

Policy Brief

Decentralization of Water Management in Thailand

Introduction

Integrated Water Resources Management (IWRM) strategies, promoted by the Global Water Partnership,¹ are based on the four *Dublin Principles* presented at the World Summit in Rio de Janeiro in 1992. One of the principles stipulate that ““Water development and management should be based on a *participatory* approach, involving users, planners, and policy-involving users, planners and policy-makers at all levels”, which calls for decentralization of certain functions of water management. According to the subsidiarity principle, the design and implementation of water policies and decisions should be made at the local administrative level as local institutions have better knowledge of the local environment and conditions.

Since the issue concerning decentralization is central to the governance of water management, this policy brief captures the state of decentralization of water management in Thailand in a nutshell.

1. General Concepts on Decentralization of Water Management Institutions

Effective decentralization requires devolution of right tasks and responsibilities to the right administration. According to conventional economic theory, the decision whether or not to decentralize a specific responsibility or authority depends on 5 major factors:

- (1) Economies of Scale: The Central Government is in the best position to undertake tasks that requires economies of scale such as investment in large infrastructure projects or research and development activities.
- (2) Transaction Cost: Local Governments are most informed about local conditions and constraints and hence are in the position to execute a task at least cost and most rapidly because of the shorter chain of command. Moreover, decentralization of

¹ an international network open to all organizations involved in water resources management be they public, private, non-government or international organizations

decisions to the local level also promote better accountability as locally elected officials or leaders can easily be held accountable to their local constituencies.

- (3) Minimizing Externalities: Water management often imposes externalities on adjacent constituencies. For example, the use of underground water in a specific location affects availability elsewhere. Likewise, the decision to protect an area from flood by constructing barricades slows down water flows, worsening flooding elsewhere.
- (4) Conflict Resolution: Decentralized water management is prone to conflicts across local administrations as they compete for water resource when there is a drought and compete to push water out of their respective territory when there is a flood. This problem is likely to intensify when there is no clear water rights and insufficient information to form decisions that are acceptable to various parties
- (5) Technical Expertise: The Central government is in the best position to provide expertise in water management because of its larger budget and hence, superior ability to provide training or research and development.

The advantages and disadvantages of various model of decentralization is thus summarized in table 1 shown below.

Table 1: Optimum Decentralization Matrix

	Central gov't	Local gov't (smallest unit)	Basin organization
Economies of Scale	vV		v
Transaction Cost		vV	vV
Minimizing externality*	vV		vV
Conflict Resolution	vV		v
Technical Expertise	vV		v

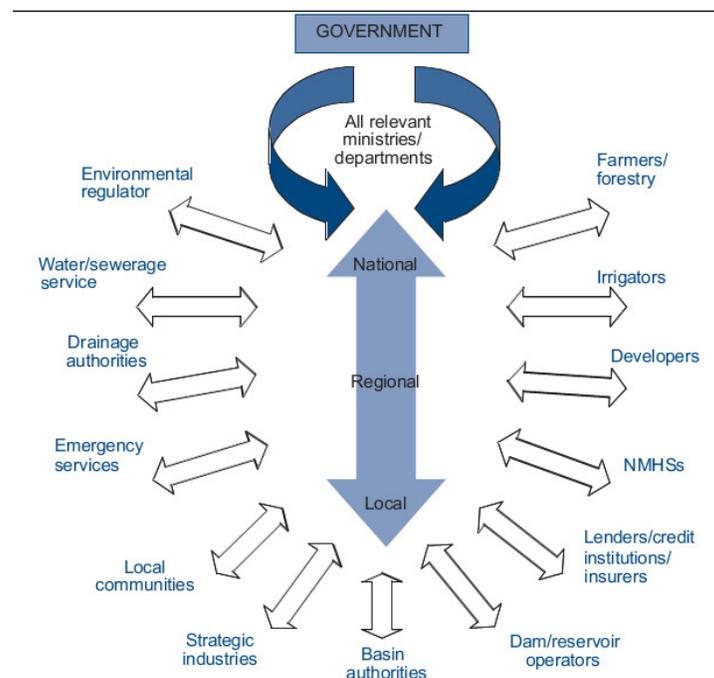
Note: vV = Very good: v = Good, nothing = Fair

Source: Kember et al, 2005

Table 1 seems to suggest that the central government has many advantages in terms of economies of scale, minimizing externality, conflict resolution and technical expertise. However, the transaction cost can be rather high as the centralized body has little knowledge of local conditions and so would have to establish many regional and local branches, which can be costly. Local governments, though well informed of local conditions, are often too small to handle water management issues that often cut across multiple constituencies. River basin organizations can be a practical outcome.

Regardless of the decentralization model chosen, any effective water management requires good coordination among concerned authorities at the national level (across ministries and departments) and between the national, regional and local administration as shown in the diagram1 below. Besides vertical and horizontal integration and a clear line of command, stakeholders' participation, and necessary data and information that can support an effective joint decision making are also vital.

Diagram 1: Integrated Water Management



Associated Program on Flood Management (APFM) 2006, Legal and Institutional aspect of Integrated Flood Management. APFM Technical Document No.2, Flood Management Policy Series, World Meteorological Organization. Available on http://www.apfm.info/?page_id=805

2. Decentralization of Water Management Institutions in Thailand

Thailand's decentralization reform began with the promulgation of the Decentralization Act in 1999. However, until today, the program has not yet achieved its initial objective of building a capable and efficient local administration that can better manage the country's financial and natural resources due to several reasons.

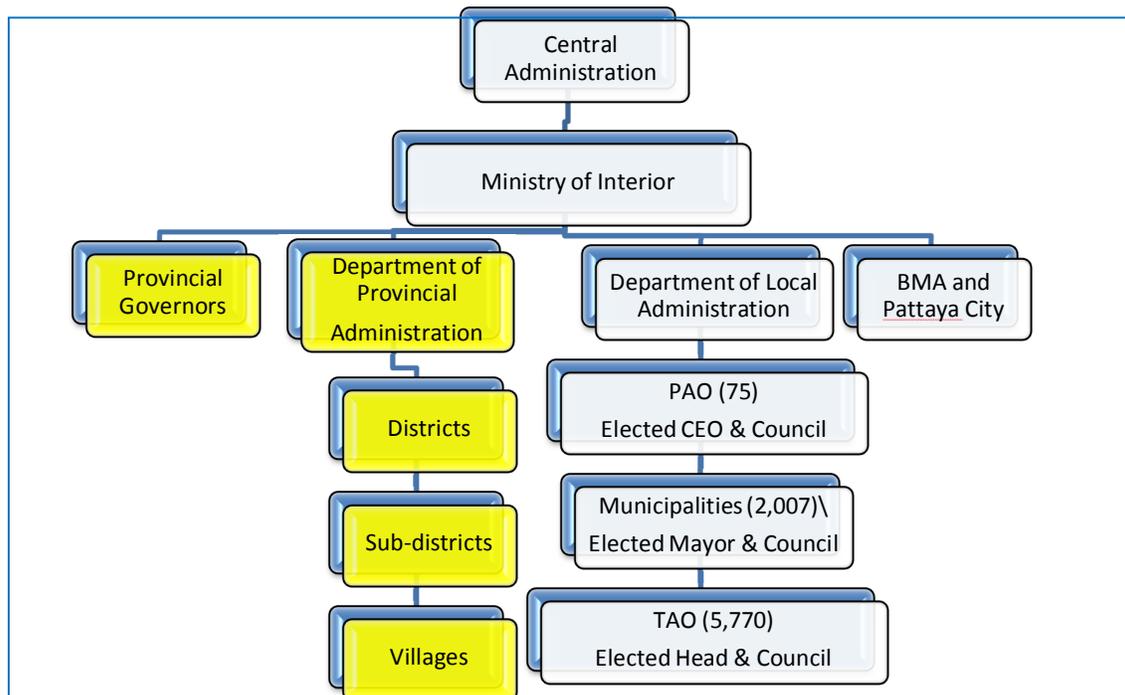
First, the size of some of the local administrations is far too small. Out of roughly 7,854 local administration units, more than 3,000 have population less than five thousand. This is because the Decentralization Law promulgated in 1999 came after the formation of various

local authorities under different laws such as the Municipal Act 2496, the Tambon Council and Administration Act 1994 and the Provincial Administration 1997. Such small local administrations is not cost effective in water management and the task of coordination among these very small administrative units can be extremely difficult.

Second, there is no clear demarcation of function between central government and local authorities in the Decentralization Act 1999. This has led to confusion of roles and responsibilities between different levels of government and between the central and local government. As a result, the devolution of authority is dictated by the government of the day rather than according to well- established principles and plans.

Third, Thailand has a dual local administration where locally elected administrations operate in parallel with local branches of the central administration. The government reluctance to devolve its power is evident in the maintenance of the central government institutions, such as the Provincial Governor and District/Sub-district Administration as shown in Diagram 2 below. The central government reluctance to devolve its control over major policy decisions and financing is not favorable to the development of local capacities.

Diagram 2: The Dual Track of Local Administration in Thailand.



Source: The World Bank (2012), Improving Service Delivery: Thailand: Public Finance Management Report.

As the central government prefers to “row” rather than “steer”, local administrations has been facing difficulties getting technical assistance or consultation from the central government. Currently, local governments cannot communicate directly with various

Ministries; rather, they have to operate through the Department of Local Administration, the Ministry of Interior as appear in the Diagram below.

This goes for budget allocation as well. The central government budget designated for Local Administration support and development goes to the Department of Local Administration rather than to different line Ministries. For example, if the Irrigation Department were to provide technical assistance to a local administration concerning the maintenance and operation of the water pump stations transferred to the local authority, it would have to ask for funding from the Department of Local Administration, Ministry of Interior. Hence, the Department has the sole authority to “prioritize” local projects. The current regime causes a “bottleneck” in both the communication and budget allocation between the central and the local administration.

Moreover, many laws that were passed after the Decentralization Act 1999 did not comply with the decentralization law. For example, the Natural Disaster Prevention and Relief Act 2007 grants the authority to dispense the emergency budget to the central-appointed Provincial Governor rather than the locally elected Provincial Administration Organization. As a result, the ability of the local administration to prevent and relief flood in its own constituency is extremely limited, especially for small local administrations starved of own funds.

Also, laws that preceded the Decentralization Act 1999 were not properly amended to facilitate local administration ability to manage own water resources. For example, local administration cannot enter areas declared to be “national parks” or “industrial estates” according to the National Parks Act 1961 and the Industrial Estate Authority of Thailand Act 1979.

Fourthly, although certain tasks and responsibilities were devolved, but responsible officials were unwilling to change status from a civil servant to employee of local administration due to less favorable pay scale, benefits involved as well as career path.

3. Conclusion

Literature review reveals that the management of flood in Thailand still rests mainly with the central government. Local administrations are responsible mainly for the construction and maintenance of small scale infrastructure within its constituency.

Water management at the local level varies greatly across administrations, depending mainly on the size. Large and relatively wealthy administrations are well endowed with both financial and human resources, while smaller ones are deprived of both and thus, need to rely heavily on assistance from the central government. Coordination in terms of joint

projects among small administrations is constrained by the absence of a platform as the central government does not assume the role of an “advisor” or “coordinator” as well as strict budgetary rules that require budget allocated to local administration to be spent locally only.

Given the current state of decentralization in Thailand, an adoption of the participatory approach to an integrated water resource management (IWRM) will certainly pose a major challenge to policy makers. The design of an optimal water management institution for Thailand will have to take into account of the mentioned limitations and constraints.