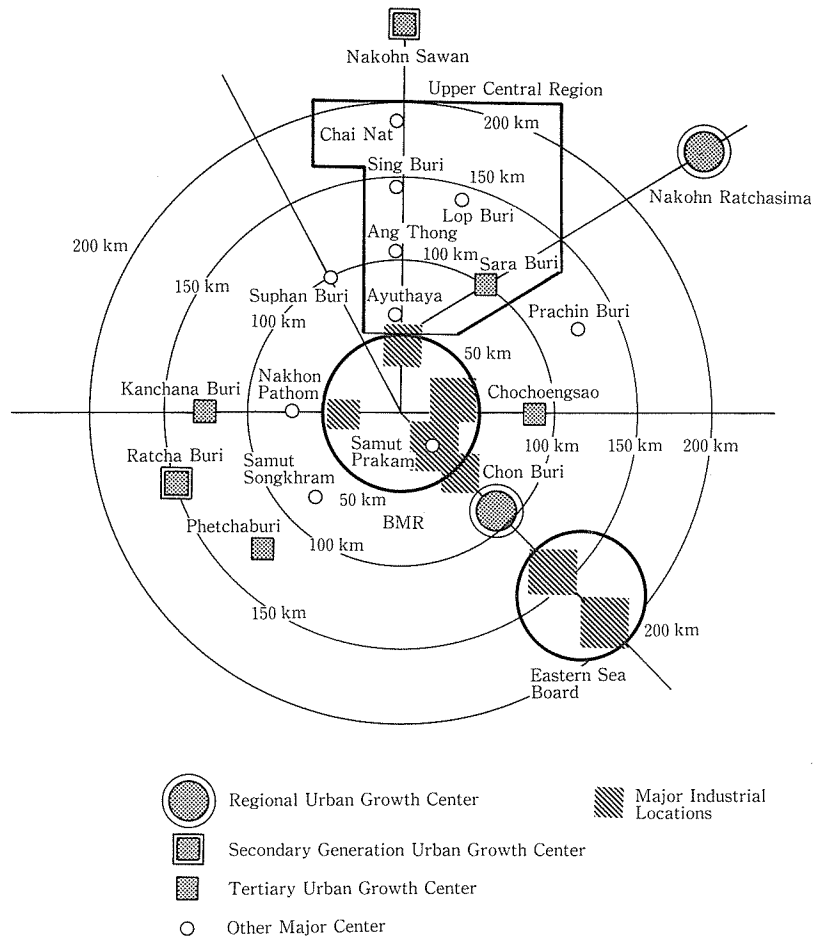


Fig. 9 Major Urban Centers and Industrial Location within a 200km Radius Economic Zone Centered on Bangkok

Eastern Seaboard (ESB).

C. Challenges for Provincial Cities Management in Thailand

For urban centers to be strengthened, managerial aspect is most important in the UCR as well as elsewhere in Thailand.

It should be noted, especially for the third world, that objectives of urban management are quite different between provincial cities and large metropolitan cities. Major management issues of large metropolitan cities are to cope with congestion and excessive concentration, and to alleviate the urban poor, while those of provincial cities are to promote regional development of their hinterlands and to integrate rural economies in the national economy.

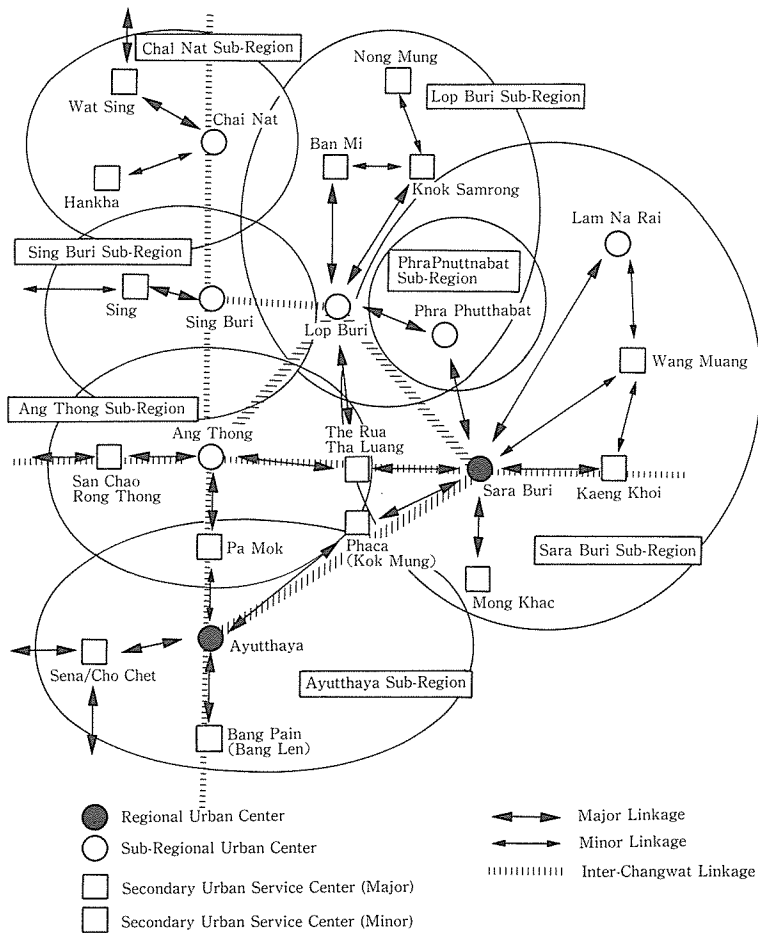


Fig. 10 Concept of Human Settlement Center Hierarchy

On this premise, one can summarize the challenges for provincial cities management in Thailand under the following three points :

Firstly, there has been a fairly clear line of demarcation between urban and rural development in the central government administration. The urban administration, both at the central and local levels, has tended to confine itself to the development and management within narrowly delineated municipal boundaries (Average population density of municipalities in the UCR reaches 24 person per hectare). On the other hand, the provincial administration has addressed itself mostly to agricultural and rural development. Urban and industrial activities, whether to be promoted or controlled, have been out of its major concerns. At present, however, these activities crop up outside the municipal boundaries especially in relatively developed regions. As a result, urban services, infrastructure provision, environ-

mental control and other matters associated with urban and industrial expansion can not effectively be taken care by either urban, rural or provincial administration.

Secondly, local initiative is more important than central government initiative in promoting regional industrialization process. However, present regional development policy pays much less attention to the urban services for industrial development than public infrastructure investments. Industrialization has been supported by the direct central government initiative. The initiative has been useful for intensive infrastructure investments and creating a space to attract private industrial investments, which are of mostly foreign origin. But this approach has often failed to realize expected multiplier effects over regional development, as has been criticized by many. At present, a greater attention is paid to how to develop the local entrepreneurship as a major base for the diversification of domestic industrial linkages and regional economy. It is in this regard that urban centers have increasingly been

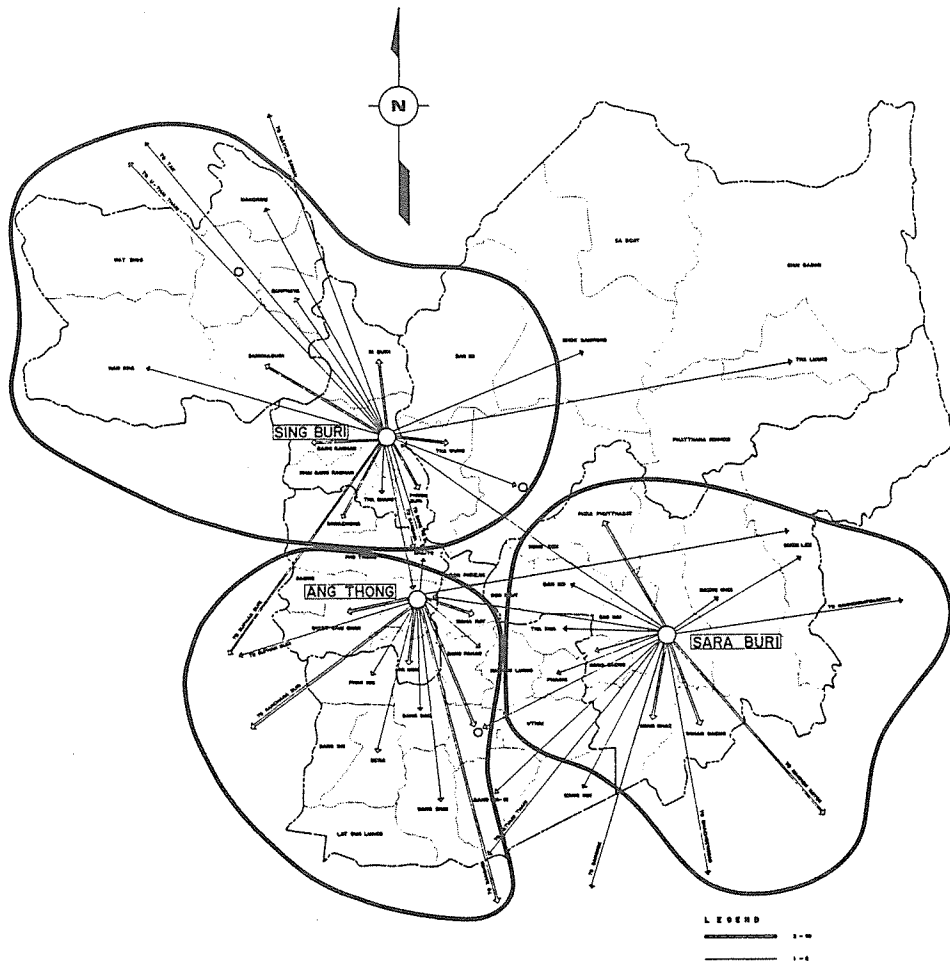


Fig. 11 Wholesale Food Markets and Their Market Territories

recognized as a breeding ground of local entrepreneurship and regional industrialization. A number of observations support a hypothesis that industrial development follows urban development and not vice-versa. Typically, road access improvement initiates concentration of agricultural surplus followed by the growth of transport industries, repair shops, construction activities, retails, real estate agents and local financial institutions, and then new industrial location often being guided by entrepreneurs emerged from these local business activities. For a reference, Figure 11 shows three major market centers in the UCR. Of these, Sara Buri is growing as an industrial center, too.

Thirdly, urban municipality can practically be a target level in decentralizing government administrative and financial power under the current administrative situation of Thailand. Administrative decentralization has been a longstanding issue in many countries including Japan. In case of Thailand, provincial government is supposed to be the main platform of interdepartmental coordination for regional development. This should be so in long term. In reality, however, it has not been active partly because the provincial governors are centrally appointed and thus not always keen on power decentralization. On the contrary, the municipal mayors are elected. They can not maintain mayor's post without one way or another taking care of their municipal citizens. Another political potential of municipality is that it has a certain level of human and financial agglomerations to support local government initiative.

D. Provincial Cities Management in the UCR : A Case Study

There are two approaches to analysis and planning of development management. First approach is entire in nature. It analyzes institutional and managerial problems in a comprehensive manner, and translates them into programs for improving management. The second approach is incremental in nature. It analyzes the institutional and managerial problems which hinder smooth implementation and full utilization of specific project, and translates them into policy recommendations.

The UCR Planning Study took the second approach. Provincial cities management in the UCR warranted a set of six recommendations. These recommendations were derived all from the consideration of how to implement and maintain a proposed waste water treatment system.

This system is important to keep urban and industrial expansion from polluting either the UCR's rice farming land which is of national importance, or the Chao Phraya River which is a source of drinking water of the people in Bangkok. Some Thai government planners believed that the institutional and financial arrangements to be proposed for this system

could offer an opportunity to adjust traditional local administration to changing economic and spatial structures of the country. In fact, the proposal worths political support because keeping the Chao Phraya River clean is a matter of the life security in Bangkok and the national identity of water-born culture.

There are two major bottlenecks to implementation and maintenance of the proposed waste water treatment system. First bottleneck is that each municipality can hardly find the space for oxidation pond and open dumping. Land acquisition is a critical bottleneck especially when municipality intends to adopt a low-cost but space consuming method of treatment. The second bottleneck is that each municipality is too small to invest in and maintain waste water treatment system especially when the system needs to be large enough to cover the urbanizing areas outside municipal boundary. Financial burden is a critical constraint, if municipality intends to adopt a space-saving but capital intensive method of treatment.

In order to overcome these bottlenecks, the UCR Planning Study made the following six recommendations :

Recommendation 1 Setting up Local Authorities Association (LAA)

Cities in the UCR are mostly small with population of more or less 50,000, partly because of a pull factor of the BMR and partly because of a size of their hinterlands limited by vein-shaped rivers. This makes difficult for them to financially and technically justify large investment projects such as waste water treatment system.

LAA was proposed to attain a scale of economies of their investment. Its immediate aims are to acquire or rent the land for a common waste treatment somewhere outside municipal boundaries and to enable municipalities to jointly finance investment and recurrent costs. Sharing the manpower for operation is another advantage. LAA does not mean a nation-wide general association of municipalities but a kind of cooperative of the several municipalities which share common interests in a specific field and a geographical space.

As experienced in Ichibu Jimu Kumiai of Japan, a similar scheme, LAA can best apply to the waste treatment. Under the present Thai circumstance, it could also apply to fire fighting, nonformal education and hospital.

Merging of several municipalities and villages could increase the scale of economies in municipal investments. However, local political situation does not usually allow the number of administrative or political posts to be reduced by the merger.

Recommendation 2 Investment Cost Sharing between Local Authorities and Central Government

In Thailand, project is classified into either national or local one at present. National project is centrally financed and local one is locally financed. Waste water treatment is a national project.

This situation has caused (1) an excessive financial burden on the central government, (2) a low willingness of the local authorities to plan and maintain project and (3) an inadequate coordination between national and local projects.

A proposal was made to mix central and local funds in individual programs and projects in order to alleviate these problems. This financial arrangement prevails in Japan as Table 2 shows a case of urban projects.

A preliminary analysis revealed that a cost sharing ratio of one to two between a local authority and the central government for a waste water treatment project would enable the local authority to limit the annual costs for the project to within 5% of its revenue provided with a low interest loan at 8% for 17 years repayment.

The local authorities in Thailand have long been claiming a larger share of government tax revenue without due attention to its use. This claim can not be justifiable until they are not 100% dependent on the central government in investment for their own benefit.

Recommendation 3 Urban and Environmental Development Fund (UEDF)

Recommendation 2 thus needs to be complemented by a lending institution to provide long-term and low-interest loans for the local authorities.

In Thailand, Municipal Development Fund (MDF) may nearly be the one for such lending institution. MDF, however, has been created for mutual financing among municipalities but not been designed to finance a multi-year investment for development. Tables 3 and 4 show types of project funded by MDF and MDF's balance sheet. It has thus little appraisal staff. In addition, it is an internal account of the Ministry of Interior and lacks transparency.

Among other possible alternatives to MDF such as reforming MDF into a municipal bank and utilizing existing government banks such as Industrial Finance Corporation of Thailand, the study proposed to create UEDF under the Ministry of Finance. It is supposed to finance the municipalities in public infrastructures, municipal enterprises and land acquisition as well as the private firms in pollution control.

Recommendation 4 Strengthening Municipal Financial Base

Municipal financial base is very weak in Thailand. In the total government revenue, the municipal revenues represent only about 5%, of which Bangkok alone accounts for about

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Table 2 Cost Sharing for Urban Development Projects : A Case of Japan

Major Urban Development Projects	Proportion of Cost Born by			
	Central Government	Provincial Government	or	Municipal Government
-Promotion of Urban Planning	1/3	2/3	or	2/3
-Waste Disposal / Treatment Development	1/4	—		3/4
-Urban Renewal Planning Study	1/3	2/3		—
-Project Construction	1/3	—		2/3
-Urban Park Development Land Acquisition	1/3	2/3	or	2/3
-Facility Construction	1/2	1/2	or	1/2
-Specific Area Project	5.5/10	4.5/10		—
-Technical Assessment / Supervision	10/10	—		—
-Historical Assets Preservation Historical Town and Green Space Development	4/5	1/5	or	1/5
-Historical Facilities	1/2	1/2	or	1/2
-Green Space Preservation	2/3	1/3	or	1/3
-Public Sewerage System Development Planning of Comprehensive Sewerage Basin System	1/3	2/3		
-Urban Sewerage System	2/5	3/5	or	3/5
-Public Sewerage System Specific Development	2/3	1/3	or	1/3
-Housing Area and Street Development				
-Land Consolidation	1/2–2/3	1/3–1/2		1/3–1/2
-Urban Arterial Streets Improvement	2/3	1/3		1/3
-Urban Secondary Streets Improvement	1/2	1/2		1/2
-Specific Urban Street Development	2/8–8/10	1/2–2/10		1/3–2/10
-Railway Elevation Project	2/3	1/3		1/3
-Flyover Development	2/3	1/3		1/3
-Urban Area Improvement	2/3	—		1/3
-Pedestrial Foot Development	1/2	1/2		1/3
-New Transportation System Development	2/3	1/3		1/3
-Technical Assessment / Supervision of Planning	10/10	—		—
-Transportation Survey / Study	1/3	2/3		2/3

Note 1) Specific projects and specific areas are determined for the most of project categories. In these cases, an upward adjustment is made on the ratio of cost allocation for the central government.

2) Specific areas are generally the provinces or the municipalities where natural conditions are comparatively severe or where some national strategic projects are promoted such as international airport and intensive industrial development.

Source : Japanese Ministry of Construction.

Table 3 Past Projects Funded by Municipal Development Fund in Upper Central Region

Municipality	Purpose of Loan	Amount of Loan
1. Chai Nat	– Working capital for pawnshop	1,500,000 baht
	– Working capital for pawnshop	2,000,000
2. Ayutthaya	– Working capital for pawnshop	1,500,000
3. Sena	– Working capital for pawnshop	1,500,000
	– To give additional supported fund for constructing a bridge at the end of a paddy field	4,290,000
	– To buy land for constructing a commercial building	1,650,000
4. Tha Rua	– Construction of a pawnshop	1,000,000
	– Working capital for pawnshop	1,500,000
5. Ban Mi	– Working capital for pawnshop	1,500,000
	– Construction of a fresh food market	2,000,000
6. Khok Samrong	– Construction of a waterworks plant	3,000,000
	– Working capital for pawnshop	1,500,000
7. Sara Buri	– Construction of a fresh food market	1,500,000
	– Construction and improvement of Sud Bantat Road	4,580,000
	– Working capital for pawnshop	1,500,000
	– Working capital for pawnshop	2,00,000
8. Nong Khae	– Land and construction of fresh food market	4,600,000
	– Working capital for pawnshop	1,500,000
	– Working capital for pawnshop	1,500,000
9. Kaen Khoi	– Working capital for pawnshop	1,500,000
10. Sing Buri	– Working capital for pawnshop	1,500,000
11. Ang Thong	– Land for fresh food market	1,700,000
	– Construction of pawnshop	1,400,000
	– Working capital for pawnshop	1,500,000

Source : Local Finance Division of Development of Local Administration

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Table 4 Municipal Development Fund Balance Sheet, September 1983

Fixed Assets		47,225
Current Assets		
Cash in bank	223,149,409	
Interest receivables	21,188,054	
	244,337,463	
Less Current Liabilities		
Accrued interest	6,415,445	
Interest received-advance	568,269	
	6,983,714	
Net Current Assets over Current Liabilities	237,353,749	
Loan Receivables		418,226,537
Total		Baht 655,627,511
Capital Fund		447,647,049
Retained Earnings		
Balance brought forward	175,167,644	
Excess of revenue / expenditure	32,812,818	207,980,462
Total		Baht 655,627,511

Source : Regional Cities Development Programme
 Ministry of Interior
 Municipal Development Fund Study

50%. Recommendation 3 would simply cause debt crisis of the municipalities without strengthening their own revenue base.

On the other hand, financial performance differs greatly from one municipality to another. A comparison between the best and the poorest performing municipalities in the UCR (see Tables 5, 6 and 7 which show financial performance of Sana, the best one and Chai Nat, the poorest one) suggested that the best performing one secured a large amount of revenue from sources such as fee and asset income, and used public lands for commercial activities (while it uses a part of temple's land for municipal office building). Moreover, it maintained a relatively low magnitude of personnel cost in the municipal expenditures.

Based on these analyses, the recommendation focused on the following points :

1. Strengthen tax collecting capability rather than tax reform. In addition to repeatedly made proposals such as tax campaign and training of tax officials, an immediate recommendation was to set a target amount for tax collection. Current practice of many municipalities is collecting tax simply as much as they can. However, this attitude hardly enables steady budget planning. Another, immediate recommendation was to simplify tax rolls. Current practice is to send tax payers different tax rolls for different tax items, but this not only is inefficient in tax collecting activity but tends to discourage people from paying tax.

Table 5 Ranking of Municipalities in Per Capita Financial Surplus (PCFS) in 1987 (in Baht)

Ranking	Municipality	PCFS	Ranking	Municipality	PCFS	Ranking	Municipality	PCFS
<u>1</u>	<u>Sena</u>	<u>1,076</u>	43	Kantans	292	85	Kabinburi	129
2	Pha Padueng	1,031	44	Petchburi	288	86	Rayong	128
3	Banpong	724	45	Rajburi	288	87	Patharam	126
4	Pak Prack	690	46	Chantaburi	283	88	Loei	125
5	Lang Suang	688	47	Nakornsawan	262	89	Panas Nikorn	120
6	Bang Buathong	650	48	None Soong	253	90	Taluban	114
7	Lanpoon	632	49	Chon Pae	251	<u>91</u>	<u>Lopburi</u>	<u>111</u>
8	Nakornpathorm	621	50	Suratthani	237	92	Muang Phol	110
9	Patoomthani	614	<u>51</u>	<u>Nongkhae</u>	<u>232</u>	<u>93</u>	<u>Angthong</u>	<u>109</u>
10	Bua Yai	574	52	Chiengmal	232	94	Nakornsithanuarat	108
11	Bangkla	538	53	Sukhothal	228	95	Burirum	106
12	Song Pi Nong	528	54	Prae	227	96	Songkla	106
<u>13</u>	<u>Ban Mee</u>	<u>515</u>	55	Nong Kai	225	97	Krabee	106
14	The Rua Rhra Tan	484	56	Pak Panang	223	98	Samutsongkla	101
15	Betong	476	57	Sisaket	222	99	Nakornrajsima	100
16	Siracha	475	58	Lomsak	198	100	Payao	98
17	Lacpang	463	<u>59</u>	<u>Kangkoy</u>	<u>196</u>	101	Kalasin	98
18	Chiangrai	427	<u>60</u>	<u>Singburi</u>	<u>196</u>	102	Nakornnayok	93
19	Pattani	425	61	Iapanhin	193	103	Mahasarakam	91
20	The Mae	408	62	Varichanrab	192	104	Ubonrajthani	89
21	Sadow	401	63	Roi Et	191	105	Pichit	88
<u>22</u>	<u>Tarua</u>	<u>393</u>	64	Uttradit	189	106	Pattaloong	77
23	Nonthaburi	389	65	Utthaitani	187	107	Ban Pai	74
24	Trang	384	66	Sakorn Nakorn	184	108	Kanchanaburi	68
25	Phuket	382	67	Ampawa	183	109	Ranong	65
26	Hadyai	363	68	Petchaboon	179	110	Satool	65
27	Aranyaprathet	358	69	Samutprakahn	177	111	Choomsaeng	60
28	Takuepa	352	70	Nasam	174	112	Prachinburi	58
29	Sipanommat	348	71	Chacheengsao	170	113	Pak Chong	48
30	Choomporn	343	72	Panguga	170	<u>114</u>	<u>Saraburi</u>	<u>47</u>
<u>31</u>	<u>Watsing</u>	<u>332</u>	73	Sawankalok	170	115	Yasothon	45
32	Yala	331	74	Thakam	163	116	Mae Sod	44
33	Sugnai Kolok	326	75	Kratoomban	159	117	Khon Kaen	42
34	Kloong	319	76	Prachuab	154	118	Mae Hong Son	36
35	Surin	318	<u>77</u>	<u>Pamok</u>	<u>154</u>	<u>119</u>	<u>Chainat</u>	<u>33</u>
<u>36</u>	<u>Koksamrons</u>	<u>315</u>	78	Tak	147	120	Nakornpanom	31
37	Kampaengpetch	313	79	Huahin	146	121	Chan An	22
38	Supanburi	311	80	Pitsanulok	143	122	Udoonthani	12
39	Chaiyapoon	309	81	Bangmoonnak	138	123	Mookdahan	9
40	Chonburi	302	82	Samutsakorn	137	124	Taklee	(5)
41	Narathivas	301	83	Trad	135	125	Nan	(24)
42	Tang Kwien	295	<u>84</u>	<u>Ayutthaya</u>	<u>135</u>		AVERAGE	205

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Table 6 Revenue and Expenditure of Municipality Sena

	1983	1984	1985	1986	1987	Composition %(A)	(B)
I. Revenues							
1. Regular Revenues	6,116,546	7,000,510	7,846,292	8,171,669	10,896,259	64.3	100.0
1 - 1. Taxes	4,506,139	4,950,371	5,915,916	6,068,833	6,551,679	38.7	60.2
Collected by Municipality	393,950	377,943	407,223	503,123	590,299		
Collected by Government	1,636,137	1,881,767	2,053,537	2,057,183	2,222,500		
Vehicle Tax	2,476,051	2,690,661	3,455,156	3,508,527	3,738,880		
1 - 2. Fee	271,393	309,471	320,008	306,295	1,673,498	9.9	15.4
1 - 3. Assets Income	1,153,559	790,699	947,138	866,348	1,138,570	6.7	10.4
1 - 4. Public Utility Income	113,805	305,135	201,083	144,000	473,862	2.8	4.3
1 - 5. Other Regular Revenues	71,650	644,835	462,146	786,193	1,058,651	6.2	9.7
2. Nonregular Revenues	7,291,925	1,695,370	2,666,891	2,591,414	6,048,566	35.7	
2 - 1. General Subsidy	271,560	273,600	270,540	268,920	276,840		
2 - 2. Specific Subsidy	1,000,000	839,808	998,293	1,013,673	4,209,260		
2 - 3. Accumulated Reserves	4,170,365	581,962	1,398,058	1,308,821	1,562,466		
2 - 4. Loan	1,850,000	0	0	0	0		
2 - 5. Other Nonregular Revenues	0	0	0	0	0		
3. Total Revenue	13,408,471	8,695,880	10,513,183	10,763,083	16,944,825	100.0	
II. Expenditures							
1. Regular Expenditures	3,940,456	4,318,642	4,602,854	5,816,960	6,159,664	36.4	56.5
1 - 1. Wege and Salary	1,837,402	2,001,552	2,261,145	2,675,564	2,807,651		25.8
1 - 2. Temporary Woges	371,551	363,196	347,051	338,086	401,753		3.7
1 - 3. Remuneration and Materials	1,441,714	1,852,255	1,921,903	2,016,155	2,469,914		22.7
1 - 4. Public Utility	46,485	40,359	64,156	112,905	140,182		1.3
1 - 5. Subsidy	34,774	6,874	7,000	55,505	184,818		1.7
1 - 6. Other Expenses	208,531	54,407	1,600	618,644	155,045		1.4
2. Nonregular Expenditures	7,993,737	3,063,682	4,305,936	3,655,795	7,612,584	44.9	
2 - 1. Equipment, Land and Construction	332,685	457,638	865,250	598,600	1,099,866		
2 - 2. Special Expenditures	7,020,365	1,406,962	2,378,058	2,252,841	5,753,433		
2 - 3. Central Budget Expenditure	640,687	1,199,082	1,062	628	804,354	759,285	
3. Total Expenditures	11,934,193	7,382,324	8,908,790	9,472,654	13,772,248	81.3	
III. Surplus	1,474,278	1,313,556	1,604,393	1,290,429	3,172,577	18.7	
IV. Financial Capacity (Regular Revenue - Regular Expenditure)	2,176,091	2,681,868	3,243,438	2,354,709	4,739,595	28.0	43.5

Source : Compilation of Statistics, Finance, Municipalities and Pattaya City
Local Administration Department, Ministry of Interior

2. Encourage municipality to increase nontax revenues through the promotion of municipal enterprises such as parking lots, market place and local tourism businesses and more active investment in financial market such as government bonds and promissory notes of finance companies.
3. Establish Unified Performance Indicator System (UPIS) in an attempt to strengthen the information management for linking revenue collection, budgeting and planning. UPIS is meant by a uniformed measurement for the municipalities to monitor and evaluate their financial status, efficiency in their administration and sufficiency of their infrastructures and services. It also helps the improvement of management systems and staff capabilities of the municipalities, the streamlining of the instruction and monitoring

Table 7 Revenue and Expenditure of Municipality Chai Nat

	1983	1984	1985	1986	1987	Composition %(A)	(B)
I. Revenues							
1. Regular Revenues	5,562,626	8,227,915	7,380,678	8,177,557	8,037,178	57.8	100.0
1 - 2. Taxes	3,624,364	6,184,397	4,977,810	5,698,315	6,273,698	45.1	78.0
Collected by Municipality	875,180	923,229	1,102,945	1,662,015	1,800,036		
Collected by Government	946,052	1,466,383	1,217,712	1,249,816	1,305,990		
Vehicle Tax	1,803,132	3,794,786	2,657,153	2,786,484	3,167,672		
1 - 2. Fee	450,230	476,951	797,393	617,005	530,646	3.8	6.6
1 - 3. Assets Income	568,036	640,267	704,937	718,829	658,346	4.7	8.2
1 - 4. Public Utility Income	59,658	0	102,747	305,350	0	0.0	0.0
1 - 5. Other Regular Revenues	860,339	926,299	797,790	838,058	574,488	4.1	7.1
2. Nonregular Revenues	5,379,886	9,339,575	5,318,802	5,725,650	5,878,270	42.2	21.9
2 - 1. General Subsidy	866,560	944,800	892,450	908,725	925,136		
2 - 2. Specific Subsidy	4,513,326	8,319,775	3,909,011	39,991,326	3,969,079		
2 - 3. Accumulated Reserve	0	75,000	517,341	825,600	984,055		
2 - 4. Loan	0	0	0	0	0		
2 - 5. Other Nonregular Revenues	0	0	0	0	0		
3. Total Revenues	10,942,512	17,567,490	12,699,480	13,903,207	13,915,448	100.0	
II. Expenditures							
1. Regular Expenditures	5,532,853	5,867,820	6,528,071	7,844,774	7,581,841	54.5	94.3
1 - 2. Wage and Salary	1,785,058	2,020,281	2,270,113	3,205,704	3,399,856		42.3
1 - 2. Temporary Wages	1,082,488	1,106,599	1,178,747	885,091	1,012,840		12.6
1 - 3. Remuneration and Materials	2,161,248	2,328,191	2,428,690	2,751,187	2,541,734		31.6
1 - 4. Public Utility	289,778	331,014	348,324	434,636	341,509		4.2
1 - 5. Subsidy	600	12,216	0	24,733	24,420		0.3
1 - 6. Other Expenses	213,682	69,550	302,197	543,422	261,492		3.3
2. Nonregular Expenditures	4,960,127	10,332,744	5,325,183	5,518,598	6,142,542	44.1	
2 - 1. Equipment, Land and Construction	429,000	1,557,485	634,820	504,975	1,009,634		
2 - 2. Special Expenditures	4,214,599	8,386,315	4,426,352	4,816,631	4,971,834		
2 - 3. Central Budget Expenditures	316,528	388,945	263,991	196,993	161,074		
		16,200,564	11,853,234	13,363,372	13,724,383	98.6	
3. Total Expenditures	104,929,800	1,366,926	846,246	539,835	191,065	1.4	
III. Surplus	449,532	2,360,095	852,607	332,783	455,337	3.3	5.7
IV. Financial Capacity	29,773						
(Regular Revenue - Regular Expenditure.)							

Source : -Compilation of Statistics. Finance. Municipalities and Pattaya City-
Local Administration Department, Ministry of Interior

systems by the central government, and the proving and the demonstrating of efficiency and effectiveness of municipal administration to citizens, businesses, the central government and lending institutions.

Recommendation 5 Strengthening Planning Capability at the Local Level

Waste water treatment system is a big project for ordinary municipalities, though it may be little with the central government. A prerequisite to the development of such project is local planning capability, particularly the capability to prepare a long-term plan. The need for long-term municipal plan lies not simply in policy campaign but practically in facilitating

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advanced land acquisition and budget preparation for multi-year projects.

However, a highly centralized planning system has kept the local authorities from planning by themselves. At present, Department of Town and Country Planning (DTCP) of the central government is supposed to prepare all municipal plans in the country. In old days, this system contributed to an efficient use of the scarce planners and a standardization of plan quality.

However, a top-down planning system has increasingly impeded the municipalities from flexibly adjusting themselves to rapid urbanization and industrialization of the country. Since plan is given from the top like a gift, the local authorities tend not to commit themselves to project implementation and maintenance, while locally significant needs tend to be overlooked. Because of the top-down system, local officials can hardly enhance their planning sense and analytical capability, and have little chance and willingness to coordinate with neighboring municipalities. As a result, competition among local authorities can hardly be stimulated, though it should be a major source of development management innovation at the local level. Meanwhile, limited staff of DTCP can hardly make plan in a timely manner

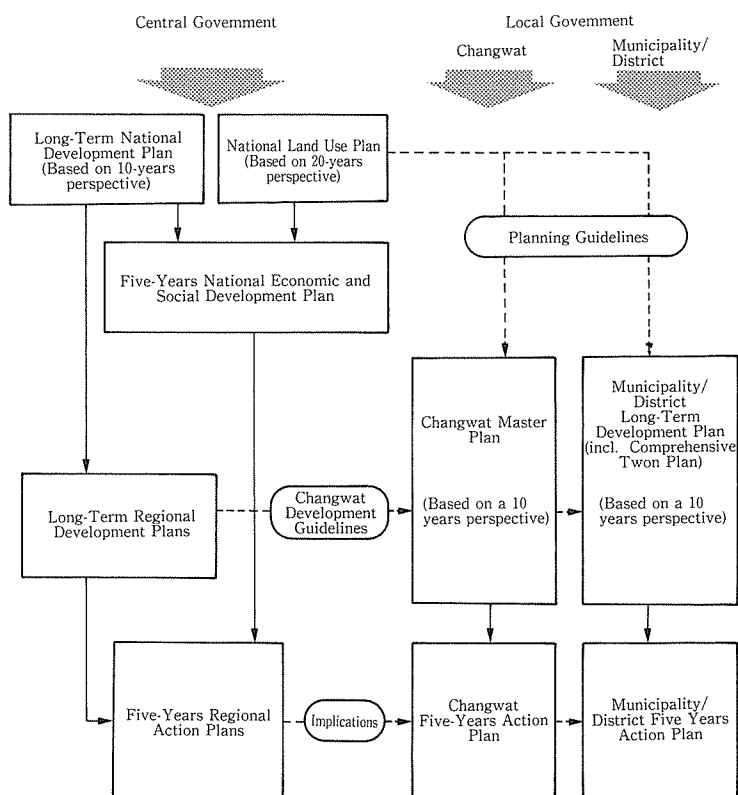


Fig 12 Proposed Structure of National and Local Planning

for a large number of municipalities.

In order to solve these problems, a multi-level planning system was proposed with the following two characteristics added to the current system (see Figure 12) :

First, 20-year national plans should be prepared as a long-term framework for presently available 5-year development plans. It should articulate national land use policy, macro perspective of national spatial structure, major direction of socio-economic development and focus of public infrastructure investment.

Second, master plans should be prepared at the provincial and municipal levels to make investment efficient through maintaining a consistency in planning between top and bottom. These master plans have been missing, although a multi-level system exists for rural development and individual urban development plans have been prepared in a piecemeal manner. Local officials should prepare the plans by themselves.

Recommendation 6 Private Participation in Development at the Local Level

Private participation in development is a growing trend in Thailand. In the UCR as well, it could help expedite the development of waste water treatment system.

The private participation in national programs and projects usually aims at mobilizing financial and management capabilities of large private capitals. However, the private participation at the local level in a region like the UCR was proposed to provide the economic and social services which existing rigid public institutions alone can not effectively meet.

A priority area is a provision of the urban services which extend beyond municipal boundary such as garbage collection, wholesale market, ferry and hospital.

E. Lessons from Study Experience

Preparation of these six recommendations involved continuous discussions between Thai planners, officials, business people and the study team. Lessons from these discussions can be summarized under the following three points.

Firstly, regional development management should be situation-specific. Proposal of universal solution does not attract attention of the concerned people, so that it can hardly be implemented. The recommendations above have more or less been situation-specific in the sense that they were made to be useful under a fast transition from rural to urban socio-economy in Thailand. Many Thai planners and officials recognized that conventional regional administration worked fairly well for agricultural development and basic service provision in a province, but it was little longer useful to responding to urbanization and promoting nonagricultural activities in the province. In addition, the recommendations

centered around a specific issue of environmental management in a specific geographical space. Recommendations for management become effective when they are combined and directed toward a specific program or project. In this connection, an area approach is useful to combining and coordinating such recommendations as is often the case with physical projects to be coordinated within a certain area.

Secondly, decentralization of administrative and financial power is essential as has often been pointed out. A number of prominent Thai business men and government officials stressed that provincial governor should no more be appointed but elected. However, it is of little use to decentralize funds and administrative power if local authorities have little ability to analyze and determine how to use the decentralized funds and power. Therefore, planning capability is crucial to be built up at the local level. Of particular importance is to analyze, even in a simple way, present problems of an area and identify the implications of external changes for the area, rather than compiling a plan in terms of general objective statement and stereotyped set of projects.

Thirdly, development experience of other country could effectively give hints on planning in third world countries. In the case of this planning study, a number of concrete experiences in Japan offered clues to several recommendations above such as LAA, the investment cost sharing between a local authority and the central government, UEDF and UPIS. These recommendations were well understood by Thai planners and officials probably because some aspects of the current socio-economic situation and associated development issues in Thailand were similar to those of Japan in the past, e. g., an agricultural-industrial balance and environmental concerns versus development.

However, a due attention is necessary in introducing foreign cases of development. In this regard, lessons from the study experience are summarized below :

- (1) An indigenous experience which is similar to a reference foreign case may have existed in the host country concerned. Such experience should be closely examined. For example, an experiment similar to Ichibu Jimu Kumiai of Japan, which was a model of the proposed LAA, was found in Chon Buri City of Thailand. This experiment is an informal arrangement for cooperation among municipalities in garbage collection. Ministry of Interior keeps a close watch over this experiment in view of its possible institutionalization.

Another indigenous experience found is an initial effort of Ministry of Interior to develop a set of key performance indicators for monitoring municipalities, although it has not yet been linked with local planning and budgeting. It is similar to a variety of indicator systems developed by Ministry of Local Government and used by the local governments in Japan. UPIS was proposed with these existing indicator systems as a

reference.

- (2) When institution building is proposed, a careful attention is necessary on the possible relationships between existing institutions and the one newly proposed. A case is UEDF proposed in addition to the existing MDF, which is not well-performing for development but is politically and administratively difficult to either restructure or replace itself with anything new. Discussions of the UCR Study Team with Thai officials came up with a compromise that MDF become an investor of UEDF. An aftermath is that the RTG set up Environmental Fund recently. It is designed to support environmental projects by local authorities as well as by central government agencies and private enterprises. The fund is partly financed by petroleum tax and partly by a Japanese official loan. An effort is being made now jointly by Thai and Japanese governments to further utilizing this fund, by strengthening the capability of the local authorities to prepare environmental projects.
- (3) It should be noted that a recommendation on management has different ground depending on the country in which it is made. For example, the investment cost sharing between a local government and the central government has been practiced in Japan mainly from the viewpoint of reducing interregional disparities, whereas it has been taken by Thai officials mainly as a useful means to develop projects without fast increasing financial burden on the central government.
- (4) Deep analysis of other country's experience is an interesting challenge, but it is hardly applicable as such to a host country. A Thai official asked the UCR Study Team to review a Japanese experience of public and private cooperation for sewerage development. The study team, then, found that it was a response to compounded three issues ; securing posts for those retiring from government agencies, creating a nongovernmental body which ensures stable allocation of project opportunities among contractors and establishing a channel to get political support for sewerage development in exchange of political donation from the beneficiary businesses. These issues are mostly peculiar to Japan. Therefore, the private-public cooperation as a response to these issues in Japan could not always be relevant to other countries.

Discussion between planners of a host country and those of other country, e. g., Thailand and Japan, is the best and probably single solution to avoid irrelevant application of foreign experience. Needs of a host county should always be the starting point. Equally important is to find and apply the universal concept underlying a foreign development experience but not the experience itself. Such universal concept is a scale of economies in cities management in the case of Ichibu Jimu Kumiai of Japan. This concept happened to be relevant to the UCR which suffered from agricultural-industrial conflicts without a viable core city.

[SUMMARY]

This paper reviews an experience of planning provincial cities management in the Upper Central Region (UCR) of Thailand and attempts to draw lessons from the experience for improving regional and urban management in the third world.

Being in a vicinity of a fast expanding capital region, the UCR faced itself with a challenge of accommodating industrial and urban spill-overs without much sacrificing its large rice fields of national importance. Meanwhile, rapid industrialization of the country called for a new national urban policy to cope with uncontrolled developments outside the city boundaries, and to strengthen the urban municipalities as a target level for administrative decentralization.

Under these circumstances, a planning study for the UCR, which the author was fully engaged in, made a set of inter-related recommendations comprising (1) the cooperation among local authorities for specific local projects, (2) the investment cost sharing between local authorities and the central government, (3) the creation of Urban and Environmental Development Fund, (4) strengthening municipal financial base, (5) strengthening planning capability at the local level, and (6) the private participation in development at the local level, These recommendations in all were aimed at attaining the scale of economies necessary for waste treatment development.

Each recommendation was discussed many times with Thai planners. The discussions suggest important lessons for planning urban and regional management. Firstly, regional development management should be situation specific. Secondly, a crucial importance is to build up the local capability to make a long-term plan, particularly for the practical need of advance land acquisition and budgeting multi-year projects. Thirdly, planning experience of one country should not be applied to another without having insight to (1) a possible overlapping with similar local efforts, (2) local interpretations of a foreign experience possibly and justifiably being different from its original meaning, and (3) the difference in political and social backgrounds for implementation.