ENHANCING GOVERNANCE IN THAILAND

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ABSTRACT/RESUMÉ

Enhancing governance in Thailand

The Peace pillar of the 2030 Agenda for Sustainable Development encompasses a diverse range of issues including stability and effective governance. Reforming the public sector is high on the government’s agenda, but involves a number of challenges: the gap between planning and implementation of policy objectives remains large; insufficient public participation in policy making is undermining the efficient allocation of resources toward public needs and development goals; under-development of evidence-based regulations is hampering the creation of a business-friendly environment essential to high value-added activities; and high levels of perceived corruption are weakening business confidence and public trust in the government.

Thailand’s 12th Economic and Social Development Plan emphasises the importance of public sector reform. It sets out measures to strengthen co-ordination across ministries and agencies aimed at improving implementation of policy programmes, boosting public participation in policy making, improving online access to government services and combating corruption by strengthening integrity measures. The upcoming 20-year National Strategy and the accompanying National Reform Plan are expected to pave the way for future development. However, an inclusive and consultative process will be essential to ensure the success of reform efforts.


JEL classification: L40, L50, H11, H70, O10, O21, P41, P48, R50

Keywords: corruption, competition, decentralisation, digital government, governance, institutions, KPIs, planning, reforms, RIAs, stakeholder engagement, trust

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Renforcer la gouvernance en Thaïlande

Le pilier Paix du Programme de Développement Durable à l’horizon 2030 embrasse un ensemble varié de questions y compris la stabilité et la bonne gouvernance. Réformer le secteur public est l’une des grandes priorités du gouvernement mais comporte un certain nombre de défis: un fossé demeure entre planification et mise en œuvre des politiques; l’implication insuffisante du public dans les décisions de politiques nuit à la bonne allocation des ressources destinées à satisfaire les besoins du public et les objectifs de développement; le sous-développement de la réglementation fondée sur des données probantes entrate la création d’un environnement propice aux affaires et essentiel aux activités à forte valeur ajoutée; et les niveaux élevés de corruption perçue affaiblissent la confiance des entreprises et la confiance du public dans le gouvernement.

Le 12ème Plan de développement économique et social de la Thaïlande souligne l’importance de la réforme du secteur public. Il prévoit des mesures visant à renforcer la coordination entre les ministères et les agences pour améliorer la mise en œuvre des politiques programmées, stimuler la participation du public à l’élaboration des politiques, améliorer l’accès en ligne aux services gouvernementaux et combattre la corruption en renforçant les mesures d’intégrité. La prochaine Stratégie nationale à 20 ans et le Plan de réforme national qui l’accompagne devraient ouvrir la voie au développement futur. Cependant, un processus inclusif et consultatif sera essentiel pour assurer le succès des efforts de réforme.


Classification JEL: L40, L50, H11, H70, O10, O21, P41, P48, R50

Mots-clés: corruption, concurrence, décentralisation, gouvernement numérique, gouvernance, institutions, KPI, planification, réformes, AIR, engagement des parties prenantes, confiance
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ENHANCING GOVERNANCE IN THAILAND

By Abu Zeid Mohd Arif, Lara Fleischer, Adam Bogiatzis, Hidekatsu Asada, Andrea Colombo and Koffi Zougbeédé1

The Peace pillar of the 2030 Agenda for Sustainable Development encompasses a diverse range of issues including stability and effective governance. According to Transforming our World, peace and sustainable development go hand in hand and reinforce each other (United Nations, 2015). Sustainable and inclusive development requires the effective delivery of public services including education, healthcare, social protection and basic infrastructure. At the same time, good governance is essential to enable markets to provide goods and services in an efficient manner, with minimal diversion of resources to less productive uses. Good governance calls for adequate stakeholder consultation, but also needs to be underpinned by strong and well-co-ordinated institutions, working across policy areas and levels of government to ensure coherent strategies and implementation. It is also important to overcome any immediate economic and social pressures that may undermine longer-term strategic policy priorities.

This working paper reviews the progression toward a peaceful society with respect to national harmony and interpersonal trust. It assesses governance and institutional capability with a focus on the implementation of development plans, stakeholder engagement in the policy process, the regulatory environment and efforts to curb corruption.

Thailand is making progress towards a more peaceful society

Thailand ranks 120th (out of 163 countries) on the Global Peace Index 2017, up five places from the previous year (IEP, 2017). However, periods of political uncertainty have been accompanied by lingering problems in the southernmost provinces (Burke et al., 2013). Numerous efforts have been undertaken to address the problem including, notably, the creation of a National Reconciliation Commission in 2005; regional policy reforms on language, culture and education; and efforts to expand educational and employment opportunities in the region over the next five years (NESDB, 2017).

A peaceful society requires the presence of a properly constituted, well-functioning democratic system of governance free of political corruption (Huang and Throsby, 2011). The political structure of Thailand has evolved over time, with 20 different constitutions adopted since the country became a constitutional monarchy in 1932, the most recent of which was approved in April 2017. A newly elected government is expected to be in place after the next general elections which may take place in the near future. This transition will play an important role in assuring the integrity, participatory nature and transparency of law-making, and maintaining people’s trust in government (OECD, 2017a).

1 Abu Zeid Mohd Arif, Adam Bogiatzis and Hidekatsu Asada worked in the OECD Economics Department, Lara Fleischer and Koffi Zougbeédé in the OECD Statistics and Data Directorate, and Andrea Colombo in the OECD Development Centre at the time of writing. The authors thank Thailand officials, members of the Economic and Development Review Committee and the Development Centre’s Mutual Learning Group, Alvaro Pereira and Vincent Koen from the Economics Department, Ruben Maximiano from the Directorate for Financial and Enterprise Affairs, and Jeroen Michelis, Julio Bacio Terracino and Yukihiko Hamada from the Directorate for Public Governance for their valuable comments. Special thanks are due to Jan Rieländer, Catriona Marshall and Vararat Atisophon at the Development Centre for co-ordinating and supporting the project of the Initial Assessment Report of the Multi-dimensional Country Review of Thailand, and to Mercedes Burgos and Sisse Nielsen for technical preparation.
Trust is relatively high in Thailand, but efforts are needed to ensure its preservation

In Thailand, the level of trust in government, as measured by the Gallup World Poll 2017, is comparatively strong, with over 60% of respondents stating that they have confidence in the national government (Figure 1A). Even so, on this measure confidence has declined somewhat since the early 2000s (Figure 1B). Trust in government is key for governments to successfully carry out public policies, especially with regard to more ambitious reforms (OECD, 2017b). Competent execution of public mandates, and a transparent and participatory approach to decision-making can help strengthen trust in government (OECD, 2017b).

Figure 1. Thai citizens have confidence in their government, but trust has declined over time

Interpersonal trust, which is closely linked to social capital, is also key to achieving sustainable development and peace. People need to feel that the members of the community with whom they interact...
can be trusted. Moreover, a co-operative society is much more likely to be peaceful and inclusive (OECD, 2017c; Scriven and Smith, 2013). All economic interactions involve some degree of trust, which in turn reduces transaction costs and supports national prosperity (Algan and Cahuc, 2013; Temple, 2000).

Interpersonal trust is relatively high in Thailand relative to comparator countries, with a third of the population indicating that other people can be trusted (Figure 2A). This social capital represents a key resource for individual well-being and economic growth. Nevertheless, trust levels have declined over time: in 2001, 82% of the Thai population reported that they trusted other people (Figure 2B). Experience from OECD countries suggests that policies that focus on reducing inequality and improving institutional quality can help maintain a society’s social capital stock and improve social stability. Good and inclusive governance, as well as a fair, effective justice system, enable individuals to extend trust to strangers without placing themselves at risk (OECD, 2017c).

**Figure 2. Interpersonal trust in Thailand is generally strong, but has eroded over time**

**A. Interpersonal trust across countries in 2015**

![Graph showing interpersonal trust across countries in 2015](image)

**B. Interpersonal trust in Thailand**

![Graph showing interpersonal trust in Thailand](image)

Note: Data for Colombia, Malaysia, Mexico and Poland refer to 2013.

While interpersonal trust between Thai people is relatively high (Figure 2), trust in people with other nationalities and religions compares less favourably. Trust in these groups is lower relative to comparator countries (Figure 3), consistent with findings from a 2010 survey covering Australia, Japan, Korea and Thailand (Ward et al., 2014). Given that international tourism and migration are major contributors to the Thai economy, improvement in this area would strengthen social cohesion and inclusion for all citizens and residents, and make it easier for Thai companies to draw on the best talent available.

**Figure 3. Trust in outsiders is low**

Trust across countries, 2013

![Bar chart showing trust levels across countries](chart.png)


The gap between policy planning and implementation needs to be narrowed

Institutional capacity conditions the success of any reform efforts. In Thailand, the existence of several ministries and agencies competing in similar policy spaces often leads to conflicting policy agendas. A case in point is the highly fragmented institutional framework in water management (OECD, 2018a), which has led to overlapping responsibilities, conflicting interests and lack of co-ordination between the various bodies involved. Indeed, Thailand does not compare favourably with respect to the implementation of reforms (Figure 4). For example, this is evidenced by the low disbursement rate of public infrastructure investment (Koen et al., 2018). Co-ordination issues among ministries and agencies, as well as institutional inflexibility in adapting policies to evolving economic and social conditions, represent a challenge (Figure 5). Such inefficiencies, together with poorly allocated government spending, can undermine competitiveness (Figure 6). To help address these issues the government established a range of reform committees tasked with building management capacity and fostering collaboration between the planning and implementing agencies.
Figure 4. Thailand’s capacity to implement reforms lags behind most comparator countries

Reform capacity and long-term strategy score (0-4), 2016

Note: Capacity for state reform measures the “authorities’ ability to decide and actually implement reforms” (scores range from 0 for very low capacity to 4 for strong capacity). Long-term strategies indicate whether “the public authorities have a long-term strategic vision” (scores range from 0 for very weak strategic vision to 4 for strong strategic vision).

Source: CEPII (2016), Institutional Profiles Database.

Figure 5. Thailand can improve cross-agency coordination and its capacity for policy adaptation

Source: CEPII (2016), Institutional Profiles Database.
The authorities recognise the existence of inefficiencies at regional and local level, and have attempted to rationalise the tasks carried out by each layer of government. Since the end of the 1990s, efforts have been underway to downsize the presence of central agencies in regions (Kokpol, 2011). Such decentralisation allows local public administrations to focus on providing basic public services, while broader policies and guidelines are set at the central and regional level. However, in practice, responsibilities over service delivery between central and local administrations remain unclear, with central government officers often maintaining de facto management control (Marks and Lebel, 2016). In pursuing further decentralisation Thailand needs to sufficiently equip local authorities in terms of both technical capacity and resourcing to deliver on their increased responsibility. Failure to do so could result in an increase in regional disparity in terms of outcomes in health, education, infrastructure and corruption as was experienced in Indonesia (Vujanovic, 2017). Subnational governance in Thailand encompasses both a provincial and a local level. Almost all officials in the provincial administration are appointed by central government bodies, while officials in the local administration are elected (see Box 1).

With a view to offering better value for taxpayer money, the authorities are seeking to reduce the public wage bill and increase public service efficiency (NESDB, 2017). As part of this process, the 12th National Economic and Social Development Plan (2017-2021) (12th Plan) outlines continued decentralisation including through greater fiscal autonomy (Bogiatzis et al., 2018). LAOs would be given greater flexibility in terms of finance and human resource management to better respond to local needs and priorities. A key challenge in this regard is to ensure this translates into better public service delivery throughout the country (OECD, 2017d).
National Economic and Social Development Plans, or NESDPs, span five years and spell out medium-term economic development ambitions. These overarching plans are supplemented by numerous ministry-level policies and strategies that align in principle with the NESDP. Within government, the National Economic and Social Development Board (NESDB) drafts the NESDPs, and incorporates inputs from ministries and agencies.

To increase policy continuity from one administration to the next, the government has recently ratified the National Strategy Preparation Act 2017 (NSPA). All future NESDPs will need to be consistent with the goals set under the NSPA. The National Strategy spans from 2017 to 2036, and aims to make Thailand a high-income economy enjoying “security, prosperity and sustainability” based on the sufficiency-economy philosophy (Vimolsiri, 2017). The NSPA identifies six key National Strategies: (i) safeguard national security, (ii) strengthen national competitiveness, (iii) develop and empower human capital, (iv) broaden opportunity and equality in the society, (v) emphasize environmentally friendly development and growth, and (vi) reform and improve government administration.

The NSPA sets out the entire process of formulating, implementing and monitoring the National Strategies in a legally binding framework. A National Strategy Committee (NSC), led by the Prime Minister, is responsible for drafting each National Strategy (Somwaiya and Saardphak, 2017). Under the NSC, several National Strategy drafting committees formulate the strategies for the respective sectors. Once the sectoral strategy is published, the NSC drafts a Master Plan for each sector. Following Cabinet approval, the Master Plan becomes legally binding for all state agencies. The NESDB will play a major role in overseeing the translation of strategies into action.
role in consolidating all annual reports on compliance and implementation by the respective state agencies. In the event of non-compliance, the state agency in question will be subject to an investigation by the National Anti-Corruption Commission (NACC), and face the possibility of punitive action.

This new approach is meant to reduce recourse to short-term measures that could have adverse future impacts on the long-term goals identified under the National Strategies. The NSPA does allow for reviews of the strategies every five years; however, this is subject to Parliamentary approval. Given the limited flexibility the NSPA provides in reviewing and changing National Strategies, it is crucial that each strategy and their associated master plan are robust and properly reflect the multifaceted nature of policy objectives. Policy trade-offs should be made explicit at an early stage, so as to reduce frictions when policy corrections are required.

**National reform is high on the government’s agenda**

A National Reform Plan is being prepared in parallel with the above processes. The areas it will cover are: (i) politics, (ii) state administration, (iii) legislation, (iv) the judicial process, (v) education, (vi) the economy, (vii) national resources and the environment, (viii) public health, (ix) mass media and information technology, (x) society, and (xi) other sectors, as determined by the Cabinet. The plan is enshrined in the National Reform Plans and Procedures Act 2017 (NRPA), which mandates a National Reform Plan to ensure ‘the country has peace and order … society has peace and happiness, and the people have … a good quality [of] life and participation in the country’s development and administration under the democratic system with the monarchy as the Head of State’ (Somwaiya, 2017). The National Reform Plan is to be formulated and aligned with the National Strategy prepared under the NSPA.

OECD experience suggests that governments undertaking reforms face common challenges, albeit in different contexts, and points to factors that can enhance the likelihood of success (OECD, 2010). In particular, reforms require strong institutions and leadership, with authoritative, non-partisan institutions that command trust across the political spectrum. Consistency of reforms across policy areas is also critical. In addition, engaging with the opponents of reform through an inclusive and consultative policy process usually pays dividends over time, creating greater trust among the parties involved, including those most affected, who then become more willing to accept commitments on steps to mitigate personal costs resulting from the changes.

**Thailand is embracing greater stakeholder engagement and digitalisation for better policy making**

Governments need to balance expectations for faster and continuous adaptation with calls for more inclusive policy making, offering information and broader access to stakeholders at earlier stages of the decision-making process (OECD, 2017d). In this regard, Thailand ranks behind most comparators in terms of co-operation between local stakeholders and in bureaucratic efficacy in developing and improving public policies (Figure 7). Greater stakeholder engagement is needed during policy formulation in addition to the government’s efforts to enhance the overall coherence of public policies through the aforementioned plans and strategies.

To help address these issues, Thailand has released Public Consultation Guidelines designed to help government officials carry out public consultations with relevant stakeholders (NESDB, 2016). They outline suggestions on who to consult (e.g. business entities, consumers, general public) depending on the type of regulation to be introduced (economy-wide, industry specific, or generic). The guidelines take into consideration the OECD Guiding Principles for Public Consultation, which highlight the need for public consultation and active participation early in the policy process, so as to allow a greater range of policy solutions to emerge (OECD, 2001). While this is welcome, it is vital to ensure that the guidelines are actively followed across ministries and agencies.
Digital government solutions are being rolled out

Digital government can make public administration more responsive and agile in service delivery and administrative procedures, while promoting greater efficiency and transparency, as well as a more competitive environment for economic activity and job creation (OECD, 2017e).

The uptake of digital technologies in the public sector has been slow, which has contributed to administrative inefficiencies and opacity. In 2017, the Global Innovation Index ranked Thailand 77th and 65th in provision of online government services and the e-participation index, respectively, behind most comparators and the OECD average (Figure 8).
Thailand has developed a Digital Government Development Plan (2017-21) as part of a broader digitalisation push (Koen et al., 2018). The plan seeks to improve the convenience, speed and accuracy of government services; provide greater access to government data, fostering transparency and civic participation; and integrate back-office government infrastructure and data. To that effect, the government is prioritising the development of a mobile government communication system, and introducing a range of digital laws to build confidence in online transactions. It is also rolling out a shared ICT platform for government agencies, and building a one-stop portal to access government news and services, which will be available via a website or mobile application. Moreover, the government is piloting a “GovLab” to test technical solutions to public service delivery challenges. The first four pilot projects will seek to address queuing systems at public hospitals, ISO certification processes, registration and approval of new herbal medicine products, and social protection payments to the elderly. Thailand is also promoting the use of big data to enhance the efficiency and effectiveness of policy delivery. For example, the Welfare Registration Programme links individuals’ tax, financial and social protection data, helping the government to provide more targeted social protection for low-income households.

**Improving evaluations of policy implementation will lead to better allocation of resources**

The 12th Plan stresses the importance of monitoring and evaluation of policy programmes to ensure efficient implementation and consistency with socio-economic development goals. In particular, the 12th Plan strengthens the evaluation framework for key performance indicators (KPIs). Since 2003, each ministry needs to submit KPI goals to the Office of the Public Sector Development Commission (OPDC) before the beginning of the fiscal year in October. The OPDC then negotiates with each ministry to ensure the KPIs are robust, measureable and consistent with broader objectives in line with the National Strategy, the 12th Plan, Thailand 4.0 and the SDGs. KPIs often include indicators developed for international benchmarking (Table 1). By the end of March the following year, each ministry will conduct an interim self-assessment and submit the results to the OPDC for evaluation at a meeting attended by a Deputy Prime Minister and relevant ministers. The final output is then sent to the Prime Minister. The exercise is repeated again at the end of the fiscal year. With respect to cross-sectional issues across government, joint KPIs are set to evaluate the country’s overall development efforts (Table 2). Policy evaluations based on KPIs are also carried out at the local government level. The performance evaluation process is open to the public to ensure accountability and disclosure of information. OECD experience recognises that KPIs can improve vertical and horizontal coordination at different levels of government. However, in determining KPIs it is important that authorities consider potential unintended consequences, including the prioritisation (and possible diversion) of resources to what is measured at the expense to what is not, strategic behaviour (gaming) and the political risk of unduly revealing performance results (OECD, 2009).

**Table 1. Selected KPIs for the Ministry of Digital Economy and Society, FY 2017**

<table>
<thead>
<tr>
<th>Strategy/Goal</th>
<th>KPIs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public access to government information and services through a secure broadband network</td>
<td>Improvement in technological infrastructure as assessed by IMD’s World Competitiveness Index. Percentage of villages with high-speed internet service</td>
</tr>
<tr>
<td>Increased economic value of digital technology in business</td>
<td>Additional digital business operators and an increase in e-commerce sales by SMEs and community enterprises</td>
</tr>
<tr>
<td>Government services are easy to use, linked and disclosed to all sectors</td>
<td>Improved ranking in the Global Open Data Index by the Open Knowledge Network. Accuracy of public information necessary to the public</td>
</tr>
<tr>
<td>Public and private individuals receive meteorological information and disaster alerts quickly and easily</td>
<td>Confidence level of people who have been alerted about weather conditions. Increase in the number of stakeholders who receive disaster warnings</td>
</tr>
</tbody>
</table>

Source: Office of the Public Sector Development Commission.
Table 2. Selected joint KPIs related to the government’s target for revenue from tourism, 2017

<table>
<thead>
<tr>
<th>Outcome KPI</th>
<th>Output KPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of standardised tourist attractions</td>
<td>Achievements in developing and increasing tourist attractions (Ministry of Tourism and Sports, Ministry of Culture)</td>
</tr>
<tr>
<td>Trust in products and services</td>
<td>Achievements in tourism standard certification</td>
</tr>
<tr>
<td></td>
<td>Tourism human resource development (Ministry of Tourism and Sports)</td>
</tr>
<tr>
<td>Rank in Travel and Tourism Competitiveness Index</td>
<td>Achievements in infrastructure development</td>
</tr>
<tr>
<td></td>
<td>Improvements in signage to meet international standards (Ministry of Tourism and Sports, Ministry of Transport)</td>
</tr>
<tr>
<td>Tourist satisfaction and return rate</td>
<td>Number of tourist complaints resolved</td>
</tr>
<tr>
<td></td>
<td>Share of complaints about tour operators and tour guides that are resolved (Royal Thai Police, Ministry of Tourism and Sports)</td>
</tr>
<tr>
<td>Level of achievement in assisting tourists</td>
<td>Share of functional Wi-Fi services in major attractions</td>
</tr>
<tr>
<td></td>
<td>Achievements in measures of tourists’ safety and security (Ministry of Tourism and Sports)</td>
</tr>
</tbody>
</table>

Source: Office of the Public Sector Development Commission.

With regard to the evaluation of policies and programmes, indicators that highlight underlying problems that drive such policies or point to other areas of public concern are an essential aid to policy makers (Coglianese, 2012). As such, good government policies depend on sound statistics as a basis for evidenced-based decision making and accountability (OECD, 2015). In Thailand, the National Statistics Office (NSO) acts as the central authority for developing, collecting and managing statistics, in accordance with Thailand’s Statistical Master Plan 2016-2021 (see Box 2).

Box 2. Statistical capacity assessment

Overall, Thailand’s national statistical system is well placed to respond to national and international data requirements. Statistical activities are conducted under the Statistics Act of 1965 and are organised in decentralised fashion with clear roles, responsibilities and relations among the relevant agencies:

- The National Statistics Office (NSO) is the central state agency in charge of technical statistical work. It oversees the census and range of surveys including the population and housing census, agricultural census, industrial census, labour force survey, socio-economic survey, establishment survey on the use of ICT and household survey on the use of ICT.
- The Bank of Thailand collects, compiles and disseminates a broad range of economic and financial statistics.
- The National Economic and Social Development Board is responsible for the production of national accounts statistics.
- Other statistical units in line ministries also produce statistics from their administrative records and/or conduct surveys for their own purposes.
- The Central Registration Office is responsible for the registration of births and deaths.

The NSO is an office under the Ministry of Digital Economy and Society that has the mandate to set up and coordinate, with other agencies, a statistical network with the stated objective of building and maintaining a high-quality and timely statistical database for the country. The NSO makes all decisions on data collection and dissemination independent of political influence or pressure. A National Statistical Committee meets annually and advises the NSO on statistical activities.

Thailand’s current statistical agenda is guided by the Thailand’s Statistical Master Plan (TSMP) 2016-2021, which aligns with the 12th Plan. The objective of the TSMP is to integrate, exchange and link data between agencies, so they can be jointly used for decision and policy making at every level (national, agenda-based, area-based). It also seeks to improve data quality (administrative and survey data) in accordance with international standards. The TSMP is complemented by smaller statistical plans focusing on 21 sectors (e.g. population, transport, etc.), which have their
own targets and subcommittees working within relevant line ministries. The NSO coordinates with relevant agencies and prepares the TSMP, ensuring it is consistent with the NESDPs and the international agenda.

Thailand's official statistics can be classified into three areas: (i) economic (11 sectors); (ii) social (9 sectors); and (iii) natural resources and environment (1 sector). The main data collection operations (surveys, censuses, etc.) of the NSO are listed in Table 3.

### Table 3. NSO main data collecting operations and frequencies

<table>
<thead>
<tr>
<th>Economic data</th>
<th>Socio-demographic data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial census</td>
<td>Population and housing census</td>
</tr>
<tr>
<td>Business trade and service census</td>
<td>Labour force survey</td>
</tr>
<tr>
<td>Agricultural census</td>
<td>Multiple Indicator Cluster Survey (MICS)</td>
</tr>
<tr>
<td>Household socio-economic survey</td>
<td>Migration and population survey</td>
</tr>
<tr>
<td>Commodity survey</td>
<td>Skill development survey</td>
</tr>
<tr>
<td>Trade and price survey</td>
<td>Disability survey</td>
</tr>
<tr>
<td>Hotel and guesthouse survey</td>
<td>Mental health survey</td>
</tr>
<tr>
<td>Use of ICT in households survey</td>
<td>Smoking and drinking behaviour survey</td>
</tr>
<tr>
<td>Use of ICT in establishments survey</td>
<td>Elderly survey</td>
</tr>
<tr>
<td>Non-profit organisation survey</td>
<td>Every 5 years</td>
</tr>
</tbody>
</table>

**Note:** The MICS is conducted to fill data gaps during monitoring of the situation of children and women (e.g. child health, maternal and newborn health, nutrition, water and sanitation, etc.).

Regarding data needs for the 2030 Agenda, Thailand plans to integrate the SDG indicators into the Master Plan once a final national list of indicators is agreed upon. For many of the SDG Tier 3 indicators, Thailand plans to select their own data or proxies to monitor and evaluate national plans in line with the global targets of the SDGs.

Thailand has allocated sufficient resources to undertake the statistical activities outlined in the TSMP (including staff, computing facilities, database management systems and financing). The NSO is government funded with around 2,000 employees specialising in census/survey planning, survey design, sampling, field operations, data processing, data analysis evaluation and dissemination. The data compilation processes are highly computerised and efficient.

The methodologies used and the selection of sources and modes of dissemination are broadly consistent with internationally accepted standards, guidelines and best practices. The NSO assesses the quality of official statistics across government to ensure they meet international standards. Thailand is also compliant with the IMF Special Data Dissemination Standard for the provision of economic and financial data to the public. Compliance with these standards is important to ensure the availability of statistics needed for sound macroeconomic policies, international borrowing and access to multilateral funding mechanisms. The methodologies for price indices and monetary statistics broadly follow current international methodological standards. National accounts follow the System of National Accounts 1993 (SNA 1993), with 2012 as the base year, but are transitioning to SNA 2008, with the incorporation of public R&D spending in gross fixed capital formation and the inclusion of indirectly measured financial intermediation services. Thailand uses the fifth edition of the Balance of Payments Manual (BPM5) and the latest Manual on Government Finance Statistics (GFSM 2014).

Access to data and reports has improved across the national statistical system following Thailand’s adoption of an Open Data Policy in 2012. Reports and data are now downloadable from the NSO website and are disseminated through social media (Facebook, Twitter, etc.). Microdata are pay-walled but free for researchers and students. The NSO considers user needs when producing data and carries out an annual user satisfaction survey for all statistics. For survey and census projects, the NSO organises meetings focused on user needs before and after conducting projects. Data sharing between various administrative levels has improved following the 2007 amendment to the Statistics Act, which complies with the United Nations Fundamental Principles of Official Statistics. This assists the NSO with its co-ordination role of the national statistical system. The NSO also regularly collects data from other agencies for the Statistical Yearbook, and collaborates with other ministries for official statistics (using publicly available data or issuing requests for specific data).

Despite the strengths of Thailand’s Statistical System there is room from improvement, especially with respect to data coverage. National accounts data, based on SNA 1993, cover the whole country and include both the formal and informal sectors, as well as some, though not all, illegal activities. However, certain indicators are not representative of the whole territory. As in many other countries, the consumer price index (CPI), while covering all goods and services
purchased by the reference population for the purposes of consumption, only extends to a subset of urban areas (43 provinces including Bangkok, out of 77 provinces) and excludes rural areas. The Bank of Thailand is in talks with the Ministry of Commerce regarding the possible inclusion of the price of goods distributed through e-commerce channels in the inflation basket. Employment data are also incomplete and data from the Labour Force survey are not seasonally adjusted. In addition, there is no replacement for missing households in the household survey.


Enhancing competition policy and promoting regulatory reform will foster more efficient markets

One of the fundamental roles of the public sector is to provide an environment for fair and effective competition in the domestic market. Competition enhances productivity, innovation and growth by driving businesses to continuously improve efficiency, products and services. Areas of particular importance in this regard are: (i) the elimination or reform of anti-competitive regulation and the enhancement of regulatory transparency, which fosters competition and reduces opportunities for corruption; (ii) the introduction of a system of effective government procurement that encourages competition and improves public service delivery by reducing costs ultimately borne by the taxpayer; and (iii) a well-functioning competition enforcement regime based on the sound application of economic principles, which provides a stable and predictable regulatory and business environment conducive to investment.

With the adoption of the 1999 Trade Competition Act, Thailand became one of the first ASEAN countries to introduce competition policy. The Act covered both anti-competitive practices (related to agreements, abuse of dominant position, mergers) and some forms of restrictive/unfair trade and commercial practices. However, despite nearly a hundred complaints submitted since its enactment, there have been no findings of infringement. This may be due to the under-development of rules and regulations necessary for enforcement, and to political pressures inhibiting enforcement (Thanitcul, 2015). Indeed, there are indications that the Trade Competition Committee (TCC) is not sufficiently independent from government (OTCC, 2017). International evidence shows that a significant degree of independence from political and business interference is key for the competition regime to be effective (OECD, 2016).

A revised Trade Competition Act came into force in October 2017, against the backdrop of the ASEAN Economic Community Blueprint 2015, which called for harmonised competition policies. The revised Act strengthens alignment with international best practice, including through the introduction of a prior approval merger control regime. The revised Act also covers the commercial operations of state-owned enterprises to ensure a more level playing field between public and private firms. In addition, some anti-competitive practices are newly designated as subject to administrative penalties rather than criminal ones, which simplifies enforcement procedures.

Efforts have also been made to reform the TCC to a more independent legal institution, with its own budget and staff separate from that of the Ministry of Commerce. In order to benefit from the new legal framework, Thailand should endow the TCC with adequate financial and human resources together with sufficient autonomy to use them to match its ongoing needs. Without sufficient resources, the TCC will struggle to have a meaningful impact on markets and to deliver the potential economic benefits of a strong competition law. Indeed, faulty or inadequate enforcement of competition law can do more harm than good. This will require a selection of qualified and representative commission members to reflect various stakeholder interests (i.e. public, firms and consumers), and dedicated training of all staff, including decision makers and case handlers, especially given that competition law lies at the cross-section of economics and law and requires very specific skills. In order to align further with international best practice, it will also be necessary to improve subordinate regulations and guidelines to ensure transparent, clear and non-discriminatory enforcement. Introducing a leniency programme would also help to gather information for enforcement.
Promoting good regulatory practice by improving regulatory impact analysis

More generally, good regulatory practice helps effective resource allocation, promotes fair and robust competition and minimises the compliance burden on business. The Recommendation of the OECD Council on Regulatory Policy and Governance recognises that a good regulatory management system requires a whole-of-government approach underpinning how it develops, implements and evaluates regulation (OECD, 2012). Thailand’s quality of regulation (measured by the perception of the government’s ability to formulate and implement sound policies and regulations that permit and promote private sector development) has only marginally improved over the past decade, when measured against regional comparators such as Malaysia (Figure 9).

Figure 9. The quality of regulation has only marginally improved

Note: The index ranges from -2.5 (worst) to 2.5 (best).

Against this backdrop, the government has stepped up regulatory reform efforts to create a more business-friendly environment, on the basis that cutting red tape and cumbersome administrative procedures can be a much less costly and more effective means to attract foreign investment than conventional tax incentives (Nikomborirak, 2016). The Office of the Council of State conducted a comprehensive review of existing Thai laws and has acted on three fronts.

First, to ensure transparency and accountability, the government enacted the Licensing Facilitation Act 2015, which required all relevant government agencies involved in licenses, registrations and permissions to produce publicly available manuals that cover the procedures, timetable and requirements to acquire licenses. When dealing with applications, government officials must follow the procedures set in the manuals to eliminate discretion, and abide by the stated timeline for licensing decisions. The Act is in the process of being amended to include a more active role for government agencies in facilitating the licensing process. It will also include a requirement that all licenses be issued both in English and Thai to facilitate their use domestically and internationally.

Second, the government enacted the Royal Decree on Review of Laws and Regulations, generally known as the “Sunset Law”, in 2015. This law mandates a review of all acts and regulations every five
years to ensure they accommodate changes in business practices. Reviews must be conducted in close consultation with stakeholders, and the corresponding reports should be published and circulated within the Council of Ministers and Parliament for consideration. In addition, English translations of all acts and regulations must be made publicly available online (Ongkittikul and Thongphat, 2016).

Third, Thailand is strengthening its regulatory impact analysis (RIA) laws. Although Thailand introduced RIA procedures in 1998, compliance in the early years was poor. In 2004, in an effort to improve regulatory practice, the Council of Ministers mandated that RIA be conducted in line with the OECD Reference Checklist for Regulatory Decision-Making, prior to the introduction of a legislative bill. However, compliance remained weak owing to the lack of a dedicated agency to scrutinise RIA reports, insufficient RIA coverage (leaving out subordinate laws), underdeveloped RIA guidelines, limited capacity among officials to conduct RIA and insufficient consultation with stakeholders (Nilprapunt, 2015; TDRI, 2014).

Under the new Constitution, RIA and consultation with stakeholders is mandatory before the passing of new regulations, and RIA now covers subordinate laws. The Office of the Council of State and the Secretariat of the Cabinet have been given responsibility for overseeing RIA processes. In collaboration with these institutions, the NESDB published a set of guidelines in 2016 to improve public awareness and the capacity of officials to conduct RIAs. The guidelines include the standard format for RIAs and the procedure for stakeholder consultations. Moving forward, RIAs could be expanded to include ex-post analysis after implementation of the regulations.

The government also launched a “Regulatory Guillotine” project in 2017 to streamline unnecessary regulations that hinder socio-economic development. The first phase aims to improve Thailand’s ranking in the World Bank’s Ease of Doing Business Index, with the aim of becoming one of the top 20 countries by 2019. Recent progress in streamlining procedures for start-ups, simplifying tax payments and resolving insolvency has helped Thailand advance from 48th to 26th place, and further reform is expected to focus on access to credit, trading across borders and the insolvency regime (World Bank, 2017b). The second phase, from late 2017 onwards, involves a further extensive review of existing regulations and licensing across government, with a view to creating a more business-friendly environment. Preliminary results of the review call for streamlining more than 1,000 licensing procedures.

In this context, the Bank of Thailand has launched several important initiatives. In particular, it has embarked on a change in foreign exchange regulations for greater clarity and transparency, with less redundancy (Bank of Thailand, 2017). This project was conducted as a collaboration between the public sector and the private sector through a taskforce of legal experts, regulators and business representatives. The Bank of Thailand also recently announced an experimental regulatory regime designed around a “sandbox” approach, which allows FinTech firms and financial institutions to test the viability of their products and services in a well-defined space and duration, without being fully subject to all existing regulatory requirements. This approach is expected to help regulators assess risks arising from the proposed products and services, while providing sufficient consumer protection (Santiprabhop, 2017).

Despite efforts, corruption remains a constraint on development

Corruption perpetuates inequality and poverty, hurting the well-being of citizens. It tends to worsen the distribution of income and undermine opportunities for individuals to participate equally in social, economic and political life (OECD, 2017a). Corruption also has a negative impact on investment, competition, human capital formation and government efficiency, and thus hampers a country’s economic development (OECD, 2013).

Thailand has long recognised the need to address corruption. The first attempt to combat corruption took the form of the Counter Corruption Act 1975, accompanied by the establishment of the implementing
agency, the Office of the Commission of Counter Corruption, later reorganised into the National Anti-Corruption Commission (NAAC). Anti-corruption legislation has expanded over time, improving the independence and effectiveness of the NACC. Several other agencies have been set up that complement and support the efforts of the NACC, including the Constitutional Court, the Administrative Court, the Office of the Auditor-General and the Public Sector Anti-Corruption Commission (PACC). Additionally, in October 2016, Thailand introduced a new anti-corruption court to speed up the prosecution of corruption offenses, including those that involve the private sector. The Thai government has declared corruption an urgent issue and anti-corruption efforts now form a key part of the national agenda.

Despite this commitment, corruption persists in Thailand and its perception remains higher than the average of OECD and most ASEAN countries (Figure 10). Over 40% of surveyed citizens reported that they have to pay bribes, offer a gift or perform a favour for somebody when accessing public services (Figure 11).

![Figure 10. Continuing government efforts to reduce corruption are needed](image)

To intensify anti-corruption efforts, the 12th Plan set a target to improve the country’s ranking on Transparency International’s Corruption Perceptions Index. The third phase of Thailand’s National Anti-Corruption Strategy (2017-21) includes bold strategies to fight corruption and to mitigate corruption risks.
In this context, the OECD has undertaken an Integrity Review of Thailand, to provide in-depth analysis with reference to the recently-adopted OECD Recommendation on Public Integrity (OECD, 2018b). The Review shows that Thailand could consider streamlining the anti-corruption mandates of various institutions, particularly the NACC and the PACC, in order to enhance the coherence of integrity and anti-corruption policies. In terms of monitoring the National Anti-Corruption Strategy, and in order to move beyond the public perception of corruption, Thailand could strengthen the measurement framework for anti-corruption policies by using policy indicators. Thailand could also benefit from further elaborating civil servants’ ethical obligations and ethics training. Setting high ethical standards would help restore trust in the public sector and the proper use of public funds. Expanding the scope of asset disclosure to include senior public officials and other at-risk officials, as well as strengthening the online auditing capacity of the NACC could also strengthen accountability and manage possible conflicts of interest of public officials. Moreover, Thailand could also benefit from developing a dedicated whistle-blower protection law that clearly defining defines the scope of whistle-blowing, wrongdoings and retaliation, and offering protection to whistle-blowers. This would foster an open public organisational culture where integrity concerns can be discussed freely, leading to a more effective detection of ethical violations.

Note: Percentage of respondents reporting to have paid a bribe, offered a gift, or done performed a favour for somebody when accessing public services in selected Asia-Pacific countries.


Figure 11. Reported incidence of corruption remains high
REFERENCES


