

1.3 Rural Development: Social, Cultural and Environmental Initiative

Rural area can be a treasure house and potential incubator of human resources in spite of the relative smallness in scale of their economic activities. Rural areas of Thailand have nearly 80% of the national population as well as rich and diversified culture, tradition and natural resources. Their identity, unique culture and tradition in the rural areas are threatened to deteriorate by globalization; people need the capacity to adjust themselves to the change.

Human resources development (HRD) for rural economy has a variety of aspects to be taken into account, i.e., economic, social, natural, and political aspects, and it requires development and coordination of various sectors not only agriculture and business sectors discussed above.

This section discusses the social aspects of HRD, tourism sector that has the potential of integration of various economic sectors for economically and environmentally sustainability, the vision planning by people, women's role in rural business, and NGOs model in rural development. Then, we discuss the prospects and their implication for HRD in rural economy.

1.3.1 Key issues

There are various problems and issues to be addressed in rural areas; out of these the following issues to be noted:

- Rural areas do not attract young people.
- Moral problems for young people.
- Culture, tradition and natural heritage: tourism opportunity
- How to plan the future of villages.
- Women' role in the rural business.
- NGO cases in the rural areas.

Especially, young people are to be the center for consideration because young people are the future leaders who have key to future development in rural areas.

(1) Rural area does not attract young people: migration

Agriculture does not attract young people everywhere. In Ang Thong young people work at industrial plants neighboring provinces of Sihg Buri and Ayudthaya rather than working in the agricultural sector. They commute these plants every day. In Buri Ram, young people migrate outside the province and employed in Bagnkok or foreign countries, as often shown in the Northeast.

Thai agriculture that used to be a major economic activity of rural area is loosing its competitiveness in the world market and the importance in the rural economy. Income from agriculture is ranging from 13% to 23% in spite its hardness of work, as shown in Table 2.3.1. There is a need to stimulate rural economy other than agriculture, otherwise rural areas cannot attract young people, which could cause further stagnation.

Table 1.3.1 Sources of household income by region

	Wage and salaries	Profits, non-farm	Profits, from farming	Current transfers	Income-in-kind	Total
Northern	33%	19%	13%	10%	20%	100%
Northeastern	29%	16%	15%	12%	25%	100%
Central Plain	39%	19%	15%	6%	17%	100%
Greater Bangkok	55%	20%	1%	6%	15%	100%
Southern	33%	19%	23%	5%	16%	100%
Nation	37%	17%	10%	7%	17%	100%

Source: Thailand in Figure

There is another reason why rural area does not attract young people. They need cultural attraction. They tend to look outside world of villages once for their lifetime. After economic crisis, some of them return to villages being idle but, a few start own business as the Team observed in Tambon Ban Hae, Ang Thong where Women's Group for lady leather bag making led by a woman leader back from Bangkok.

In addition, current HRD system encourages young people to go out of villages. There are various kind of training course for agriculture and rural business targeted for rather elder people, while no courses for young people. There are many courses available for youth to develop skill for urban sector such as vocational school. These skill and techniques are required for work for the urban and industrial sectors not for themselves. The motivation development is required for self-reliance for young people to be able to have idea of how to live, have passion for work, and have necessary skill.

(2) Young people have morality problem: drug addiction

Another problem of young people is the morality problem. Especially, drug addiction problem among the youth is everywhere in rural areas and become the one of the important problems as seen in the case study provinces. People easily fall into materialism under globalization; especially young people tend to be lost in a way among the flood of information and fall into drug addiction and HIV's problems. Young people are the key persons of the future rural development and potential leaders in the future. There is a need to motivate young people in a right direction.

**(3) Threat and potential of cultural and natural heritage conservation:
Potential of integration of tourism with other sectors**

Rural areas have rich cultural and natural heritages while those are facing threat to depletion by the globalization. However, cultural and natural heritages can be resources for rural development if carefully managed. These can be resources for tourism. Tourism can be threat and potential to conserve those resources; it helps conserve the nations' unique natural and cultural heritage if organized to the right direction. Under the globalization, people get tired of uniform products by big suppliers, then seek local specialties such as unique culture and heritage. Tourism is recognized as an economic activity that has considerable impacts on a diverse range of other economic activities

The Tourism Authority of Thailand (TAT) committed to the development of internationally competitive, environmentally sustainable and socially responsible tourism in their Master

Plan. Tourism can promote poverty reduction and environmental protection by way of sustainable tourism development and a more equitable distribution of tourism's economic benefits to the more remote areas of the country. TAT tries to create an environment conducive to sustainable tourism development, by expanding tourism to rural and provincial destinations.

TAT tries to develop alternative tourist destinations to expand rural areas other than major destinations. Conventional destinations are Bangkok, Chiang Mai, Nakhon Ratchasima, Kanchanaburi, Phuket, Songkha (Hat Yai), Chon Buri (Pattaya), and Surat Thani (Samui). Alternative destinations are: 1) Royal Paradise that includes Phetchaburi - Pradhuap Khirikhan, 2) Andaman Hiway that includes Krabi -Trang, Satun Phatthallung, 3) Mythical Isan that includes Nakhon Ratchasima - Buri Ram - Si Saket, Surin, Ubon Ratchatani, 4) Chiang Rai - Phayao, Nan - Phrae, 5) Rajong - Chanthaburi - Trat, 6) Khon Kaen - Udon Thani, Kalasin - Nong Khai, and 7) Chumphon - Ranong.

Other than public relations that is the major promotion activity by TAT, one of the strategies is community based tourism development. Rural tourism diverted from a home stays focus to a general community development and participation approach. TAT picks up 59 villages as model villages to try to provide training on tourism management for local administration organizations, to establish network of nationwide tourism volunteers, and to coordinate with related agencies regarding the production and sales of local products. Here, it tries to get lessons from cases of development.

**A case in Nakhon Si Thammarat:
Community based tourism by "U-turn" leaders in Kiriwong Vilallage.**

Kiriwong community, Tambon Gam Lone, Amphoe Lan Saka, Nahkon Si Thammarat is the one of the 59 model villages. This village attracts a quite number of tourists because of its mountainous and peaceful natural beauty and tourist destination developed by outstanding groups. One of the factors of success is the "U-turn" leaders who are bone in their community and come back with wide view and vision knowing outside. They love their hometown and have a passion and motivation to develop the hometown.

There are two outstanding groups producing high quality products; they are natural color and batik group and integrated gardening and the medicated soup groups. The natural color batik group is producing natural color batik with locally available natural materials. They dye fabric with natural substance such as mangosteen skin with beautifully designed by young artists. They sell their products at their shop and send to the tourist resort souvenir shop. This group is lead by young lady who is bone in the community and has university bachelor and working experiences in Bangkok.

Another group is operating integrated gardening. The garden is planted with number of fruit trees with different medicinal trees. They produce mangosteen skin soap beautifully packaged with the leaves of rubber trees that are also local products used to be waste. They sell the soap at their shop and to hotels by order. They also have bungalow-type hostel available for those who want to stay. The leader of the group is young gentleman bone in the community and educated in Bangkok and has working experience as NGO field worker. He has wide vision and come back to his community with passion to develop his community.

A case in Ang Thong: Integration of tourism with agriculture.

In Tambon Chai-Yo, Ang Thong province, they have an outstanding linkage between agriculture and tourism. A brochure map is printed under the support of DOAE extension officer to promote agro-tourism in June 2001 as the first case in the nation. In the brochure, 16 local specialty products are

introduced to attract tourists.

One of the 16 local products is the product by Women Farmers group in Tambon Chai Yo, Amphoe Chaiyo. They utilize the local resources that is used to be waste and produces: a variety of medicinal herbs made from bitter gourd, bitter lemon; and household goods like tamarind liquid soup and dish washing liquid. They also provide ancient massage services with medical herb, and training activity. They sell their products at the small shop, 30% of products to local people and 70% of them to people from outside coming as tourists. The group also provides training those who are interested in. They are groups from another provinces who are interested in processing. They receive 400 tourists per week as increased in number from 50 tourists per week of last year.

The most crucial factor of success is the group leader. This group has developed in outstanding manner soon after the current president being elected. After she elected as a president, she utilize her knowledge of herbal processing that she happened to know from Islam family practice and leads the member in an active manner.

A case in Chiang Mai: Community based tourism

Ban Mae Kampong, Chiang Mai is located 2 hours drive from Chiang Mai. They provide Thai cultural and activity tours and home-stay program that attracts tourists. Their resources are the environment, nature, life style of managing resources, herbal tea and waterfall. They limit the number of tourist to prevent the change of their way of life. Factors of success are location (not far away from Chiang Mai and handicraft spot "San Kamphaeng" is on the way), beautiful nature, friendly people, and active community leader.

(4) Who think their future: vision and strategy? Can People have own vision?

The future of the village is to be decided by villagers. Their future depends on how the villagers think seriously their future in the early stage of the development, as seen in the Japanese experiences discussed in the Chapter 4. Thailand has been the centralized nation; most of the important policies and initiatives are decided by the leadership of the central government. Even at a village level, government officials are the strong leaders to lead people according to their policies. In the consequence, government officials are highly respected and have higher status than people, many of officers are not willing to go to the village site to understand real situation for working out better policies and programs. These features cause the people's dependence on government and the difficulty of picking up the demand of the people.

Then, the current issues to be addressed are: 1) how to encourage peoples' initiatives in the development; and 2) how to pick up the real demand of people for government services, under the policies of decentralization where participation and bottom-up approaches are employed by the Thai government.

How their future is decided currently? At the provincial level, provincial governments work out their visions, strategies and approaches with support of NESDB. The vision of Ang Thong Province is "developing the province of Ang Thong to become a rice bowl and a water jar where its arts and traditional culture are conserved using the existing resources in a sustainable manner." Nakhon Si Thammarat Province emphasized education, as "people always want to learn".

It can be noted that the Provincial government of Nakhon Si Thammarat took a unique time-consuming process to work out the vision with participatory process for 6 years with various stakeholders such as citizens, teachers, Tambon officers and monks. They finally make a small booklet “**NAKHON VISION**” explaining the vision where education is emphasized. The Vision contains: 1) people always want to learn, 2) collaborate to develop and protect local area, 3) make life quality better, 4) local culture for society, 5) sufficiency economy, 6) appropriate environment, 7) regional center for demonstration, and 8) collaborate community to strengthen Nakhon Si Thammarat.

Under these provincial visions, Ampoe and Tambon also work out their visions, strategies and plans. They prepare the 4-years strategy, annual plans and actual activities led by ministries. Most of these strategies have similarity to those of higher level of administration unit, Tambon to Ampoe, and Ampoe to Changwat. Strategies among Tambons do not differ from each other among the same Ampoe. Although these strategies are worked out through people’s participation, there is a strong leadership of higher authorities. The work of preparing strategy and annual plan is not an easy task for Tambon level, and there is still dependency of people on the government authority.

However, there is an outstanding case where the people think their future and capitalize their ideas into reality, which is also the case that villagers fully utilized the vision of the provinces.

A case in Lampang: Villagers solve problems with full utilization of provincial vision.

Ban Sam Kha, which is Village number 6 of Tambon Hua Sua, Amphoe Mae Tha, Lampang, has 152 households of 656 villagers, and their mainstay is agriculture. Previously, indebtedness was a serious problem. Extravagant consumption on luxurious commodities like televisions, refrigerators, electrical fans, etc. brought about the deep indebtedness. To cope with the problems, several people’s forums were organized based on the four visions were adopted those are: 1) mitigation of materialism, 2) leading a simple way of living, 3) sufficiency economy and locally production of necessities 4) and people’s participation and unity. The results are: the reduced indebtedness; daily savings for debt repayment; and introduction of several new “export substitute” production such as bio-fertilizers, shampoo and dishwashing liquid, fermented fish and fish sauce, and bio-diesel; and research on how to reduce public debts. Currently, villagers at Ban Sam Kha are much better off, and Ban Sam Kha is selected as a Model Village that has both self-dependence and a strong community. How they have joined their hands in solving their own problems has been taken as a model for other villages to study and try to replicate their success.

Ban Sam Kha is succeeded with support of the Economically Self-reliance Community concept of Lampang Province. Under the concept, governmental policies of People’s Bank, Village and Urban Community Fund, Debt Moratorium and Tourism Promotion are firstly emphasized at the local level, especially the non-self reliance villages. For self-dependent villages, trade and production is promoted targeted to occupational groups and community enterprises with the aim of meeting local consumption and to increase sales to the urban and international markets is promoted.

(5) Who are leaders for economic activities? Potential of women leader

There are many active economic activities led by women leaders. We already discussed the woman leaders in the economic activities in the case of batik group in Kiriwong and medicinal herb group in Ang Thong. In addition to these cases, in Ang Thong, they have an outstanding women leader for banana processing group who is also the president of the Women’s Group in Tambon Ban He, Amphoe Mueang. The future potential leader of economic activities is also woman. One Tambon One Products (OTOP) is very active and

attracts a lot of people in the OTOP fair held in May 2002 in Bangkok where the Team observed that most of them are led by women. Women can be the targets for HRD in business activities since men are doing physically hard work such as farming.

Human resources and local resources are available in rural area, those need to be found out and brushed up. Problems of OTOP are design, package, and marketing. These are the business skill. Business skill in rural development is discussed below in the part of NGOs role.

(6) NGO in rural areas

NGOs play the important role in the rural area development. NGO activities are centered in the North and Northeast for their poverty incident. Many of them provide facilitation on demand bases at the field level, which government cannot cover. There are many successful cases that we can learn and extract the factors of success. Here, the cases of major NGOs are introduced.

PDA: rural development by private initiatives

PDA (Population and Community Development Association) is established by an outstanding leader, Dr. Mechai Viravaidya. Unlike other NGO, PDA is self-sustaining NGO that has own fund sources from their business such as "Cabbage and Condom" restaurant. He was once an NESDB officer and often walked around rural areas to understand the real situation of rural areas for better policy making, which was the unusual manner as a central government policy maker in those days. He has the field-oriented or on-site principle.

His philosophy is as follows. Currently, the economic activity is the main issue in rural areas. People in rural areas engaged in business activities need business skill and knowledge such as financing to the opportunity, marketing, and designing, especially for OTOP. These skills do not belong to the government sector but to the private sector. Business requires doing new things to compete in the market, while the government tends to do the same things as they did before.

He advocates "the Privatization of Poverty Reduction" and "Social capitalism". Since the government has money and the tendency to do the same things, and businesses have business skill and do new things; the government job is providing infrastructure, education and health services as conventional rural development, and the private sector provides business skill development in rural areas that government cannot do.

He also advocates "One Company One Village". Companies are to support villages, and the government motivates those companies such as tax reduction and public relations. Currently, PDA is conducting the private-initiative activities and conventional social development in rural areas. The main private-initiatives is to promote companies coming to rural people as a work-place instead of people going to town to work at factories. Especially, labor-intensive companies should be located in rural area. PDA establishes TBIRD (Thai Business Initiative in Rural Development) to coordinate the companies and rural communities. As of February 2002, 129 companies are supported to go to rural areas. This approach is applied for the rural areas that have better access and opportunities such as in the Central Plain and the southern part of Northeast.

Moreover, he advocates the private-initiatives model workable even in the remote areas such as the northern part of the Northeast region. As a first step, business people together with NGOs stay in villages to identify business potential as the basis of likely profit-making ventures as well as potential people to do business. Then, specialists define the business skills necessary for the new venture to work and assist the NGO in finding and developing the persons with potential getting required business skills among available personnel. After the identification, the project is funded for the viable

revenue-producing activities. Assessing the success is based on the profitability. The fund is called from international donors as well as the business sector, which is managed by profit-making “donor corporations” established by companies or groups of companies.

CARE International: development from inside village with local resources

CARE has various activities with support of the government and international donors. CARE also has the activities introducing the factories in to villages with partnership between companies and villages in the southern part of the Northeast. While, the income generating activity within the villages is to be noted here, for the model for how to develop with local resources from inside. This activity is mainly centered in the northern part of the Northeast and the northern part of the North region.

One example is the Rural Industry Development Project aims at Job Creation for Rural People in the Northeast of Thailand in 53 villages in 9 provinces in the Northeast with support by RAKS Thai Foundation. Another example is the Off-farm Job Creation and Promotion of Small and Medium Size Enterprise Project in the Northeast of Thailand (OJC) sponsored by Department of Industrial Promotion (DIP) and Belgium Government. Under this project, cottage and handicraft industries are directly supported in three Provinces. The methodology applied to these projects is introduced as follow.

Core activities and core leaders in the village. This is to create the core economic activities in the villages to development with emphasized on the HRD in rural areas. Young people once migrated can come back to the village if there is the core economic activity.

As a first step, field officers stay in the villages, identify the business potential, search for the resources available, and work out the development strategies as facilitators. The project covers 10-12 villages in the Northeast. They hold a workshop to discuss about the problem within a village. Through a series of discussion, they come to have ideas to willing to do with local resources. Then, villagers of 10-12 villages gather to have workshop to discuss the problems and activities they want. After these ideas become concrete, then they undertake cross-visit to the other villages where similar activities are taken place. If they become to want to sell it, then a market study for prices setting is undertaken. Villagers are not be workers but members as craftsman. According to CARE policy, they does not do marketing by CARE such as Fair Trade Organization that is the movement to buy products from small farmers in the developing countries and sell in the developed countries. The market strategy is made by villagers, otherwise their capacity is not developed.

How to foster the core leaders? There are already various group leaders and potential leaders who are prominent in some areas, and young leaders in the villages. CARE workers facilitate to identify the potential leaders selected by villagers. Who-is-selected is the crucial point for fostering leaders. Those leaders are eventually elected as TAO members if it is in the right truck. It can be said that the capacity of TAO is strengthened. It is noted that they works together from planning to implementation stage.

In doing activities, CARE tries to organize various committees in the villages, which create diversified powers in the villages for cross-checking their activities. Then, it prevents unfairness and corruption by vested interest groups as seen in many rural areas. The impacts of the project are shown in many aspects: they have better human relationship among villages; people get lively; and the income increase in double or three times usually coming later on. In addition, credit groups, moral education network, youth network dealing with AIDS and Drug are established. Young people utilize local knowledge of elder people, then young people can stay at villages.

1.3.2 Prospects for the Future of Rural Areas

HRD is the long-term issue. First, the people in rural areas have to think their future. Next, they have to think the HRD for the future. The future of the village decided by villagers.

(1) The state of the future of rural areas

What kind of the state of the rural area do rural people have in mind?

“People, of all generation, are knowing outside world, having identity and pride of own local areas, conserving unique culture and the environment, and self-sustained economically”

- Young people live in villages, with the activities where they can devote their young passion and energy.
- People have wide view of the outside world: think globally start locally.
- They have their identity and pride, unique culture and tradition and consciousness the environment conservation.
- They have stable income sources.
- They can manage their future.

In other words, keywords of direction of the future of rural areas are summarized as followings:

- Self-reliance, self-help, self-responsible, and protect people by themselves.
- Economic activities in rural areas to be economically self-sustained,
- Foster moral and consciousness of identity and pride of hometown and the environment from the young are.

(2) HRD needs

To achieve the above-mentioned state of rural areas, HRD is needed in the following points.

1) People and community (TAO) are able to find and solve their problems by themselves.

The management capacity of local area of people is strengthened as follows:

- To find and solve the problem by themselves
- To think the future vision, strategies and realize them by themselves.
- To be responsive to external change.
- To design HRD programs for the future needs

2) To do so, leaders who can lead the area management are to be fostered. To foster those leaders:

- Need experience of local area management and community business for local people. Creativity and originality for community business.
- The motivation required for self-reliance.
- Especially, young people need the experience to manage local area.

(3) Strategy for HRD in rural areas

The following three areas are emphasized on HRD in rural area.

- Fostering leaders within Tambon/village.
- Fostering core activities for Tambon/village to be developed
- Fostering the seedling of self-reliance and consciousness from children.

These are to be going on at the same time, these are interactive; leaders develop core activities and leaders are grown through core activities. Through the activities, people of Tambon/village think about their future, eventually develop the vision and strategies.

(4) Implications and points for consideration for HRD in rural areas

1) Foster local leaders

HRD for the children.

- Establish the foundation of HRD for self-reliance from the children.
- Foster the consciousness from children: moral, environmental, home village education to proud of hometown to develop the source of motivation to develop own village.

Fostering leaders of young age: step-by-step approach.

- Youth: develop motivation to devote themselves with passion, develop skill through economic activities,
- Grown to leaders of groups or business.
- Grown to leaders of local area who can do local management.

Identify and foster the potential leaders

- Find out and develop the potential human resources to lead development of economy of rural areas. There are many human resources who have potential to do. There already have various NATURAL LEADERS.

2) Foster core activities

Core of activity is community business: Privatization of HRD: Let companies and NGO to be involved.

- The government does not have business know-how and skill. Business skill is learnt from business people. Promote “One Company One Village”, the association between company and rural areas through preferable measure for companies.
- Business people can be facilitators of rural areas. They can find out the potential HR and local resources. They can help making business plan.
- NGOs can be partners for assisting organizing groups.

3) Region by region and case by case approach

- The southern part of Northeast: more business-oriented. Partnership with private sector. One Company One Village.
- The northern part of Northeast: community development. NGO. Development from inside village. Cottage industry.

- Southern region: Income disparity within the region. Integration with tourism.
 - Northern region: integration with tourism.
- 4) **Review various cases experienced by the people with NGO**
- There are many cases experienced by people, especially with support of NGO. To learn the experiences and their model, these cases are to be reviewed.
- 5) **Government officials to be field-oriented**
- The government officials have higher status and tend to stick to the office, not willing to visit field. They are to be field-oriented to understand real situation and demand of people to provide better services to their citizens as customers, then contribute to better policy formulation.
- 6) **International cooperation at grass-root level**
- Other than government services, to make people outward looking and conscious of hometown and identity, international cooperation at grass-root level to be considered, especially:
 - Farmers to farmer partnership to get to know and discuss the common problems and meet the real demand of farmers such as organic farming.
 - Youth exchanges for fostering outward looking and conscious of hometown and identity for young generation.
- 7) **Secure the fairness to avoid corruption in the village.**
- There are vested interest groups who tend to misuse the local resources. For avoiding corruption, unfairness, and political conflicts, the systems to be created to diversified political powers by organizing several committees for “cross-check” and “balance of power”.

1.4 Development of the local administration initiatives in the rural development

1.4.1 Human Resource Development to Meet The Decentralization

(1) Transfer of administration works and finance from the central government to the local self-governments

The Thai governments are now in the process of decentralization under the new Constitution in the year 1997 and the Decentralization Plan and Process Act in 1999 (herein after called as the "Decentralization Act"). The central government is gradually transferring their administration works and finance to the local self-governments. The local self-governments consist of Bangkok Municipality, Pattaya Municipality, Provincial Administrative Organizations (PAO), Municipalities and Tambon Administrative Organizations (TAO). In the fiscal year 2006, the budget of the local self-governments will account for 35% of the all government budgets as described below.

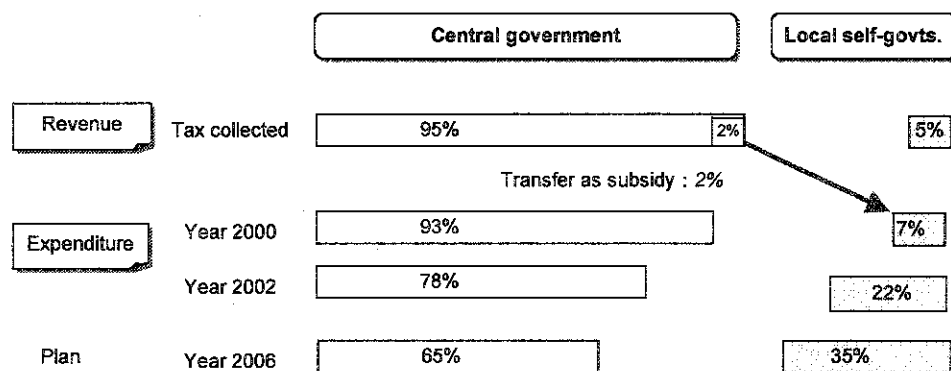


Figure 1.4.1 Increase of budget for the local-self governments

Source: information from NESDB, May 2000

At present, the number of the local self-governments is more than 8,000 in Thailand. On the other hand, Japan, with the population of 120 million, has less than 3,300 local governments including provinces, cities, towns and villages. Japan has decreased the number of local governments, mostly villages:

- From 71,000 to 14,000 in the year of 1898
- From 10,000 to only 4,600 in 1956
- 3,234 in the year of 1995

Accordingly, Thailand has local self-governments more than four times as much as those in Japan, on a pro-rata basis in population. Eight thousand local governments in Thailand might result in difficulties in increasing economy of scale in government services or public investments. In Japan, local governments with the population of less than 5,000 people account for 640, only 20% of the total while there are many TAOs with residents of less than 5000 people in Thailand.

The Regulation of Tambon Council and TAO, 1994, Article 41 stipulates that TAO with population of less than 2000 people is inefficient administration and the Ministry of Interior

could declare that it merge to neighboring TAOs or municipality in the same Amphoe with consensus of the people.

(2) The current HRD to local officials to proceed with decentralization and rural development

The local self-governments shall implement more administration works with the increase of their budgets. An issue is to develop human resources of local self-government officials to efficiently conduct administration works such as planning of rural development, budgeting and tax collection. The central government, therefore, offers various training to develop human resources of local officers. In the year 2001, the Department of Local Administration (DOLA) at the Ministry of Interior, classified the all of TAOs by “advanced”, “moderate” and “underdeveloped” based on the evaluation of their administration performance.

- Advanced: 988 TAOs
- Moderate: 2,334 TAOs
- Underdeveloped: 3,423 TAOs

These “underdeveloped” TAOs are the targets of the human resource development (HRD) by the DOLA in the year 2002. The DOLA, therefore, provided trainer teams to the districts: three (3) trainers per district. These trainer teams will offer training to 2,628 officers in 876 districts, consisting of:

- 1) Permanent secretaries at the district office
- 2) Development officers from CDD
- 3) TAO officers appointed by the district chief officer

These training courses include:

- 1) Decentralization policy
- 2) People’s participation and TAO administration
- 3) Role, authority, duty and administration process of TAO
- 4) Inspection and monitoring of the TAO performance
- 5) Knowledge about local meeting and strategy of supporting the meeting
- 6) Successful lessons in supporting of local meeting
- 7) Mission and direction of trainers in the districts
- 8) Morality in TAO

In addition, training programs to chairmen of the executive boards at TAO include:

- 1) Administration with emphasis on participation of the local people
- 2) Role of men and women to develop the people’s participation
- 3) Tambon council laws, TAO laws and administrative laws
- 4) TAO council meeting and preparation of Tambon regulation
- 5) TAO development plan
- 6) City layout in TAO
- 7) Development direction and planning in Tambon
- 8) Use and maintenance of public facility
- 9) Incomes of TAO
- 10) Collection of tax, fee, license fee, fine and others
- 11) Procurement (TAO purchase sequence)
- 12) Budgeting
- 13) TAO accounting

14) Role of TAO in education and provision of the education by TAO

(3) Manner of Planning for the rural development

The Decentralization Act stipulates thirty-one (31) duties of TAO, including the provision of the TAO own development plan as the first duty, training/ vocational promotion, garbage collection and social welfare services. The rural development planning is given to the first priority among the TAO duties. The planning by TAO is a key issue to proceed with decentralization. In this connection, the DOLA, in addition to offering many training courses as mentioned before, designated the manner of planning, for the year 2003, October 2002 to September 2003.

April-May 2001: The village civil society reviews the village and Tambon's issues and submits it to the District Office.

July 2001: The Province informs district of guideline on district development planning.

September 2001: The District Development Committee (DDC), civil society, working groups, TAO, Tambon municipality, Tambon council, administrative agency in provincial/ district hold workshops to formulate annual district development plan for the year 2003. Upon approval of the Provincial Development Committee (PDC), the DDC submits the plan to the Province by the end of September. DDC and TAO, as the district representatives, prepare the provincial development plan with PDC, provincial civil society and provincial administrative agency. The plan is used to formulate projects with budget from the central and local self-governments.

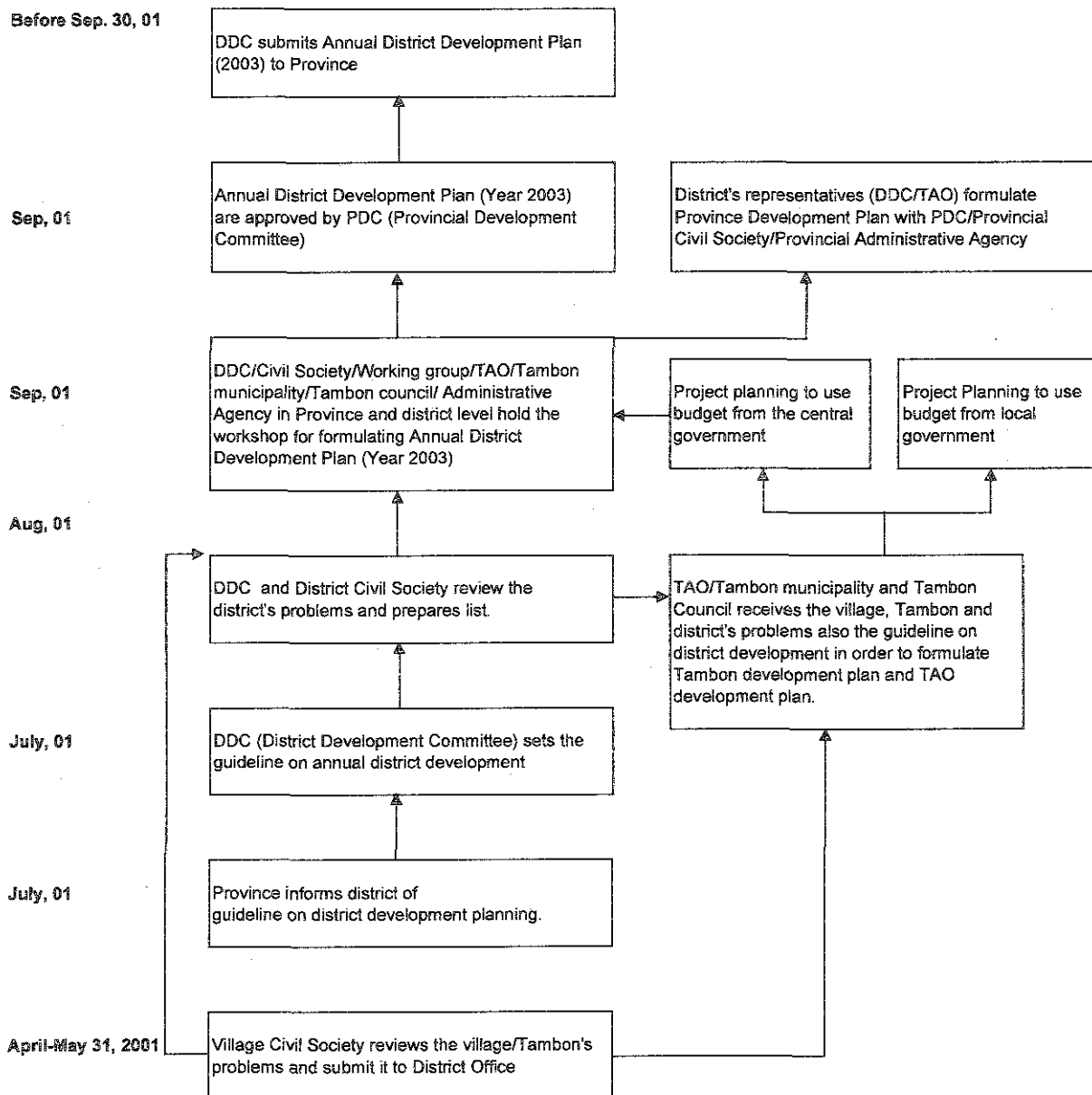


Figure 1.4.2 Process of Planning for the rural development

Source: information from DOLA, Ministry of Interior, June 2002

1.4.2 Rural Development Funds from Various Ministries

(1) Outline of larger scaled funds for the rural development

There have been many rural development funds from various Ministries. These funds come from the budgets of the central government, not from the local self-governments. The larger scaled funds are "Poverty Alleviation Fund" from Community Development department (CDD) at Ministry of Interior, "One Million Baht Village Fund", "Economic Development Fund" from NESDB, and "Credit Program for Rural Development (CPRD)" from the Government Saving Bank. In addition, the Ministry of Agriculture and Cooperatives prepares annual budget for rural development. Especially, the objective of "One Million Baht Village Fund" is to implement "One Tambon One Product (OTOP)" activity, which is a current leading movement for the rural development.

Table 1.4.1 Outline of main funds for rural development

	Poverty Alleviation Fund	One million baht village Fund	Economic Development Fund	Credit program for Rural Development (CPRD)	Remarks
Year to start	1993	2002	2002	1995	
Ministry in charge	CDD, MOI	The central government	NESDB and others	Government Saving Bank	Ministry of Agriculture and Cooperatives
Budget	8,185 million baht	75,000 million baht	58,000 million baht	1,110 million baht	27,724 million baht
Present situation	Revolving	Revolving	Not revolving	Revolving	in the year 2002

Source: information from the Ministries in charge of the above funds, May 2002

The "Poverty Alleviation Fund" was in line with the Thai government's policy of improving the quality of life of the poor people in approximately 40,000 villages. This fund has provided 280,000 baht per village. From the year 1993 to 2001, approximately 30,000 villages have received the fund. This fund is still revolving with very low unpaid rate, 0.25% of the accumulated balance of 8,185 million baht under the good management of the village fund committees.

Since the year 2002, the "One Million Baht Village Fund" has started with budget giving larger funds, three (3) times per village as much as that of the "Poverty Alleviation Fund", to not only poor villages but also to all villages. Thus, the Poverty Alleviation Fund has been suspended, however, the management of the village fund committee is applied in the "one Million Baht Village Fund".

The profiles of the four main funds are as follows:

(2) Profile of the "Poverty Alleviation Fund"

Year to start: 1993

Ministry in charge: CDD, MOI

1) Purpose

- a) Provide an opportunity to the poor people having the five (5) occupation: farmer, craftsmen, household industrial, people in trade business and others.
- b) Increase annual income up to more than 15,000 baht per capita in the village
- c) Develop the standard of life to meet the standard criteria

2) Usage

Target group: family that have average annual income of member less than 15,000 baht per capita

Target place: villages that have more than 30% of the above poor family among all of inhabitants in the village

Activities: Support in local economic activities

3) Budget and finance of the fund

Budget amount: 280,000 baht per village

loan without interest and revolving fund

4) Procedure to use the fund**a) Request**

The local administration, TAO, village or village committee, request for the fund.

b) Approval

The department of developing community, Ministry of Interior, approve of the fund payment to the village.

c) Finance of the fund

The procedure of finance is as follows:

The Bureau of the budget allocates the budget 280,000 baht for the village.



The budget is allocated to the Provincial office.



The budget is allocated to the District office.



Saving account of the village should be managed by the village fund committee. The committee has to approve the fund payment to the poor family in village



The fund is distributed to the poor family.



The family transfers the fund to the saving account of the family.



The family withdraws the fund to do some business or investment, and must return the fund, without any interest, within five (5) years to the saving account of the village.

5) Evaluator

The village fund committee has the authority in management, evaluation and approval of the loan to the poor family.

(3) Profile of the “One Million Baht Village Fund”

Among these larger scaled funds, the “One Million Baht Village Fund” is indispensable to the current OTOP activity in terms of budget amount and applied villages. The outline of this fund is:

Year to start: 2002 (October 2001 to September 2002)

Ministry in charge: the central government (Prime Minister Office)

1) Purpose

- a) Invest to develop career, to generate jobs, and to increase incomes. This fund should be revolved in the village.
- b) Support and develop the village and community by managing the fund systematically by themselves.
- c) Build self-sustained system of the village and community in education, creation (of jobs) and initiation (of a new business) in order to solve the problems and build the competitiveness in economic system.

- d) Stimulate the country economy in level of grass-root.
- e) Improve the ability and strength in economy and society of the local people.

2) Usage

Target area: all of the villages in Thailand

Activities: income generating activities

3) Criteria of the Allocation

- a) The local people must be ready, interested and participate in the project.
- b) The village fund committee must emphasize on the readiness of human resources in both of fund management.
- c) The village fund committee must prepare an evaluation system for the project.
- d) The local people must provide management skills to work with other fund projects.

4) Budget and finance of the Fund

Budget amount: 74,872 million baht (one million baht for a village, 74,872 villages in all over Thailand)

Finance to users: loan with interest, revolving

- a) The loan must not be more than 20,000 baht per person. If it exceed, the members of the fund committee have to consider and make a decision, but finally, one person must get a loan of less than 50,000 baht.
- b) The borrower must repay the loan, with interest, within one year.
- c) The borrower must have guarantee by other people. The manner of the guarantee depends on the regulation designated by the village fund committee. The fund committee must define the other issues from opinion of the members.

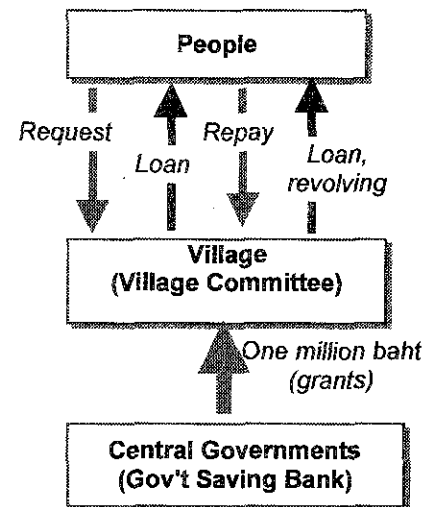


Figure 1.4.3 Finance Scheme of One Million Baht Fund

5) Procedure to use the fund

The village sets up the village fund committee by discussion in the village meetings in which many residents attend.

The village fund committee and members build up the rule and management manner.

The committee request for the government bank to open a new saving account.

The four level committees evaluate the readiness, management capacity in terms of financial and human resources, of the village fund committee. These committees are:

- the committee in the TAO
- the committee in the District
- the committee in the PAO
- the national fund committee of the villages and the town communities

The national fund committee of the villages and the town communities approves the project requested by the village and allow the village to use the fund.

(4) Profile of the "Economic Development Fund"

Year to start: 2002 (October 2001 to September 2002)

Ministry in charge: the central government

1) Purpose:

- a) Generate employment and increase income of the local people.
- b) Reinforce the strength of grass-root economy and can solve the poverty problem in the long run
- c) Support the development process and participation of the people in the community

2) Usage:

Target area: TAOs, municipalities, Pattaya, Bangkok, totaling to 8,435 units

Activities: economic activities, actual examples in Ang Tong Province are:

- Development of handicraft production of Tambon Khlong Wua
- Support of chicken feeder group
- Support of pig feeder group
- Leather bag production
- Agricultural production formation
- Bamboo handicraft
- Agricultural information service center
- Fish and frog feeder

3) Criteria to evaluate the proposals of the projects

- a) The local community or the one in cooperation with the local administration, must have human, other resources and ability to implement the project.
- b) The project must generate employment and increase earning by the management of local community or the one in cooperation with the local administration.
- c) The project must be a new project or on-going project.
- d) The project must offer the benefit to individuals in the village and TAO.
- e) The project must have personnel, in the committee or department (of the local government), who are responsible in the management and maintenance.
- f) The project must emphasis in labor force by using domestic raw materials and equipment and by using the simple proper technology.
- g) The project must be undertaken and withdraw the fund within fiscal year of 2002 from October 2001 to September 2002.
- h) The project must not be a duplication of other fund projects.
- i) The project must be evaluated in both direct effect (such as income or employment increase) and indirect effect (such as environmental improvement or social welfare increase).
- j) The fund requested for one project must not more than one million baht.

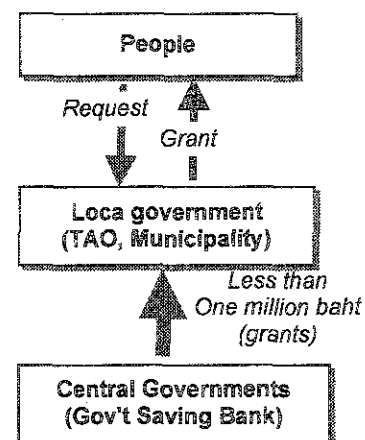


Figure 1.4.4 Finance Scheme of Economic Development Fund

4) Budget and finance of the Fund

Baht 58,000 million, including 8,500 million for NESDB and MOI (less than one million baht for a local self-government)

Grants to the fund users

5) Monitoring the project progress

The committee of district development and provincial development is responsible for collecting data, reviewing and following-up the on-going-project. Then, the committee make a report, with the follow-up form to monitor the project progress, to upper-levelled committee which evaluates the project.

(5) Profile of the “Credit Program for Rural Development (CPRD)”

Year to start: 1995

Ministry in charge: Ministry of Finance (policy making)

1) Purpose

- a) strengthen “community (saving-and-credit) organizations of villager groups” including saving groups, village banks and credit unions
- b) encourage self-reliance and continuation of mutual support among individual members
- c) extend credits to the “community organizations” to help implement efficiently and successfully the schemes for development of individual members. The community organizations eligible for the CPRD loan must be formed under the CPRD’s criteria.

2) Usage: income generating activities**3) Budget and finance of the fund**

Budget amount in the year 2002: 1,110 million baht (556 million baht from the central government and 554 million baht from the Bank own fund)

Loan with interest

4) Procedure to use the fund

- a) The group, eligible for the CPRD loan, are able to submit the loan proposals to CPRD to obtain approval after being registered. Individuals are not able to apply.
- b) The group must have a specific account of saving or sum of fund available.
- c) The group must demonstrate its success in operations on its former activities over a period of six months.
- d) CPRD will reduce the requested amount to suit the needs of the group, however, with maximum of not more than five (5) times of its current group fund.
- e) The loan must repaid within 5 years, together with the annual interest, more than 7%.

The following table shows the summary of this “one Million Baht Village Fund” along with other larger scaled funds.

Table 1.4.2 Summary of main funds for rural development

	Poverty Alleviation Fund	One Million Baht Village Fund	Economic Development Fund	Credit Program for Rural Development (CPRD)
Usage	Support in local economic activities	Local economic activities	Local economic activities	Reinforcement of village community (saving-and-credit) groups
Budget and Finance of the Fund				
Loan or grants to the users (the local people)	loan without interest, revolving	loan with interest, revolving	grants, no revolving	loan with interest, revolving
Procedure to use the fund				
Who requests for the fund?	Local people	Local people	Local people	Local saving group
Who evaluates the request?	Village committee (more people's participation)	Village committee (more people's participation)	local govt.	The Government Saving Bank
Who monitor the project?	Village committee (more people's participation)	Village committee (more people's participation)	local govt.	The Government Saving Bank

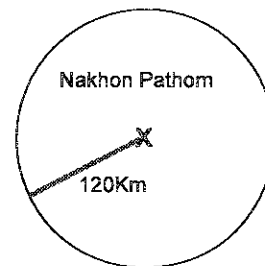
Source: information from the Ministries in charge of the above funds, May 2002

These four funds have been given to local administration, coming from budget from the central government. In addition, there is a fund formulated by a cooperation of neighboring local self-governments, as shown in the example of Nakhon Pathom Municipality.

Case of Nakhon Pathom: Inter-municipality Cooperation

This municipality has conducted a machinery pool system for road construction and waterway work since the year 1963. At present, eleven (11) municipalities, located within 120 kilometer from Nakhon Pathom, join in this system.

This pool system was initiated by the director of DOLA at that time. According to the Secretary of the Center, This system is:



- a) The member municipalities established a "Development Center of Public Works (herein after called as the "Center")"
- b) The eleven member municipalities (herein after called as the "Members") send the funds, 1.2% of each annual revenue, with maximum of 600 thousand baht, to the Center. Members having more revenues, therefore, pay larger funds. The annual income of the Center in recent years is approximately 5 million baht.
- c) The Members request for the Center to purchase some specific machinery. The board,

- consisting of the representatives from each Member, discusses and makes a decision what machinery to buy.
- d) The Center purchases the machinery and equipment with the funds, and keeps maintenance.
 - e) The Center hires 35 employees, mainly drivers.
 - f) The Center provides the machine or equipment with drivers to the members. The members pay variable cost including fuel, accommodation and extra-salary for the drivers.
 - g) Average usage period of the machine or equipment is approximately 200 days a year.

The more developed municipalities tend to pay larger annual funds while the frequencies of their using the machine is less. However, there has been no complaints. The current issues of this system are:

- a) lack of funds to purchase new machine
- b) higher maintenance cost due to obsolescence of the machine

1.4.3 Current Situation and Issues of Local Administration and Finance: Fact Finding from the Field Survey in May 2002

In May 2002, the JICA study team conducted a field survey to visit the villages, TAOs and provincial offices designated in the case study. The objectives are to understand current situation, to clarify issues and to study future direction of the rural development. The rural development activity, represented by the OTOP, is implemented in villages or Tambons. In this connection, it would be appropriate to focus on TAOs to understand the current situation and issues of local administration and finance.

(1) Current situation and issues of the rural development planning

Some TAOs prepare their rural development plan, not necessarily following the manner designated by the DOLA. For example, Ban-It TAO in Ang-Thong Province proceed with the planning:

- 1) sends a questionnaire to each village and obtains answers
- 2) opens workshops to discuss with representatives from each village
- 3) prepares one-year and five-year-planning

In this process, the PAO does not seem to coordinate and integrate the TAO plans for provincial planning while such work is stipulated by the Provincial Administration Act in the year 1997, Article 45:

- 1) Prepare a plan to develop the PAO and coordinate the provincial development plan along the line set by the Cabinet.
- 2) Support the TAOs and local governmental agencies.
- 3) Coordinate and provide close cooperation with TAOs and other local governmental agencies.

(2) Current situation and issues of TAO finance

The next graph shows the revenue and expenditures of the five TAOs in Ang-Thong and Buri Ram Provinces.

Table 1.4.3 TAO Budget in the year 2002 from October 2001 to September 2002, unit: 1000 baht

	All TAOs in Thailand		Ban-Hae TAO, Ang Thong province		Cyai-Yo TAO, Ang Thong Province		Ban-It TAO, Ang Thong Province		Putthai-Sonk TAO, Buriram Province		Pakiab TAO, Buriram Province	
Revenue												
Income collected by TAO	3,027,000	7%	77	2%	29	2%	1,553	32%	220	6%	163	3%
Income collected by the central government	18,590,000	45%	1,280	35%	177	14%	422	9%	286	8%	1,083	21%
Income from tax shared with the central government	2,241,000	5%					1,770	36%	1,690		2,383	46%
Subsidies	17,411,000	42%	2,265	63%	1,050	84%	1,164	24%	1,400	39%	1,540	30%
Total income	41,269,000		3,622		1,256		4,909		3,596		5,169	
Population			2,684				5,671		6,174		12,058	
Govt. income/capita, baht			1,349				866		582		429	
Expenditures												
Salary for TAO officials			365	15%	47	4%	500	10%	329	9%	548	11%
Salary for TAO council			512	21%	857	68%	1,188	25%	636	18%	1,344	26%
Investment			1,573	64%	105	8%	183	4%	1,551	43%	1,694	33%
Other regular expenditures					247	20%	2,965	61%	1,080	30%	1,584	31%
Total expenditures			2,450		1,256		4,836		3,596		5,170	

Source: information from the above TAOs, May 2002

For example, the revenue in budget of Pa Kiab TAO at Buri Ram Province in the year 2002, consists of:

- Taxes collected by Pa Kiab TAO: 3%
- Income collected by the central government: 21%
- Income from tax shared with the central government: 46%
- Subsidies: 30%

Taxes collected by the TAO include:

- House and land tax
- Land development tax
- Sign-board tax
- Animal slaughtering excises and fee

On the other hand, the expenditure consists of:

- Salary for TAO officials: 11%
- Salary for TAO council: 26%
- Investment: 33%
- Other regular expenditures: 31%

1) Lack of TAO own revenue sources

Taxes collected by the TAOs account for 2-6% of their total incomes excluding Ban-It TAO. More than 94% of their total revenues comes from tax transfers or subsidies from the central government. In other words, these local self-governments are not able to earn revenues by themselves. From the viewpoint of self-reliant local governance, it is important to develop tax collection ability. It is also essential to increase the existing tax rates of the four locally levied taxes or introduce a new local tax collected by local self-authorities than to provide

more subsidies or transferred taxes. The Decentralization Act enables local self-authorities to call for other taxes including motor tax, tax for education. It seems, however, difficult to collect other taxes with the existing small number of officers, as will be mentioned later.

2) Large portions of personnel cost and shortage of officials

The salary for officials and temporary workers at Ban-It TAO accounts for 40% of its annual revenue excluding subsidies from the central government. This salary portion should not be more than 40%, according to a regulation (herein after called as the “40% regulation”). At present, the Ban-It TAO hires 16 officials, including 4 officials and 12 temporary workers. They need 6 more officers, however, are not able to increase staff due to the 40% regulation. The Ban-It TAO is a “model Tambon”, because of good administration performance. This TAO collects by itself local taxes accounting for 32% in its total revenue. Other many TAOs, therefore, might not able to hire enough staff while more officials would be necessary proceed with the administration works designated by the Decentralization Act. In addition, the table shows that salary expenditures in the TAOs consist of a larger part for council than those for officials. While the unit salary for a councilor is much smaller than that for an official, the sum of the councilors is larger than that of the officers.

3) Unaffordability of implementing their own rural development plan

The Bon-It TAO needs more budgets to proceed with its development plan. In other words, some TAOs are not able to afford the implementation of the all of the their rural development plan.

(3) Current situation and issues of HRD training to local officials

The followings are actual training to the local officials in Buri Ram Province.

Table 1.4.4 Actual Training Programs for government officers in Pithy Son TAO at Buri Ram Province

Name of training Program	The planning of TAO	The increasing of effectiveness in TAO administration	Strategy in solving problem of ware affair, financial and budget	TAO officer trainer
Ministry in charge	MOI	MOI	MOI	MOI
Purpose of training program	To plan the lay out of TAO area systematically	To increase effectiveness in council administration work	Officers have knowledge, understanding in solving administration problem	To provide knowledge in data processing of TAO through internet
Instructors	City planning office	Government department in Tambon level	Science development institution	Evaluation center (Division 3)
Participants	TAO officers	TAO officers	TAO officers	TAO officers
Number of Participants	2	1	2	2
Detail of training program	Provision of city planning in TAO area	Administration of council work	Training in ware affair, financial and budget	To train TAO officers
Period of training program	6 days	3 days	2 days	1 day

Source: information from the field survey, May 2002

Table 1.4.5 Actual Training Programs for government officers in Buri Ram Province

Name of training Program	Community planning for the economic development	Internet training for Tambon level	Income and fee collection at municipality	Health promotion work for municipality officers
Ministry in charge	DOLA and NESDB	DOLA	MOI	MOI
Purpose of the training	To generate employment, increase earning in community and promote the peoples' participation	To improve computer skills	To obtain knowledge in collecting and increasing income	To develop ability in health promotion to execute their duty effectively
Instructors		DOLA	DOLA	DOLA
Participants	Government officers from provincial and district level : provincial office, community development office, municipality and TAO	Administrative officers in provincial and district level	Local government officers who work in 22 municipality areas	Municipality officers
Number of trainees Participants	106	1072 one person per province	One person per municipality	150
Detail of training program	Framework of community work and others	Detail in database system, evaluation system and personnel database.	Detail in income development policy, all taxes collected by local area	Detail in planning and developing public health work
Period of training program the training	2 days	3 days	3 days	4 days
The frequency of the training	Once a year	Once a year	Once a year	Once a year

Source: information from the field survey, May 2002

Issues of these courses are:

- 1) Some of them are very comprehensive and informative, however, others are not practical, according to the field survey in May 2002.
- 2) Many of the HRD training courses are stereotyped, not be variable depending on the region, province or Tambon. In other words, these courses tend to provide only standard knowledge one-sidedly, regardless of information needs which are different from one area to another.

(4) Usage of rural development funds

The local self-governments or the local people groups obtained the rural development funds from CDD, Ministry of Agriculture and Cooperatives or TAO. They are used to how to apply, handle and operate these funds.

The following table shows the actual cases of using these funds in the Buri Ram Province in the year 2002. They follow the procedure of the funds, as stipulated in the guidance by the central government: who request the fund, who approves by what criteria and who monitors the fund.

Table 1.4.6 Actual practice to use the funds for rural development in Buri Ram Province: Request, evaluation and monitoring

Fund Name	Poverty Solving Fund	One million baht village fund	Economic Development Fund
Amount	144 million baht	1,186 million baht	46 million baht
Request of the fund	CDD allocates this fund to the poor villages	Local people	Local people
Criteria for approval of the request	Income less than 15,000 baht per yearper capita. Other criteria by the consideration of committee	Criteria initiated by the village fund committee.	
Evaluation of the request	CDD	Village fund committee	Local self-government
Monitoring the project	CDD officer at provincial and district level	Village fund committee	Local self-government

Source: information from the field survey, May 2002

Actual examples of local people group using these funds are:

Case 1: Group of Female Cha-Wa Weed Handicraft

Annual production of the group is from 600,000 to 800,000 baskets for domestic and Japan's market. The group allocate five (5) percent of the total profit to this group members. Furthermore, the group provides training of making handicrafts twice a week. They started these activities from the year 1989, obtaining various funds from CDD, Social Investment Fund (SIF), TAO and Ministry of Industry.

Table 1.4.7 Source of funds for the group activities of Female Cha-Wa Weed Handicraft

Year	Amount (Baht)	Fund Source
1989	2,000	Support Industry Department, Ministry of Industry
1991	10,000	Community Development Department (CDD), MOI
1993	363,000	Province
1995	50,000	CDD
	180,000	Social Investment Fund (SIF)
1997	50,000	Ministry of Agriculture
	10,000	TAO
2000	35,000	TAO
	130,000	SIF
Total	830,000	

Source: information from the field survey, May 2002

Case 2: Center of making new royal dolls

This project started twenty-five (25) years ago as 'Princess Project'. At present, twenty (20) women can make the dolls. The center obtained a fund, 5 million baht, from NESDB to invest in the construction of the center, as well as got a fund of 80 thousand baht from CDD and TAO to operate the center activities.

Case 3: Banana processing

This group obtained a SIF fund, 80 thousand baht, with 5-year-repayment and no interest to invest in the construction of the training center. Any profit shall be returned to the community. The group also prepares a fund to the poor and the older, offering lunch food allowance, 200 baht per month/capita. The current balance of the fund is 200 thousand baht, having shares of 36 members.

The village people would like to obtain larger fund for the rural development, but it might be difficult in practice to put the all of the funds in one (1) pool. Because there are lot of similar projects, the one pool fund might cause more competition among village people to get this fund.

(5) Actual practice of local administration in rural development

Officers at the Department of Agricultural Extension (DOAE) or CDD extension officers have played an important role in rural development. These central government officials offer coordination and support the income-generating activities in terms of finance, technology, organization and advertisement.

Case 1: Okura producing group in Ang Thong Province

A group of farmers started to produce Okura with advice from a DOAE officer in the year 2000. The officer introduced TIM Food to them. TIM food exported their Okura to Japan, however, they faced serious complains and sending-back from Japan. Then, the officer gave this group a technical advice, how to cope with the problem. Some of the group members were able to solve it, following this advice. The officer play an important role including:

- 1) advice to start the Okura production
- 2) introduction of TIM Food
- 3) technical advice on how to solve the problem

Case 2: Fish growing group in Buri Ram province

Officials at Department of Agriculture Extension (DOAE) initiated to start a business of growing fish in a river at Faiyang (Rubber Weir) in the year 2001, organizing such groups. These officials negotiated with Charoen Pokphand Company (CP) to sell the fish. In addition, they help the groups to obtain a fund, 149 thousand baht, from DOAE, or another fund from the "One million baht village fund". At present, the officials prepare a project proposal of promoting tourism at Faiyang, including demonstration of farming, provision of rural accommodations and fishing. These activities of the officials are summarized:

- 1) generation of an idea: growing fish in the river
- 2) organization of the fish-growing-groups
- 3) negotiation with the CP
- 4) assistance to financing to the groups

1.4.4 Summary: SWOT analysis of the local administration and finance in the rural development

The previous discussion would be summarized to the following SWOT analysis: strength, weakness, opportunity and threat of the local administration and finance in the rural development.

(1) Strength of the local administration and finance in the rural development

The local self-governments are in the process of human resource development to meet with the decentralization and rural development. In this process, the central government has offered many seminars or training to officials in the municipalities, TAOs. These training include "community planning for the economic development", "income and fee collection at municipality" and health promotion work for municipality officers" as found in the field survey in May 2002.

On the other hand, the central government officials at regional offices, such as CDD or DOAC extension officers, have provided substantial supports for the rural development activities in terms of finance, technology and group organizing. In addition, many funds for the rural development, provided by the central government, have been used by the village people. The local people are used to how to apply, handle and operate these funds.

(2) Weakness of the local administration and finance in the rural development

The weakness of the local-self governments are ascertained in the field survey: lack of TAO own revenue sources, large portions of personnel cost in the total expenditure, shortage of officials, unaffordability of implementing their own rural development plan. On the other hand, a survey¹ conducted in the year 1998 by the Ministry of Interior's Damrong Rajanupap Institute confirmed that TAOs were a problem-ridden organization and were not well-equipped to perform their duties. Some of the problems are:

- 1) Both elected and appointed personnel were not sufficiently trained to run governmental and administrative affairs.
- 2) Procurement was done regardless of the rules and regulations.
- 3) The withdrawal and payment of money, safekeeping, accounting, and reporting of financial status, were not properly handled.

In addition to the above fundamental issues on the local self-governments, the current matters to be settled in the HRD training to these officials are:

- 1) Some of the HRD training courses are comprehensive and informative, however, others are not practical, as pointed in the field survey.
- 2) Many of the HRD training courses are stereotyped, not be variable depending on the region, province or Tambon. In other words, these courses tend to provide only standard knowledge one-sidedly, regardless of information needs which are different from one area to another.

(3) Opportunity of the local administration and finance in the rural development

The central government is gradually transferring their administration works and finance to the local self-governments. In the fiscal year 2006, the budget of the local self-governments will account for 35% of the all government budget. There will be an opportunity, therefore, for the local self-governments to increase their human resources. In addition to this expansion of the current budget in the local self-governments, "One Million Baht Village Fund" is available in the villages. This fund might offer the local self-government officials to play a more important role in the OTOP activities, such as coordinating these village activities.

(4) Threat of the local administration and finance in the rural development

There are many economic activities in villages, however, some of them are small-size or similar, such as production of Thai silk dress, wooden handicraft and bamboo-made baskets. In the future, some of these activities might collapse due to cannibalization. The provincial administration, therefore, has to coordinate TAOs for preparing long-term and provincial strategy and planning for their rural development.

In addition, there are many small TAOs in terms of population and/ or annual revenue. TAOs with the population of less than 2000 people is inefficient administration, as mentioned in the Regulation of Tambon Council and TAO, 1994, Article 41. In the future, it will be important to proceed with joint works among neighboring TAOs.

¹ This paragraph is quoted from "Thailand-Japan Joint (DOLA and JICA) Research Project on the Capacity Building of Thai Local Authorities, August 2002, page 4-1, 2"

1.4.5 Future Perspective of Local Administration and Finance in the Rural Development

Summarizing the discussion in the previous sections, the future perspective of local administration and finance in the rural development would be:

(1) Role of local administration and finance

The role of the local administration and finance would be to cope with the decentralization and rural development. The decentralization requires for the local officials to implement the preparation of vision and plan for the rural development, as well as reinforcement of tax collection, budgeting and the people's participation. The local people would require for the local self-governments to support and coordinate rural development activities in areas of marketing, finance, technology, and group organizing. Especially, it must be emphasized that the local administration has to coordinate many OTOP activities for preparing long-term and district/ provincial strategy for their rural development.

(2) Implications of HRD

The implication of HRD for local officials would be:

- from theoretical to practical training
- from nationwide to local-based training
- from supply-based to demand-based training

As mentioned, some of the HRD training to local officials are very comprehensive and informative, however, others are not practical. One of the solutions is that local self-governments with advanced knowledge and experiences offer training to other local governments with fund from the central government. This methodology would be namely "Local to Local".

On the other hand, some village people would like to learn actual practices of marketing, designing or packaging from businessmen, according to the field survey in May 2002. Upon request of these village people, local official had better formulate training programs, with payment of tuition to the businessmen. In this case, joint work of neighboring villages or TAOs would be efficient because they could share the cost.

(3) Joint work among several villages or TAOs

In the future, it will be important to proceed with joint works among neighboring TAOs. The objectives of the joint works would be:

- accumulating the financial, human resources from several villages or TAOs, for example, they establish a joint HRD fund, by financing, e.g. 1% of their annual budgets.
- realizing "economy of scale", for example, a joint training among neighboring village or Tambons would not only allow more people to attend, but also reduce the cost burden of each village or Tambon.
- implementing larger works with the above pool of financial and human resources.
- equalizing the development in the area in terms of infrastructure, individual incomes among the related villages or Tambons, because difference of development among the

village or Tambons would be reduced with the joint works.

The central government had better prepare incentives, including subsidies, to joint works among TAOs.

Conclusion

To conclude in sum, the agenda to be addressed is HRD of local autonomous governments for provide better services to citizens to undertake administrative works. The future perspectives of TAOs as Local Administrative body are:

- **Capacity building of TAO leaders and staff** to meet the increased importance of the role of TAOs in providing better services to people through: 1) undertaking administrative works, 2) budgetary planning and tax collection, 3) coordinating and support people's activities, and especially, 4) understanding and identifying the people's problems and ideas, demand and needs in the frontline of people;
- **HRD programs for TAOs are to be practical and local demand-based** through **Local to Local coordination** to share the experiences and knowledge, NOT like the current manner given to TAOs such as comprehensive and unified training packages; and
- **Collaborative works among TAOs** benefit the people through better services provided by TAOs by gathering limited HR and capital in the future.

Chapter 2

Case Study Areas

Chapter 2 Case Study Areas

Thailand has diversified natural and social conditions that differ from region to region and place to place. This regional diversification has made it difficult, to apply a general status of human resources development in the rural area. It is necessary, therefore, for the analysis of these manners to select some provinces or Tambons with different development levels as regional examples. This study delineates the whole Kingdom into four geographical regions and selects one province from each of the four regions as (a) case study to capture the status of the nation.

In March 2002, the Steering Committee has selected four provinces as case-study areas: Lampang in the North, Buri Ram in the Northeast, Ang Thong in the Central Plain and Nakhon Si Thammarat in the South. Following this selection, two Tambons in each case-study province have been chosen for detailed study, as shown in the table below. The field survey in the eight case studies Tambon were conducted in May 2002.

Case Study Province	Amphoe	Case Study Tambon
Lampang	Moung	Ban Pao
	Mae Tha	Hua Sua
Buri Ram	Putthaisong	Putthaisong
	Ku Moung	Pa Kiab
Ang Thong	Moung	Ban Hae
	Chai-Yo	Chai-Yo
Nakhom Si Thammarat	Lansaka	Gam Loan
	PhromKiri	Thorn Hong

This chapter firstly 1) describes the overview the four regions of the Kingdom, next 2) explains the selection of Case Study Areas, and 3) undertake a Case analyses the Case Study Areas in detail, which illustrates the features of the Case Study Areas and tries to give implications for HRD in rural areas in Thailand.

2.1 Relative Position: An inter-regional Overview

Regions in Comparison

With Thailand being delineated into four geographical regions, the North, the Northeast, the Central Plain and the South, one province (Changwad) from each of these four geographical regions is selected to be further represented by two smaller case-study areas at the sub-district (Tambon) level.

Administratively, the whole country of Thailand is divided into 76 provinces; 17 in the North, 19 in the Northeast, 26 in the Central Plain and 14 in the South. Each province is further divided into several districts (Amphoe), each district into several sub-districts (Tambon) and each sub-district into several villages (Moo Ban). For an administrative area larger than a Tambon but not yet ready to be an Amphoe, it may be given the status of a district branch (Ging Amphoe). Likewise, a large village may be further divided into several hamlets (Moo). The comparison of four regions is described in Table 2.1.1 and 2.1.2.

Table 2.1.1 Regions in comparison

Region	GDP Agriculture (million baht)	Share in GDP (%)	Share in agricultural GDP (%)					
			Crop	Livestock	Fisheries	Forestry	Services	Agro- processing
Northern	108,520	25%	81%	7%	2%	1%	4%	6%
Northeastern	127,069	23%	77%	8%	2%	1%	5%	7%
Central Plain	190,026	6%	46%	11%	24%	0%	2%	18%
Southern	194,567	42%	41%	3%	45%	2%	0%	9%
Nation	620,182	13%	57%	7%	22%	1%	2%	11%

Source: Alpha Research, Thailand in Figures 2001-2002.

Table 2.1.2 Agriculture in regions

	Number of provinces	Area (km ²)	Area Share (%)	Population	Pop Share (%)	Pop density (person/km ²)	GDP (1998) (million baht)	GDP Share (%)	GPP/person (baht/person)	GPP/person (Nation=100)
Northern	17	169,644	33%	12,101,196	20%	71	440,243	9%	36,380	49
Northeastern	19	168,854	33%	21,414,751	35%	127	547,492	12%	25,566	34
Central Plain	26	103,901	20%	20,155,153	33%	194	3,184,218	69%	157,985	211
Southern	14	70,715	14%	8,217,646	13%	116	463,977	10%	56,461	75
Nation	76	513,114	100%	61,888,746	100%	121	4,635,930	100%	74,907	100

Source: Alpha Research, Thailand in Figures 2001-2002.

The Central Plain is the most densely populated region. There are sizable towns among patchworks of paddy and sugarcane fields. This region is the center of economic activities; more than two-third of national wealth is created in this region. The regional GDP per capita is double that of the national average.

This region has also fundamental role in Thailand's agricultural economy in spite of its small share (6%) of agriculture in regional GDP as compared with large share (38%) of the manufacturing sector. Especially, the region is the center of irrigation agriculture, with rich water resources and irrigation facilities. More than half of second crop is produced in this region. Out of agricultural GDP, 18% is from agricultural processing as compared with less than 10% in other regions, and 51% of national agricultural processing. The strength of the region is one-day-trip distance from Bangkok; it has a great potential to supply vegetable and fruits to Bangkok market.

The North region is endowed with rich mountainous geographical feature and diversified climate nurturing the fertile land, which gave old kingdom of the north the name Lanna, "the land of a million paddy fields". The north comprises one third of country's land area and one fifth of the country's population with the least dense population. Agriculture comprises one fourth of the economy; crop production constitutes 80% of agricultural production. This region has rich water resources, which makes it possible for it to produce one third of the entire second crop production, two third of soybean and a half of maize in the country.

Not only agriculture but also culture and tradition are diversified with influence of Burma and various ethnic groups. They have their own styles of art and architecture, which can be seen in their distinctive handicraft traditions and temples. Thanks to the geo-climate and cultural diversification, Chiang Mai attracts a number of tourists from the world as the center of

tourist attractions in the North. This could give a potential to supply products for the North.

The Northeast region is known as “Isaan”. The Northeast comprises a third of national land area and 35% of population being the largest in the country. It is the poorest region whose GPP per capita is only a third of the national average. Agriculture comprises 23% of GPP. Crop production accounts for 77% of agriculture; farming is their main livelihood.

The Northeast has infertile soil and shortage of water. This is why the production of its second rice crop constitutes only 4% of the national average. Past government schemes to introduce high yielding cash crops required farm inputs like fertilizers, seeds and machinery, which the farmers set in a debt cycle. To get out of it, people go to Bangkok for seasonal or temporary employment; especially young people migrate to Bangkok. This region is the least-visited region of the kingdom, even though it has Khmer ruins to attract tourists.

The Southern region has the least land area (14%) and population (13%) in the country and produces 10% of GDP. Agriculture contributes 42% of the economy; out of agriculture 41% comes from crop production and 45% from fisheries. Plantation of rubber, palm oil and pineapple centers the region. This region has popular seaside resorts for tourists. It borders Myanmar and Malaysia and is a home to the majority of the Muslim people in Thailand.

2.2 Selection of Case Study Areas

This study selects four provinces as the case study provinces to describe and analyze the situation of HRD in the rural areas of Thailand. Four case study provinces are selected by the Project Steering Committee in March 2002. The selection was made in a following manner.

- 1) The team prepared the seven criteria for classification of Thailand in consultation with NESDB. The criteria are designed to illustrate the variation and difference of whole Thailand and try to capture the levels of agriculture and industrialization, degrees of local organization and participation, levels of natural resource potential, levels of accessibility, and levels of overall development. Conventional regional classification into 4 regions was employed for better representing regional difference: Northeast, North, Central and South. One province (Changwat) each from the four regions totaling four case study provinces;
- 2) The Project Steering Committee of ministries concerned for this study selected four case study provinces as follows:
 - One of the case study provinces was selected from the provinces experimenting with the CEO governor system; Lampang Province is selected.
 - The committee selected other three provinces in consideration of: 1) four provinces with different levels of development; Lampang is relatively advanced province, then less advanced provinces are selected for the better understanding of the problems of rural area; 2) accessibility for the team with limited time period for efficient implementation of the study, 3) combination of provinces for better representing regional differences and problems in rural areas, taking account of the

statistical data for seven criteria prepared by the team. The result of classification maps by these criteria and the statistical data are shown in the Appendix.

- The case study provinces of Lampang, Buri Ram, Ang Thong, and Nakhon Sri Thammarat are selected.

A detail of criteria is described as follows for reference.

7 Criteria for Classification

Criteria 1 Regional delineation

Geographically, Thailand is administratively divided into four regions, the North, the Northeast, the Central Plain and the South. Since the HRD for rural economy is region-specific as well as nation-wide, the case study areas should be taken from different regions. Thus, the official delineation of the four regions should be used by the Study Team to ensure that the regional economic structure and administration are best represented and used as a basis of HRD.

Criteria 2 Local administration: conventional versus CEO

With a view to strengthening provincial administration in light of the recently-adopted decentralization policy, five provinces all over the country, one in each region plus one more at the southern border, have been selected as the experimental sites for CEO administration. Based on the with-project and without-project principle of comparison, a compared CEO province is also experimented along with each CEO province. One of the four case-study provinces should be selected from the existing five CEO provinces.

Criteria 3 Level of agriculture and industrialization

Needs of the HRD for rural economy vary in correspondence to the levels of agriculture and industrialization. The level of agricultural development does not necessarily mean the size of agricultural production, but also such factors as the degree of agricultural diversification, the relative magnitude of high value agriculture and the level of agricultural processing.

Likewise, the level of industrialization also serves to indicate how well the rural economy of a province may be elevated through increased non-farm employment opportunities, expanded local market for agricultural products and diversified linkages between agriculture and non-agriculture. The following indicators have been used to measure those levels.

- The per capita Gross Provincial Product (GPP) in the agriculture sector is used as the indicator for the level of agricultural development in a province.
- Two indicators are used to present the level of industrial development in a province: the number of industrial establishment units per capita, and the average wage in each province.

Criteria 4 Local organization and participation

This criterion is used to reflect the performance of local public institutions such as TAO and TTC, and the level of activities by farmers group as well as by local business communities. The indicator used is the percentage of total memberships of three leading organizations to the population of a province. These organizations are farmer organizations, women organizations and youth organizations.

Criteria 5 Potential of natural resources

The comparative advantages and characteristics of rural products in a province are largely determined by the potential of its natural resources, e.g. water, soil, forest and climatic diversity. Since the HRD strategies should fully take into account the comparative advantages, the natural resource potential of a province is also relevant to indicate the required HRD. Percentage of the forest area in the province is used to indicate the natural resource potential in each province.