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Introduction

Thailand, like most of Asia Pacific countries, has endorsed the Habitat Agenda after the Habitat II conference in 1996 and has developed the country in accordance with the Habitat Agenda. Only since 1997 that the country has been affected from many global events which made the country stand in a turning point namely:

- The Globalization of information, technology, economy, society and culture.
- The globalization in Democracy which urged the country to restructure the governance.
- The sustainable urban development campaign according to Agenda 21.
- The world economic crisis.

Thailand, besides being affected from changes mentioned earlier, still faced the problem of rapid urban population, which is the same problem as most developing countries. It is vivid that the rapid urban growth caused many problems such as the disparity of development between urban and rural sector, the destroying of natural resources, the scarcity of public utility, the heavy traffic congestion, and the severe of environmental pollution. All these events have affected human settlement through out the country and the world. Thailand realizes the benefit of the Habitat Agenda and has some progressed in implementing toward the challenging situation in term of sustainable development which can be summarized into the following chapters as formatted by the UNCHS (Habitat).

Chapter 1 Shelter

Due to the fact that shelter is the basic need of life, thus the demand for shelters increase in relation to the total number of population. The statistic of Thailand in 1998 shows that Thailand has a total population of 61.6 millions and some 16.2 million housing units with an average household size of 4.5 . Thailand has some 36 percent of its people living in urban areas and most of them are in Bangkok Metropolitan Region (BMR) with some 43 percent of total urban population . It is anticipated that in the year 2010 the size of the population will increase to 71 millions of which 50 percent of the population lived in the urban area and 45 percent of them lived in BMR. By this population number, a lot of houses will be needed in the future.

Even though Thailand provides equal right to tenure and shelter according to the constitution but in reality only a few people can afford to own the houses . There are two partners who are responsible for shelter in Thailand : one is the government (By the national Housing Authority) and the other are the private developers . The government are in charge of the low income and middle income group while the private developers are designed to serve the middle to high income group. In fact the government could not provide low income housing and most of them are too expensive for the low income people to afford . The government has a very high investment cost as there are a lot of staffs to be taken care of. Moreover , the laws and principles initiative strategies to compete with the private sector or even to cut down the price in order to serve the low income people during the economic crisis situation are not flexible. As a result, most of the low income people have to reside in the squatters. Bangkok again is the biggest squatter areas of the country with 1,521 communities 254,492 households and 1.1 million people out of 1,841 communities 310,202 households and population 1.3 million .

The Government Housing Bank Annual Report 1999 has stated that the factors affected the housing demand were as follows :

- National economic growth rate .
- National economic policies .
- The loaning system and criteria of the financial institution .
- The management characteristic of the real estate developers.
- The purchasing power of the buyer .
- The housing speculators decision making .

As a result , during the period of bubble economic , there are handful of housing projects launching all around , people have had high purchasing power and housing price was set very high. Ever since year 1997 when the

country was forced to be in the economic crisis, that the speculation has slow down, land price dropped and a lot of houses have been left unsold and some housing projects have been delayed. Due to the statistic of Thailand in the year 1998, there were some 350,442 housing units leave vacant. Among this number, some 221,300 units have been organized by the government with some 50,000 units stocked unsold and some 171,300 units were waiting for sale. Furthermore, the statistic in 1999, there were only 1,357 housing units in BMR can be finished and sold which reduced from the year 1994 which was the highest peak of housing market with some 250,000 housing units.

Due to the fact that the government has a lot of housing stocked on the burden, the government began to privatize the jobs to private sector. These private sectors under the NHA have a task to maintain the buildings and look after the communities in order to improve the standard of living. Meanwhile, the government also set up "The Office of Community Development" to look after the community in term of income upgrading, loan and housing improvement in order to have a better standard of living.

Mortgage Loans Situation

According to the Government Housing Bank Annual Report 1999, the economic and financial crisis in the past few years have highly affected the situation of mortgage lending because many housing projects were not finished. Therefore, the developers could not transfer the property ownership to the buyers. In addition, the private sector continued to lay off their employees and hence deteriorate overall purchasing power. Many decided not to buy a house because of the uncertainty of their jobs and income. This led to a very small amount of new mortgage loan. Simultaneously, there was a big interest spread between the low saving interest rate and the high loan interest rate. This encouraged some borrowers to prepay their loans.

At the same time, financial institutions had very high liquidity, competition intensified in the mortgage loan market and the most common strategy was to reduce interest rates. Besides floating interest rate strategy, there was a 1-2-3- and 5 years fixed interest rate strategy. Due to low-interest rate competition, interest rates on mortgage loans declined to their lowest recorded level.

In addition, the government launched a new program called "Kheha - Ruam - Jai" which was a new form of financial instrument providing a fixed interest rate during the first 3 to 5 years, and roll-over in every next 3 or 5 years.

Policy and legislative changes since Habitat II

1. The 8th National Economic and Social Development Plan has emphasized on the implementation of the Habitat Agenda in term of sustainable urban development by making the city livable, good governance and better economy. The National Housing Authority (NHA) has emphasized on squatter improvement, housing provision to employees, government officials and low to middle income people both in the Bangkok Metropolitan Region and other regional cities. In addition, the 8th plan has forecasted that the demand of housing in Bangkok and it's vicinities will increase to some 635,000 units in the year 2001 with some 378,000 units in the regional centers, border cities and Eastern Sea Board provinces. The NHA has proposed to provide 200,000 housing units of which 114,000 units or 57 percent will launch in BMR and the rest of 86,000 units or 43 percent of the total target will launch in the provincial area. Due to the economic crisis, the government had cut down the budget and only 148,000 units were approved

2. As there are a lot of international factors affected the organization's administration such as WTO, AFTA, IMF agreement and the sensitive economy of the Asian Countries pushed the NHA to reorganize the duty and responsibility in order to cope with the problems and to be able to serve the public efficiently.

Institutional weakness and obstacles encountered.

1. The responsibilities of the government (NHA) are so variety, starting from project planning, construction, operation and maintenance, that they can't achieve effectively.
2. The government has a lot of unsold housings stocked on the burden which need some maintenance cost and personnel to operate.
3. The government does not get privilege for low loan interest rate, so it is difficult to manage a lower price housing project.

Recommendations for priority action.

1. The government has better to delegate some tasks to local authorities and private developers.
2. The government should adjust their role to be as a consultant or project manager who supports the local authorities and developers in term of technology, planning, operating and community improving so as to solve the housing crisis of the country.
3. The government should be an information center to report housing market situation, housing demand and supply and financial sources.

Chapter 2 Social Development and Eradication of Poverty

1. Introduction

With mode of modernization and industrialization during 1989 – 1996, there were significant changes in spatial development in Thailand and gross disparities in incomes and opportunities among various groups of the population. Beyond this mode, it is also expected that urban residents in the next decade will become the majority of the nation's population. Concurrently, the situations were brought about adversely side effects upon the imbalance of ecology system and on the degradation of human quality of life due to the rapid deterioration of natural resources and environmental quality, which eventually affected increasing problems of safety and security of life and poverty. Due to the importance of the value of the individual was inadequate stressed and human resources development was seemingly considered as largely as the instrument for boosting up economic growth, this caused lacking of human potentiality in terms of knowledge, occupational skills, and capacity evolving society.

The phenomena of these distorted national settlement patterns and regional disparities prevented the country from realizing the national goals of sustainable development and equitable of welfare.

Taking into account the results of past development plans and the increasing influence of globalization, Thailand's Eight National Development Plan (1977-2001) was emphasized on the notion of the so-called "People as the Center for Development Approach." Accordingly, several strategies have been set up for tackling the above said problems and for fostering socio-economic development. These salient strategies are almost implemented during 1997-2000. Unfortunately, there was economic crisis caused delay in implementation of some programmes. However, judging from Mid Plan Review (1999) and some reports on the subject matters of social development and poverty eradication, the evidences shown that those pragmatic strategies, implemented by

various ministries and private agencies, can help improvement of social viable, promoting equitable and alleviating poverty in some extent degree.

2. *Progress Made Since 1996*

2.1 National Development Plan (1997-2001)

Aiming at enabling the country to be better prepared for sustainable development in the future, The development approach of Thailand's *National Economic and Social Development Plan (1997-2001)* has been shifted from growth oriented paradigm to chart a path of *holistic people center development*. This is signified that *the state of people* is considered as the *final measures of success* where an economic improvement is treated as a means to improve the well - being of the people. For this, *at worst*, Thai people should have greater opportunities to develop their full potential physically, spiritually and intellectually and to be able to participate actively in the process of national development, and *at best*, the Thai people should be able to adapt to the changes brought about by rapid progress in science and technology to cope more effectively with international competition.

Strategic Policies

The development strategies proposed in The Eight which emphasized to holistic people-centred development, sustainable, ensure all Thai people receive a fairer share of the benefits of development and help promoting equitable, eradicating poverty and creation of productive employment as well as social integrationn are as following:

(1) *Development of Human Potential* through revision of the overall learning process, focusing on spiritual development, basic education and intellectual development; improving patterns of human settlement in line with each area's development potential; improvement of public health by development of health services and health education for all Thais; preparing Thai people to meet the challenges of social change; and creating a more skilled and competitive labor force.

Also included in this strategy is the promotion of optimal population size and structure.

(2) **Creation of an Enabling Environment to support Human Development**, by strengthening families and communities; providing opportunities of individuals, families and community organizations to participate in the development of their own communities; developing a more efficient social security system; improving and strengthening the justice system to ensure more security in life and property; and promoting the role of culture in human development.

(3) **Enhancing Development Potential of the Regional and Rural Areas** by redistributing income on a more equitable basis and decentralizing development activities to regional and rural areas; promoting popular participation on development through *the empowerment of community organizations*; supporting and expanding community learning networks; promoting the role of the private sector and non-governmental organizations (NGOs) in job creation; and managing development at all levels through cooperative partnership.

(4) **Support Human Development and Quality of Life** by development of economic competitiveness via supporting stable and sustainable restructuring production to adapt to changes in global markets; and undertaking area-based and community-based development, including the upgrading of infrastructure, to promote higher productivity and better quality of life.

(5) **Promotion balance in the ecosystem upgrading environmental conditions to enhance quality of life** by management natural resources and environment, including directions for conserving and rehabilitating natural resources, that will promote balance in the ecosystem; improving management systems for natural resources and the environment in order to ensure proper supervision, efficient utilization, and fair distribution of benefits to the community and society; and maintaining and upgrading environmental conditions to provide an enduring resource base to support development.

(6) **Development of Popular Governance** by reforming of the administrative system, upholding the rule of law in public administration, empowering the individual, and fostering a warm and trusting relationship between government

officers and the people with encouraging the participation of people from all walks of life in public activities by promoting universal understanding of public policy and wide participation in the determination of national agendas.

(7) **Integration of Functions and the Participation of all Stake-holders** (the area-function-participation system) by improvement of development system to ensure effective implementation of the Plan, comprising guidelines for the creation of a management system based on an *area approach*, for the development of public-sector management mechanisms and service delivery systems, for promoting a cooperative partnership approach to the development process, and for empowering NGOs to play a greater role in national development.

To translate the development strategies proposed into action, all the parties involved have to cooperate and participate in the formulation and implementation of programmes and projects consistent with the Eighth Plan's development strategies, must be encouraged.

Chapter 5 Governance

The administration of Thailand Act in 1991 states that Thailand is a single state with three types of administration as follows :

- The central administration such as the office of the Prime Minister , Ministers and Departments etc.
- The Provincial Administration such as the 75 provinces , districts and sub-districts together with the branches of departments or sections set up there .
- The Local Administration such as local authority bodies where the leaders came from election and has had authority to submit laws and principles for their mandate. According to the Act, there were 149 municipals , 980 districts centers and two special local administrations namely Bangkok Metropolitan Area and Pattaya city .

It is obvious that the administration of Thailand is very Centralized because most of the activities have to reach the central government before any decisions are final, thereby making the government very authoritative. Since most of the public services are operated by the government, the number of government officials have grown in size to over two million officials by 1998, which is three percent of the total population of Thailand. In that same year the *World Competitiveness Yearbook* has ranked Thailand in the top forty-six countries in size of government officials . Moreover, almost forty-two percent of the total expenditure have been used toward the salary of the government officials . Consequently, the government have been considered that it is too centralize , too big in size , inflexible , unequal and inefficient .

Apart from these, the global concept of decentralization has pushed the government to create more public participation in the administration . Moreover, the events of world economic crisis since 1997 has forced the government to cut down the expenditure and to reorganized the structure and responsibility to gear toward a small , effective, transparent and accountable governance in order to cope with the current challenging situation.

Policy and legislative changes since Habitat II

1. In the year 1997 Thailand has enforced a new Amendment constitution. *The Constitution* is very modernize in the concept of decentralizing power to local authorities, providing public right to participate in administration and right to check and balance.

2. In the year 1997 – 2000 Thailand has started a "*Governance Reorganization Plan*" in order to gear toward a more modernize administration. This plan will guarantee a more efficient services by means of some efficiency indicator criteria and more transparency, flexibility and support to public need. This plan should be prepared by a concept of macro analysis with sectional integration which can be mentioned as follows :

1). Reassign the government duty and task in order to focus only on its main task. By this mean, the size of the government will be smaller and the task which used to be redundant by various agencies will reduced.

2). Readjust the government budget and personnel system to fit to the new task.

3). Improve the relevant laws and principles.

4). Change the attitude of management to strongly focus on public services.

3 . In the year 1999 the government has shown some many progressed indecentralizing the power to local authorities, namely ;

1). The improvement of local administration concerning the right and duty of which reflected more decentralized concept as follows :-.

- The amendment of *the Municipality Act 1953*
- The amendment of *the 1994 Sub-district Administrative Organization Act*, of which the 6,747 sub-districts have been reformed to local administration.
- The amendment of *the provincial Administrative Organization Act* in the year 1998 .
- The amendment of *Pattaya Administrative Principles* .

2). The empowerment of local authorities are as follows :

- The enforcement of *the Upgrading Sanitary District Act* in the year 1998 which upgraded the 980 sub-districts to be sub-district municipalities .
- *The Act of Voting to Strip the Local Executive or Member of Local Council in 1998*
- *The Act on proposing Local Laws by Local People in 1998* .

3). The enforcement of *the Act on Designation Plan and Steps for Decentralization* . According to the new constitution, the main contents are as follows :

- The Designation of the Committee for Decentralization . The designation of the local authorities' tasks, responsibilities and tax allocations . This law designates that the local authorities have power in managing public services and preparing local development plan .
- The designation of task delegation within the period of 4 to 10 years .

4. The transparency and public participation promotion .

1). The enforcement of the Prime Minister's Principle on Public Hearing in the year 1996. As a result many International or national projects launched in the country have set up public hearing .

2). The enforcement of the Government Information Act in the year 1997. This act provides public right to access the government information. The government has to prepare a well organized information system .

3). The establishment of public community coordinators who will be the representative of the community in presenting public needs and participating in the administration.

Institutional weakness and obstacles encountered.

1. The local authorities have been spread without the strengthening plans and strategies. As a result, the undergoing decentralization is viewed that it is only increasing in number, not in quality.

2. The new upgrading local authorities are at the beginning stage, so they have a lot of task to perform. Moreover, budgets and personnel are limited so they faced problems to achieve their success.

Lesson Learned with emphasis on sustainability and impact.

It is obvious that the local authorities have been increased rapidly in term of quantity and power. It is essential to have a macro integration guideline plan in order to protect the environment and natural resources and to have a frame for sectional development. Consequently, they need the line agencies' support in performing their new jobs. In the year 1999 the Civil Service Commission has joint hands with the Ministry of Interior, UNDP and some concerned agencies in the pilot project of task delegation to local authorities. The project areas are in the three provinces of Nakorn Racha-sima, Mahasarakam and Rachaburi.

Nevertheless, the way the government try to decentralize and promote public right in participating government administration while people have not been trained to have public mind in term of duty and responsibility, probably induce the public to voice for their own benefit and cause trouble to the development of the country.

In addition, the delegation of task to the local authorities without well preparing neither the local nor central agencies will eventually caused the disruption of the flow of task.

Recommendations

1. Fully support the budget, experienced personnel and technology to the local authorities.
2. Operate accelerated Training course to local staffs in the topics of administration, financial and personnel management
3. Operate an "On the Job Training" from line agencies to support the local authorities in performing their new jobs.
4. The major agencies should prepare standards and manuals for The local authorities to Implement.

Thailand has some progresses in decentralization and reorganization of the governance. Even though the country faced some problems and obstacles, it is hoped to cope with the problems and be able to step up to be a good governance soon.