

### Chapter 3

## The Current State of Local Cooperation in Southeast Asia: Thailand, Indonesia, and the Philippines

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### Abstract

This study examines the current situation of local cooperation in Thailand, Indonesia, and the Philippines, and examines the reasons for the low realization of local cooperation in these countries. After the collapse of the authoritarian regime, all three countries pushed for democratization and decentralization in the 1990s and 2000s. They passed laws and regulation to form a local cooperation. However, a legal framework is not enough to achieve local cooperation. By exploring several best practices in the three countries, this study asserts that the central government should *first* clarify its stance to promote local cooperation using various tools, including financial assistance. *Secondly*, political will of the local governments to form a local cooperation is crucial. *Thirdly*, consensus on common issues should be obtained among stakeholders of a local cooperation, including the local council and civil society members. *Fourthly*, a sense of cost performance should be shared among policymakers through a critical monitoring and evaluation process.

**Keywords:** decentralization, democratization, local cooperation, Thailand, Indonesia, the Philippines, Roi-et, Kartamantul, PALMA+PB Alliance

### 1. Introduction

Decentralization has been underway in major Southeast Asian countries—namely the Philippines, Thailand, and Indonesia—since the late 1980s and 1990s. This phenomenon is not limited to Southeast Asia. Decentralization took place in former socialist regimes in Soviet Union and Eastern Europe, South America, and African states. Japan is no exception. In late 1993, both National Diets unanimously resolved to

promote decentralization under the non-LDP government led by Morihiro Hosokawa. The next government led by Tomiichi Murayama passed the Act of decentralization promotion. After four recommendations from the Decentralization Promotion Committee, the Comprehensive Decentralization Law was resolved in 1999. This changed 435 Acts, including the abolishment of the delegated functions.

Decentralization did not simultaneously happen by co-occurrence. It was the result of various mixed factors. The end of the Cold War weakened the legitimacy of the centralization model in former communist regimes. Democratization raised the repercussion of promoting political participation at grass-root levels. New liberalism prevailed as a reaction to welfare states not only in developed countries, but also in developing countries. Supply of social services by local governments increased. In some cases, decentralization is considered as a standard to realize a “small government,” and in other cases, to enrich social policies. In this sense, Southeast Asia is no exception: decentralization, beginning in the 1990s, was implemented as a democratization strategy after the collapse of the authoritarian regime and was deeply related with new liberalism and welfare state.

After the decentralization process ended, quality of public service delivery and its effectiveness became the focus. Introduction of the so-called New Public Management (NPM), local cooperation, and local mergers may be considered as symptoms of this change. In Japan, the “great amalgamation in the Heisei Era” and promotion of local cooperation in resisting the amalgamation to some extent can be considered in the same context. Local cooperation schemes have been utilized in many varieties depending not only on the Local Autonomy Act but also other acts, even informal ones.

However, when we examine the current situation of local governance in Southeast Asia, we come to understand that there are very few cases of local cooperation and local amalgamation. For instance, there is no formal local cooperation with a juridical personality in Thailand. There exists formal local cooperation in the Philippines and Indonesia, but local cooperation seems to be unpopular unlike in Japan. Moreover, cases of local amalgamation are very few: there are only three cases in Thailand, two cases in the Philippines, and no case in Indonesia.

Why is local cooperation so unpopular in the major Southeast Asian countries? Is this because the individual local government functions adequately and, thus, there is no need for local cooperation; or because the local government is not expected to play a significant role in the delivery of public service?

This study answers the above questions by reviewing current local governance and

decentralization.<sup>i</sup>

This study is composed as follows. Section 2 briefly examines local cooperation. Sections 3 to 5 deals with the current situation and challenges of local cooperation in Thailand, Indonesia, and the Philippines. In each country-focused study, best practices are introduced to show the possibilities and limitations of local cooperation within the current context. Section 6 summarizes the argument on local cooperation and presents recommendations.

## **2. Theoretical Overview**

Toshio Kamo, who compared local amalgamation and local cooperation from an international perspective, mentions that socio-economic transformation in the past several decades triggered several reconsiderations. These include the scale and capability of the local government, central-local relationship, role of public and private sectors, organizational and managerial reform in the local government, and, even, the relationship between local government and citizens (Kamo 2010: 1-2). According to Kamo, the number and size of local governments in developed countries turned out to be diverse as a result. He classifies them into three patterns: (1) amalgamation and integration type (Japan's great amalgamation in the Heisei Era and Denmark), (2) autonomous and associational type (such as in France), and (3) hybrid type (such as in Finland).

Kamo's analysis, pursued by Page and Goldsmith as well as Hesse and Sharp, is based on examining local governance in Western countries. Page and Goldsmith classify unitary states in Western countries into two categories: North and Central European type, and Southern European type. Local governments in North and Central Europe depend on formal access to the central government mainly through local government associations, though they are endowed with broader functions and their own jurisdictions. However, local governments in Southern Europe possess a more direct and informal access to the central government, though they are, in many cases, small due to the supervision of the central government and limited financial resources (Page and Goldsmith 2010: 1). Hesse and Sharpe present three types. The first is Franco-Napoleonic, where local governments enjoy a political rather than functional constitutional basis. The second is Anglican, where local governments enjoy high autonomy, though they have statutory but no constitutional basis. The third is Northern and Central European, where functions and capabilities of local governments as well as

democracy are emphasized; local governments are endowed with a general and functional legal authority towards particular statutes (Hesse and Sharpe 1991: 606-607). Kamo's argument highlights the complex relationship among diverse factors, such as constitutional basis, level of local autonomy, scale of activities, local identity, and tradition of organizational autonomy, which can offer a good starting point to examine local cooperation in Southeast Asia.

Based on Page and Goldsmith (2010) and Hesse and Sharpe (1991), Kyoko Ryu proposes two types, depending on the degree of involvement by the central government towards local governments. They are European Continental type (Franco, Napoleonic, or Southern European type, where the central government participates actively in the local government), and Anglo-American type (Anglo, non-Napoleonic, or Northern European type, where the involvement of central governments in local governance is limited). According to Ryu, because France faced strong resistance from local powers, the central government intervenes among local governments to maintain national unity. Thus, French local governments play dual functions, as autonomous entities and subordinate organizations. Contrarily, because England did not face strong resistance from local powers, the central government does not intervene in local governance. Thus, the central and local governments function separately. This socio-historical contrast between France and England brought about different outputs. While the French state is highly integrated, the French local government system is characterized by a variety of public services and low-level autonomy. Contrastingly, while England is not highly integrated and the administrative burden from local governments is light, it has created high levels of local autonomy (Ryu 2010: 39-40). Through Napoleonic Wars and colonization, these ideal types spread over not only Europe but also other parts of the world. However, Ryu raises another consideration: the difference between Continental type and Anglo-American type lies in the deepening interdependence between the central and local governments under welfare states. It is also due to the "administrative reform" (privatization, deregulation, and NPM) in pursuit of a "sustainable" welfare state since the 1970s (Ryu 2010: 40-41). Though Ryu's argument does not touch on local cooperation directly, it is very suggestive in that local cooperation is one of the administrative methods in response to the improvement and diversification of public services provided by local governments.

Nonetheless, we must consider other factors in Southeast Asia, since historical and socio-economic conditions are different from Europe. This study proposes two factors for consideration.

The first is the institutional legacy of colonization. Most parts of Southeast Asia experienced colonization (and decolonization) by European and American countries between the sixteenth and twentieth century. Though modern nation-states in Southeast Asia differ from colonial governments, they sometimes bear important traits of institutional arrangements. For instance, Indonesia gained independence from the Netherlands in 1949 and inherited the colonial governing framework, such as national bureaucracy and local administrative system. State intervention into local society is penetrative in Indonesia, reflecting the Dutch colonial government's deep involvement in the colonial administration. In contrast, the lack of national bureaucracy and state intervention might characterize the Philippines. Instead, the Philippines' colonial state was characterized by the indirect rule of the Catholic Church and powerful landowners in the Spanish colonial period. American colonial governments did not build up strong bureaucracies; they legitimized local elites to rule by introducing democratic elections. Naturally, the Philippines did not foster a strong bureaucracy; politicians played major roles in decision-making. Thailand traced a different historical path from Indonesia and the Philippines. Though Thailand (known as Siam before 1939) had been incorporated deeply into the British Empire in the late nineteenth century and early twentieth century, it maintained political independence. Thai monarchs employed administrative models from neighboring colonial states, such as Dutch East India, British Malaya, British Burma, and British India. Thailand was gradually successful in transforming traditional aristocracy into a modern bureaucracy by establishing an absolute modern monarchy. Though the absolute monarchy was toppled because of the 1932 Constitutional Revolution, Thailand modeled the French system and maintained a strong bureaucracy. Fred W. Riggs characterized Thailand as a "bureaucratic model" because of weak social forces except for bureaucracy (Riggs 1966). Thus, the degree of centralization differs among the three countries, depending on their historical path.

The second factor is the socio-economic condition. While welfare-state tends to strengthen the role of local governments as service providers in developed countries, Southeast Asia presents a different landscape. Though the younger population is still growing in Indonesia and the Philippines, Thailand is rapidly becoming an aging society. Protection of socially vulnerable people and the natural environment are also among the top priorities for these Southeast Asian countries. Nonetheless, the income-gap between the rich and the poor is still huge. Though these countries are developing and growing economically, their average per capita GDP is still between 5000 and 10,000 US dollar. The role of local governments cannot be ignored in tackling these issues.

Considering these factors, let us examine the current situation and challenges of local cooperation in Thailand, Indonesia, and the Philippines in the following sections.

### **3. Thailand**

Thailand pushed for democratization after the Bloody May incident in 1992. Decentralization was one of the related topics of democratization. Though Thailand had already established local governments by the 1990s, its role and scope were minimal.

This situation was reversed after the promulgation of the 1997 Constitution. Article 78 of this constitution stipulates the promotion of decentralization as one of the fundamental state policies. Chapter 9 of the Constitution has various articles on local autonomy and decentralization. In 1999, the Act determining the plan and procedures of decentralization (hereafter, Decentralization Promotion Act) was drafted. Thus, the trend of decentralization became decisive. As a result, the ratio of local expenditure to the total state expenditure amounted to 25% by the year 2007 (Nagai 2008a: 141).

Decentralization did not proceed as envisioned in the 2007 Constitution because of the national political turmoil since the September 2006 military coup. A military coup in May 2014 brought another blow to local governments; local elections were suspended for almost five years. This section does not deal with the consequences of the military coup.

#### Structural factors that impede local cooperation in Thailand

One of the main reasons local cooperation is rare in Thailand is rooted in the unpreparedness of the law and the central government's distrust of local governments despite the broad needs of local cooperation.

The need for local cooperation, in terms of the scale merit, should be huge in Thailand. Thai local governments are many. As at the end of September 2014, the number of Thai local governments amounted to 7,853 despite having the smallest population among the three countries (65 million people). Indonesia has only 542 local governments and the Philippines, 1690 (excluding barangays). Excluding wide-area local governments (Provincial Administrative Organization or PAO)<sup>ii</sup> and Bangkok Metropolitan Administration (BMA, which has 5.7 million residents as of 2010), other local governments have at most 300,000 residents. The average population size of the municipal level local government is around 6,200. During the Thaksin Shinawatra

government (2001- 2006), abolishment of PAO and the amalgamation of municipalities in urban areas (*Thesaban*) and those in rural areas (*Tambon* Administrative Organizations, or TAOs) were discussed. The result was to oblige small TAOs with less than 2000 residents and semi-local governments in rural areas (*Tambon* Councils) to merge with neighboring Thesaban or TAOs in the same district (Nagai 2010a: 96-100; Nagai 2012: 123-124).

There are structural problems which block local cooperation. One is the lack of an integrated Local Government Act. There are five types of local governments: three ordinal local governments (PAO, Thesaban, and TAO), and two special local governments (BMA and Pattaya). Each type of local government is established by a corresponding law. However, there are discrepancies among those five laws, especially on local cooperation. While local cooperation is mentioned in the Thesaban Act of 1953, TAO Act of 1994 does not mention local cooperation. Though the 2007 Thai Constitution stipulates the promulgation of Local Government Code within two years, even after mentions of local cooperation in various articles in that Constitution, it has yet to be promulgated. Thus, the legal discrepancy is ignored (Nagai 2008b: 148-149).

Another factor blocking local cooperation in Thailand is the strong supervision of local governments by the central government and its field agencies (Nagai 2012: 110). By considering the presidential general supervision towards local governments in the Philippines and the provincial coordination of cities and districts in Indonesia, Thailand's supervision, by comparison, should be considered very strong. The interior minister, provincial governors, and district officers, who are dispatched by the Ministry of Interior, enjoy the power to recognize annual development plans and annual budget ordinances and, in extreme cases, can order the dismissal of local executives and local councilors, thereby dissolving local councils. Employment of local permanent staff is not completely decided by each local government. The provincial local personnel committee, composed of centrally dispatched bureaucrats, and representatives from local personnel and experts are responsible for seeking local permanent staff (the chairperson of this committee is the provincial governor). Thus, though indirect, the intentions and expectation of the central government are reflected in the selection of these personnel. Thai local governments can thus carry out their duties and responsibilities within their statutory powers. That is, if local governments provide other public services not specified in the respective Act, they liable to be sued will be sued by the administrative court. Thai local governments fear examination by the audit office. Local cooperation should happen within this strict supervision by the central

government and its field agencies.

#### The Current Situation of Local Cooperation in Thailand

Considering the small size of the Thai local government, which has the highest per capita GDP among the three countries, a major concern in Thailand should be public services requiring a wider area, including garbage disposal, sewage system, mitigation and prevention of natural disasters, and provision of health service. Despite this, there is, currently, no formal local cooperation scheme in Thailand.

Professor Pathan Suwanmongkol once pointed out some reasons local cooperation did not happen in Thailand. They include legal problems (there are no articles on local cooperation in the PAO Act of 1955 and TAO Act of 1994), lack of central government intention to promote local cooperation, and lack of enthusiasm to promote local cooperation by local governments (Pathan 2002). The legal limitations including the lack of proper governmental promotion policy are highlighted by the “Local Cooperation Manual (Draft)” published jointly in 2007 by the Department of Local Administration, Ministry of Interior, Japan International Cooperation Agency (JICA), and Thammasat University advisory team (p.1).

Nagai also analyzed the reason for the lack of local cooperation in Thailand (Nagai 2008a: 75-6; 2010a: 102-104). Since the TAO Act of 1994 and the PAO Act of 1955 do not have articles on formal local cooperation (*Sahakan* in Thai), it is against the law for TAO and PAO to provide local services like a local cooperation scheme. Current local government-related Acts put limits on the activities of the local governments within their areal jurisdiction. Thus, the establishment of a formal local cooperation is a necessity to provide public services outside of its jurisdiction. Several local governments may establish common offices or coordinating centers to provide public services not based on a formal local cooperation. In this case, however, because of the lack of judicial personality, these offices or centers cannot exercise budget spending and purchase valuables by their own discretion.

Amid the legal discrepancy and dormant attitude of the central government, local governments are seeking for an ‘informal’ local cooperation based on the Memorandum of Understanding (MOU). Through MOU, the number of “de facto” local cooperation is increasing. JICA’s cooperation scheme to promote local cooperation was changed from the promotion of *Sahakan* to the promotion of MOU on local cooperation due to political turmoil between Pro-Thaksin groups and Anti-Thaksin groups<sup>iii</sup>. As of February 2013, there are 184 local cooperation schemes in 27 provinces. The total

number of participating local governments amounts to 733 units. Local cooperation based on MOU covers various public services. Garbage disposal and mitigation and prevention of natural disasters are most popular, followed by the building and maintenance of infrastructure, solving environmental problems, management of public service, health service delivery, and others. Though the number is still low, other services include the development of information system, promotion of income generation, maintenance of discipline in communities, sewage treatment, assisting socially vulnerable persons, and promotion of agriculture<sup>iv</sup>.

Among various practices, let us consider one good example of local cooperation in Roi-et province. Roi-et has developed its scheme based on the needs and initiatives of the province. No international assistance, including JICA, was provided. Nonetheless, this site has been awarded the Good Governance Awards (*Rangwan Thammathiban* in Thai) from the King Prajadhipok's Institute (KPI) for three consecutive years.

#### Best practice in Roi-et province<sup>v</sup>

Roi-et province is located at the center of Northeast Thailand and is surrounded by Yasothon and Mukdahan provinces in the east, Kalasin province in the north, Mahasarakham province in the west, and Surin province in the south. It is far from Khon Khaen city, the biggest city in the Northeast by 100 kilometers to the east. Roi-et province is noted as the typical agricultural province in Northeastern Thailand.

On June 18, 2007, an MOU was concluded among four neighboring local governments—namely Roi-et City, Nua Muang TAO, Roop Muang TAO, and Donglaan TAO—to provide public service to mitigate and prevent disasters. On February 2011, Khon Kaen TAO joined as the fifth signatory local government. In 2013, this local cooperation was extended to public-private partnerships to initiate a cooperation scheme with private hospitals in Roi-et city. These activities attracted much attention. KPI recognized this activity as the excellence of network promotion among public, private, and civil societies. The activities garnered KPI Awards—the most authoritative among good governance-related awards for local governments—for three consecutive years from 2012 to 2014.

Mayor Banchong was behind Roi-et's local cooperation in the disaster management proposal. He explained that emergency transportation and fire extinguishing were transferred to the local government about 20 years ago. However, neighboring local governments were lacking in financial resources, thus, whenever there was a fire, the

police were contacted and they, in turn, sought help from Roi-et city. Moreover, since the city could not provide public services outside city jurisdiction, it was necessary to seek permission to offer assistance to neighboring local governments from the provincial governor. Despite the emergency, these procedures were complicated and lengthy. Hence, the mayor had an idea to initiate a joint activity to solve this problem.

Activities during the 2014 budgetary year (from October 1, 2013, to September 30, 2014) revealed that there were 21 dispatches for fire, 77 dispatches for flooding, 20 dispatches for car accidents and water-related accidents, and 45 dispatches for animal (including snakes) extermination. Instructions were given on security at gas stations and large-scale retail shops. Practice sessions on machine operations, heart massage, and fire extinguishing were provided. Firefighters and civil defense volunteers also received periodic training. According to the result of a residents' satisfaction research (600 respondents), 86% of all respondents evaluated promptness, the degree of problem-solving, and level of contribution as "very good", among seven questions. Even with the lowest evaluation on the popularity of the local cooperation center, 78% of all total respondents answered: "know very well."

When Mayor Banchong proposed local cooperation, Donglaan TAO council resolved not to participate. Mayor Banchong, thus, visited Donglaan TAO council to persuade them to join. Initially, Roi-et city offered an office of local cooperation, personnel, equipment, and two hundred thousand baht. Other neighboring TAOs deposited one hundred thousand Baht respectively to the local cooperation (as of October 2014, deposited money had been doubled). Around 40% goes to training expenses, another 40% goes to purchasing equipment (which shall be owned only by Roi-et City), and the rest of the 20% goes to purchasing stationaries. After setting up the local cooperation center, Khon Kaen TAO came to be interested in this activity and was finally was allowed to join. However, another TAO, neighboring with Nua Muang TAO, became interested but was not allowed to participate; it was considered geographically far away from the center and unprepared to join. The steering committee, which each local government head attend, is held every three months (from the 2015 budgetary year, every four months). Work meetings composed of permanent staff are held every month. Annual conferences are also held. In 2014, it was held on November 18; the day Nagai visited Roi-et city. The provincial heads of the department of local administration and the department of prevention and mitigation of disasters, who were high ranking officials of the Ministry of Interior, were invited to this annual conference as advisors. Other than the head of participating local governments, representatives from the civil

society, and the head of the center for civil defense, representatives from hospitals also attended. After the report on various activities in the past year and discussions about future activities of the next budgetary year, all stakeholders were called to the stage and accepted letters of thanks by the Roi-et Mayor.

In summary, there are five reasons to promote local cooperation in the prevention of disasters<sup>vi</sup>. First, it can promote effective disaster prevention practices. Local cooperation schemes usually allow equipment to be used whenever problems take place within their common jurisdiction. The increase in personnel allows for specialization and accumulation of financial and knowledge resources, which contributes to upgrading the service level. Second, local cooperation allows for responding to problems promptly and with full support. Periodical training to firefighters and civil defense volunteers enhances teamwork and effective activity when disasters happen. Third, local cooperation encourages the four neighboring TAOs to economize budget spending. One fire engine costs around six million baht and requires six staffs; personnel expense costs eighty thousand baht per person. Instead of purchasing fire engines, four TAOs decided to purchase water tracks, which are much cheaper than fire engines. Fourthly, the institutionalization of local cooperation makes it sustainable, regardless of the change of local government heads. Fifthly, it became easier for members of a local cooperation to decline assistance requested by non-member local governments. Before the creation of local cooperation scheme, Roi-et city responded to requests of assistance from remote local governments on courtesy. Today, when Roi-et city receives requests for assistance from remote local governments, it encourages them to create a local cooperation scheme in disaster management.

What makes it possible for Roi-et city and neighboring local governments to set up and continue local cooperation in disaster management? First, this project is based on existing public needs from member local governments. Though Roi-et city sent a study team to Kanchanaburi municipality to study the local cooperation scheme between DLA and JICA, it did not receive technical support from JICA. Mayor Banchong told Nagai, “Though JICA did not support us, it proved to be good. Some project sites supported by the DLA proved unsuccessful; our project turned out to be successful.” (Hirayama, Nagai, and Kimata 2016)

Secondly, the confirmation of administrative needs and an evaluation process is firmly established. Roi-et city and neighboring local governments collect basic data on the number of disasters and equipment. They are proactive in providing various types of training to firefighters, civil defense volunteers, and in sensitizing office owners and

other local residents to disaster management. They also conduct residential satisfaction surveys.

Thirdly, they are great at networking. At the annual conference, they invited various stakeholders, starting from the provincial high-ranking officials, representatives from civil societies, civil defense volunteers, representatives from provincial hospitals, and other charity organizations. They also presented letters of thanks to them. These ceremonies are very important in Thai political culture.

Fourthly, local government executives show a strong commitment to this local cooperation scheme. Mayor Banchong, mayor in four consecutive terms since 2005, displayed strong leadership to maintain this local cooperation.

#### **4. Indonesia**

General background on decentralization and local governance in Indonesia

After the collapse of the Suharto Regime in 1998, Indonesia pushed for drastic decentralization. This was termed as the “Big Bang” by the World Bank. Indonesia has a population of 249 million, 34 provinces, 410 districts, and 98 cities (as of December 12, 2012). While the average population size per one local government in Indonesia is different between Java and other islands, it is much bigger than that in Thailand and the Philippines. Though the local governments are increasing after the democratization, the total number remains small. During the Susilo Bambang Yudhoyono administration (2004-2014), Indonesia enjoyed economic growth. At the same time, it also experienced traffic jams, mismanagement of water supply and sewage systems, poor flood control, among others. These issues were related to wider-area management.

Recently, the Indonesian Ministry of Interior has paid due attention to local cooperation. In 2006, a bureau of local cooperation was set up in the department of urban management at the Rural Development Directorate-General. In 2007, Presidential Decree No. 50/2007—a guideline for local cooperation—and Ministerial Decree No. 69/2007 were issued. In 2008, Ministerial Decree No. 23/2008 was issued to monitor and control local cooperation. Since 2010, promotion of local cooperation has become a prioritized policy for the Ministry of Interior. The Ministry of Interior holds annual conferences to promote local cooperation; all local governments participate in this conference<sup>vii</sup>. Once local cooperation is set up, member local governments must notify

the central government. In setting up local cooperation, local governments must also issue local regulations.

Despite these efforts by the Interior Ministry, the local cooperation scheme does not seem to be prevailing in Indonesia. As of March 2013, there are only 22 frameworks in Indonesia: 18 in Java islands and 4 in the outer islands. The 4 frameworks in the outer islands are Mamminasata in Central Sulawesi<sup>viii</sup>, Sarbagita in Bali<sup>ix</sup>, Banjarbagra in Southern Kalimantan<sup>x</sup>, and Mebidangro in North Sumatra<sup>xi</sup>. Those 4 cases are set up around urban areas in each region, and it seems those frameworks are initiated by the central government to facilitate infrastructure development planning.

Nagai gave several reasons the lack of popularity of local cooperation in Indonesia, including disagreements on cost-sharing, lack of political leadership to promote local cooperation, lack of a stable base (establishment of common office, professional staffs, stable judicial and financial assistance, sustainability, and others) (Nagai 2010b: 127-8). In this paper, let us consider Kartamantul, one of the best examples of a local cooperation scheme in Indonesia<sup>xii</sup>.

### Kartamantul

In 2001, a joint secretariat for Kartamantul Infrastructure Development was established by Yogyakarta city, Suleman district, and Bangtul district. The three local governments are in the special province of Yogyakarta. Though Suleman and Bangtul areas are rural and the main industry is agriculture, urbanization is spreading from the city center of Yogyakarta. In 2003, technical support from the German Organization for Technical Cooperation (GTZ) strengthened Kartamantul. It thus became independent of the member local governments' respective departments of regional development. It also manages its professional officers and office. Kartamantul oversees six collective responsibilities: garbage disposal, sewage treatment, water supply, road construction and maintenance, sewage management, and public transportation.

However, the outcome of each responsibility seems to be diverse. At the time of Nagai's research, there was the problem of increasing amount garbage, which was an adverse effect of local residents' "higher consciousness" (interview by Nagai at the garbage disposal site in Bangtul district on February 28, 2013). The ratio of organic matter in garbage disposed of was quite high, and the methane gas reduction project proved unsuccessful (Wahyudi 2010: 16). Trash separation and 3R (Reduce, Reuse, and Recycle) were not resumed. Regarding wastewater treatment, the ratio of capacity

utilization remained around 40%. This high ratio was a challenge. Road construction and maintenance had become burdensome to the city and districts. Concerning sewage management, due to the population increase and change of land use, the frequency of flooding increased. Finally, regarding public transportation, Kartamantul extended a public Trans Yogya bus network by avoiding competition with private companies. Among six policies, road construction and maintenance, and Trans Yogya were successful.

There are several reasons for the success of Kartamantul. First, everyday needs across jurisdictions of member local governments were shared by political leaders. This was an important starting point to resume Kartamantul in 2001 (Firman 2010: 401). Secondly, transparency, accountability, and management fairness were essential (Wahyudi 2010: 17).

#### Reasons not to proceed on local cooperation

There are several reasons local cooperation is not active in Indonesia.

The first is the lack or shortage of common fund. Except for Kartamantul, the common pooling fund paid by member local governments is rare. In many cases, local cooperation remains, at most, at the level of coordinating development plans. Member local governments tightly control budget spending. Implementation, thus, is not secure. Naturally, local needs are not accurately reflected in policy initiatives.

Secondly, local egoism hinders local cooperation (Firman 2010: 401). Local egoism may be a universal phenomenon around the world, but regarding Indonesia after the decentralization, local government power and discretion were strengthened. This ironically made it challenging to seek cooperation with neighboring local governments.

Thirdly, the idea of efficiency and effectiveness in pursuit of public policy seems quite weak in Indonesia; there is a poor sense of accountability and monitoring. A good example may be the visitor's center at Bali, managed by Mitra Praja Utama (MPU), an inter-provincial cooperation in Indonesia. When Nagai visited this center at Kuta district in Bali in March 2008, there were very few visitors in each booth from member provinces. The average number of visitors per day at this center was between five and ten people. This center closes at 5 pm. Management of the center was considered to be "successful" by the MPU Secretariat. In reality, however, they only seemed to be satisfied in the "idea" of cooperation<sup>xiii</sup>.

## 5. The Philippines

Professor Alex Brillantes, Jr—a leading scholar on local governance in the Philippines—mentioned that local cooperation would influence implementations by local government units together with fiscal autonomy and central-local relationship. This would take place after the decentralization starting from 1991 (EU 2010b: 6). Thus, local cooperation (in the Philippines, “Alliance” is often used instead of the local cooperation) is becoming a prominent issue for local governance.

Local cooperation in the Philippines, like Thailand and Indonesia, has assumed a focus along the lines of democratization and decentralization in the late 1980s and early 1990s. This was achieved together with impetus from foreign donors. Nonetheless, local cooperation has been practiced since the 2000s<sup>xiv</sup>.

### General background on decentralization and local governance in the Philippines

Decentralization began after the collapse of the Marcos Authoritarian Regime by the EDSA 1 Revolution in 1986. The 1987 Philippines Constitution stipulates the promotion of decentralization. In 1991, the Republic Act 2660, or the Local Government Code was promulgated incorporating various existing Acts related to local government. Based on this Code, after complex negotiations between the central government and local governments, and among central government agencies, a massive devolution was implemented in fields including public health, agriculture, and social security. Over seventy thousand national bureaucrats were transferred to local government units (Katayama 2001: 118).

Local cooperation is mentioned in Article 10, Chapter 13 of the 1987 Philippines Constitution, as well as in Section 33 of the 1991 Local Government Code. Section 33 reads: “Local government units may, through appropriate ordinances, group themselves, consolidate, or coordinate their efforts, services, and resources for purposes commonly beneficial to them” (EU 2010s: 15). In addition, local cooperation is also mentioned in the Philippines Fisheries Code for the control of coastal environment and fishery, the Ecological Solid Waste Management Act, the National Integrated Protected Areas System Act, and Executive Order No. 205 for the joint operation among local governments issued in 2000 (EU 2010a: 9-10, 23).

Thus, as far as the legal basis for local cooperation is concerned, preparation should be enough for practice. However, the intention to promote local cooperation by the central

government does not seem to have been firm. An Inter-LGU Alliances Summit report, organized by the EU, included 25 cases of local cooperation, among which were 6 cases which began in the 1990s. Four cases started in the early 2000s, and the rest only began in late 2005 (EU 2010a: 20-21). In the second Inter-LGU Alliances Summit held in 2009, there were only 44 local government participants. Nagai could not get information on the number of local cooperation in the Philippines during the visit to the Department of Interior and Local Government on August 14, 2014.

However, two characteristics can be observed regarding local cooperation in the Philippines. First, there are many types of formal local cooperation. Among participating local governments in the first Inter-LGU Alliances Summit in 2008, most local governments established local cooperation only by signing the Memorandum of Agreement (MOA). This may be due to the stipulation in Article 33 of the Local Government Code, calling for participating local governments to agree on the conditions of the cooperation (EU 2010a: 24). What is remarkable about the local cooperation in the Philippines is that there are other cases established through Executive Order, other Republic Acts (EU 2010a: 34), and the registration of the Stock Exchange Committee (EU 2010a: 35). This legal diversity of the Philippines is found in neither Indonesia nor Thailand.

Secondly, there is some bias in the selection of policy areas regarding local cooperation. Most cases concentrate on particular issues including coastal resource management, control of rivers and lakes, environmental protection, and economic development. This may be attributed to the nature of the Philippines as an insular state. Given that there are many cases on garbage disposal, wastewater treatment, infrastructure construction and maintenance, and prevention and mitigation of disasters in Indonesia and Thailand, the Philippines is distinctive. Such areas, despite their likely necessity, are not touched on in the local cooperation framework.

#### PALMA+PB Alliance<sup>xv</sup>

Palma and PB Alliance (hereafter, called as PALMA Alliance) was composed of 7 neighboring local governments (and provincial governments). It is located in the first election district in North Cotabato Province in the western part of Mindanao Island<sup>xvi</sup>. PALMA Alliance covers two hundred and eighty thousand square kilometers and holds a population of around four hundred thousand. The diverse ethnic groups include Kabuano, Maguindanao, Ilonggo, Ilocano, and IPO.

Palma Alliance was established on July 6, 2000. The name “PALMA” is an initialism of the names of each participating local government. Initially, this alliance was called PALMA Complex. It was then changed to PALMA Alliance. This local cooperation scheme is managed based on the principle of “big brother helping little brother,” to promote cooperation and unity in sustainable rural development. Another important principle is “together, making our lives better,” which is displayed at the top of the front entrance to Alliance’s common office. The annual membership fee for municipalities and towns is three hundred thousand PP (Philippines Peso), and for provinces, one million PP. In total, the common funds amount to three million one hundred thousand pesos. PALMA Alliance has its own staff, whose salaries are paid via this common fund. A common issue in the PALMA Alliance is the water resource management between upstream and downstream communities. Upstream communities are faced with charcoal production, illegal woodcutting, and water shortage. Communities downstream also faced water shortage because farmers were involved in rice cultivation twice a year. Against this background, the provincial governor proposed to set up a local cooperation scheme, under which rubber, palm oil, and coffee were planted. Access road construction, then, commenced to facilitate the transport of agricultural products to market. For this purpose, member local governments shared and rotated resources including tractors, dumping cars, shoveling cars, and bulldozers among PALMA Alliance members.

There are three internal organizations in the PALMA Alliance. First is the PALMA+PB Alliance Development Board (PADB) composed of twenty-eight board members. This body includes the provincial governor, seven local government heads, two Policy and Planning Development officers, seven project coordinators stationed at respective member local governments, and representatives from local NGOs. Presidents of the PALMA Alliance are elected by voting. A president assumes three years for one term. Under the umbrella of the PADB, several committees were established to tackle issues such as environmental protection and management (reforestation of mountainous watershed), promotion of investment and trade, income generation, advocacy, support for infrastructures, health education, gender and development (economic empowerment of women), peace and order, and social services. The second body is the technical working group composed of municipal planning officers and engineers. The third body is the Project Management Office (PMO). The project manager, budget officer, and seven project coordinators stationed at each member local government belong to the PMO and are paid by the Alliance.

The Palma Alliance now extends its activities to various issues. Its mission includes strengthening the collaborative relationship through agro-industry, land reforms, introduction of modern agricultural system, autonomous and sustainable socio-economic development through environmental protection and conservation, comprehensive peace and unity, gender equality, cultivation of good governance, and resource utilization to create income sources and jobs. PALMA Alliance should be considered one of the best local cooperation schemes in the Philippines in terms of financial burdens, resource utilization, and degree of institutionalization. The Galing Pook Awards, the most prominent local government award in the Philippines, was awarded to PALMA Alliance in 2007.

One of the merits of local cooperation is the prompt action and cost performance of expenditures. For instance, the central government embarks on road construction, it costs one million two hundred thousand PP per kilometer. In the case of the PALMA Alliance, however, it can decrease to six hundred thousand PP. Though member local governments bear the materials costs, the PALMA Alliance lends construction machines for free; the barangays pay personnel fees. Barangay captains call for volunteers from local residents for the construction and provide food and drinks for them. The villagers offer their cooperation because the road construction will improve market access by facilitating the transport of their products.

The problem in maintaining the PALMA Alliance is that after the election of new mayors from different political parties, some do not cooperate with the alliance. For instance, some local governments are unwilling to lend construction machinery. They reject payment of membership fees and do not attend meetings, among others. When these happen, the president of the board visits the respective mayors to persuade them to continue being Alliance participants.

## **6. Concluding Remarks**

Several challenges and lessons can be learned from the above observation on local cooperation in Thailand, Indonesia, and the Philippines in comparison to Japan.

First, it is important to provide a clear legal basis as a precondition to promote local cooperation. This is the case in Thailand. In addition, central governments in the three countries are reluctant to support local cooperation in terms of fiscal management. In Japan, subsidies are provided to some forms of local cooperation; this should be

operational in the three Southeast Asian countries.

Secondly, the political will of the local government heads are vital to promote and sustain local cooperation. This is evident in the three aforementioned case studies.

Thirdly, there should be concrete needs for, and consensus of, local cooperation among member local governments. As the case studies show, every local cooperation scheme has common problems and shows a joint commitment to solving particular problems.

Fourthly, a sense of cost performance should be shared among member local governments in initiating local cooperation. Without this sense, there will be no incentive to form or continue local cooperation. Data collection and transparent communication in the monitoring and evaluation process should be firmly established to maintain this sense.

Japan has experienced many types of local cooperation since the Meiji Period. Local Autonomy Act 1947 stipulated several patterns of local cooperation to encourage local governments to act jointly and smoothly. The Japanese central government even provides subsidies to the local cooperation scheme. In this sense, the Japanese experience will be beneficial to Thailand, Indonesia, and the Philippines.

However, the Japanese experience is also constrained by its historical experience. As elaborated in Section 2, colonial experiences in modern times among the three countries are different. This must have affected central-local relationships and the role of politicians and bureaucrats in the respective countries.

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<sup>ii</sup> Nagai once wrote two chapters on local cooperation in Thailand and Indonesia in a book on international comparison on local cooperation published in 2010 (Kamo, Inatsugu, and Nagai eds. 2010). Naturally, this paper includes some duplicates from his book. This paper is an abridged version of Nagai's (2015) published work where he reviews several information and new articles.

<sup>ii</sup> A province and PAO are different entities. A province is a collective field agency of the central government, represented by the provincial governor, who is dispatched from the Ministry of Interior. However, the president of PAO is elected directly by local residents.

<sup>iii</sup> The development of JICA's capacity building project of Thai local authorities is elaborated in Nagai et al. (2007) and Hirayama et al. (2016).

<sup>iv</sup> Nagai's interview at the Department of Local Administration, the Ministry of Interior, on July 30, 2014. This information came from a responsible official. The list, however, covered 43 out of 76 provinces. The list was evidently incomplete, since five pilot sites under the JICA scheme from 2005 to 2013 in five different provinces were not included.

<sup>v</sup> Information here is based on Nagai's interview with the Mayor Banchong Kohsitchiranan, Roi-et City, and field research at neighboring local governments under the local cooperation scheme on November 18, 2014.

<sup>vi</sup> Nagai's interview to the Roi-et city mayor, vice-mayor in charge of the prevention of disasters, and the chairperson of Roi-et Municipal Council on November 18, 2014.

<sup>vii</sup> Nagai's interview at the Ministry of Interior, Indonesia. March 5, 2013.

<sup>viii</sup> Mamminasata is composed of Kota Makassar, Kabupaten Maros, Kabupaten

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Sungguminasa, and Kabupaten Takalar. Nagai conducted field research on October 23 and 24, 2014 in Makasar City. I would like to extend my sincere appreciation to Professor Dias Pradadimara of Hasanudin University for providing research assistance.

<sup>ix</sup> Sarbagita is composed of Kota Denpasar, Kabupaten Badung, Kabupaten Gianyar, and Kabupaten Tabanan.

<sup>x</sup> Banjarbagra is composed of Kota Banjarmasin, Banjar district, Kota Banjar Baru, Kabupaten Tanalau, and Kabupaten Balitokuara.

<sup>xi</sup> Mebidangro is composed of Kota Medan, Kabupaten Binjai, Kabupaten Deliserdan, and Kabupaten Karo. Nagai conducted field research on March 3, 2014 in Medan City and other member districts. I would like to extend my sincere appreciation to Professor Hatta of North Sumatra University for providing research assistance.

<sup>xii</sup> On June 2010, Konrad-Adenauer Stiftung Foundation listed Kartamantul as one of the 16 best examples of local governance practiced by municipal governments in Thailand, the Philippines, Indonesia, Vietnam, and Cambodia.

(<http://www.kas.de/philippinen/en/pages/8214/>) Accessed on March 14, 2014.

<sup>xiii</sup> In this respect, Kartamantul seems exceptional in the sense that Kartamantul is keen on fiscal expenditure as well as economic merit of scale. Kartamantul is reluctant to allow new local governments to join in to keep efficiency and effectiveness of service delivery and to increase policy areas of cooperation (March 1, 2013, interview by the Nagai at the Kartamantul Joint Secretariat).

<sup>xiv</sup> A general overview on local cooperation in the Philippines is well depicted in the 2 symposium reports on “local alliance” (EU 2010b: 24). The first symposium was held in Bacolod on August 21 and 22, 2008 and the second was held in Cebu on September 22 and 24, 2009. This symposium was financially supported by EU representatives in the Philippines, in collaboration with GTZ, CIDA (Canadian International Development Agency), and the Local Governance working group of the Philippines Development Forum.

<sup>xv</sup> The description of the Palma Alliance is based on Nagai’s interview with the Aleosan Mayor, Vicente C. Sorupia, who chairs the Palma Alliance. The interview was conducted on October 12, 2014. More information can be found at the Galing Pook Foundatoin website ([http://www.galingpook.org/main/images/gpic\\_presentations/Day1\\_PM\\_Panel1\\_1Philippines%28PALMA%29\\_Cabaya.pdf](http://www.galingpook.org/main/images/gpic_presentations/Day1_PM_Panel1_1Philippines%28PALMA%29_Cabaya.pdf), accessed on March 13, 2015), and other written documents. This interview was achieved by the kind introduction of Professor Alex Brillantes, Jr. of the University of the Philippines, at Diliman.

<sup>xvi</sup> Initially, there were six participating local governments: Pigcawayan town, Alamada town, Libungan town, Midsayap town, Aleosan town, and North Cotabato Province. Since Pikit Town and Bansilan Town participated in the Alliance on April 25, 2008 and August 18, 2011 respectively, it is now composed of eight local governments and its name was changed to PALAM+PB Alliance.

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